Grasping Unchanging Principles in a Changing Environment
Keeping Fine Traditions Whilst Blazing New Trails

China Medical Aesthetic Industry Outlook 2024

June 2024

Deloitte.

Allergan Aesthetics
an AbbVie company

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Preface

Zhang Bin

President & Party Branch Secretary

Chinese Association of Plastic and Aesthetics

The year 2023 was **remarkable** for the medical aesthetic industry and profoundly impacted everyone, from players to consumers. The Chinese Association of Plastic and Aesthetics (CAPA) led the way in offering top-notch medical aesthetics. We kept pushing the envelope and steering the industry in the right direction. CAPA also collaborated with the whole value chain for **premium medical aesthetic offerings,** and closely monitored subtle shifts in both the macro environment and the micro experience.

This year, CAPA, Deloitte China and Allergan Aesthetics jointly released the *China Medical Aesthetic Industry Outlook 2024*. This report examines consumer demand for personalized premium medical aesthetic offerings in China current market. Our objective is to provide value chain collaborators with practical **insights into quality-oriented business practices**, thereby offering consumers improved, reliable, and tailored services and treatments.

CAPA also hopes to work with various partners through the release of this thought-provoking report, to explore and exchange emerging trends in consumer demand and insights into the medical aesthetic sector, offer comprehensive perspectives and visionary thoughts to advance the high-caliber and sustainable progression of China's medical aesthetic industry, and support its shift towards a quality-centric approach.

Jens Ewert

Partner & China LSHC Industry Leader

Deloitte China

The year 2023 was pivotal for the medical aesthetic industry. During the year, the industry was poised for **self-improvement**, as consumers' expectations for improved medical aesthetic offerings grew.

Deloitte China has once again partnered with Allergan Aesthetics to unveil the *China Medical Aesthetic Industry Outlook 2024*. Through meticulous analysis, this report identifies the **latest trends in consumer spending** on medical aesthetics and uncovers the deep-seated consumer demand for **superior medical aesthetic services**. Our analysis considers medical aesthetic providers' business model and marketing strategy and emphasizes consumers' appetite for personalized and sophisticated services. We also highlight the non-negotiable standards of safety and effectiveness that medical aesthetic products must meet.

We expect this report to **provide new perspectives and insights** for decision makers, thereby promoting the healthy and orderly development of the medical aesthetic industry. Furthermore, we are confident that through ongoing innovation and service improvement, the industry will meet consumers' demand for a better life and become a major new driver for China's economic expansion.

In collaboration with other industry players, Deloitte China and Allergan Aesthetics will spearhead a new chapter for the medical aesthetic industry. Our objective is to provide consumers with a superior customized experience while also helping China's medical aesthetic industry grow.

Executive Summary

Background:

2024 is crucial as the post-pandemic recovery boosts consumer spending to sustain growth. This report provides insights into the China medical aesthetic industry outlook, including **macro development and consumer demand trends, and the current operation of medical aesthetic institutions**, based on the surveys and interviews conducted by **CAPA, Allergan Aesthetics and Deloitte China** with **600+** private medical aesthetic service providers, **nearly 2,000** consumers and **dozens of** experienced practitioners.

Method:

1. Grasping unchanging principles in a changing environment: Shifts in spending trends: macro and medical aesthetics; and trends in consumer demand for medical aesthetics: insights and analysis

- Macro data & analysis: Official sources and secondary data retrieval
- Medical aesthetic consumer demand survey: Covering nearly **2,000 middle- and high-income medical aesthetic consumers**①, using quantitative questionnaires, and conducted in Q1 2024; and the report summarized the interviews with dozens of experts and professionals from public and private sectors

2. Keeping fine traditions whilst blazing new trails: Industry hotspots review and industry standardization; and current institution operation: survey and analysis

- Industry hotspots review and industry standardization: Based on the summary of publicly available information by CAPA and Deloitte China and **interviews with dozens of experts from public and private sectors**
- Current institution operation survey: Covering **600+ private medical aesthetic institutions**, using quantitative questionnaires, and conducted in Q1 2024; and the report summarized the **interviews with 20+ CEOs** within the industry

Notes: ①Middle- and high-income medical aesthetic consumers* refer to the consumers with annual pre-tax household income of more than RMB300,000, according to the 2024 Middle- and High-end Medical Aesthetic Consumer Survey by Allergan Aesthetics and Deloitte China.

Abstract – Chapter I

2024 is crucial as the post-pandemic recovery boosts consumer spending to sustain growth. The emotional consumption segment has a growing consumer demand for medical aesthetics, a "**new quality consumption power**."

This report offers new insights and forward-looking perspectives on the medical aesthetic industry outlook from two key aspects: **the trends in the diversified consumer demands for premium medical aesthetics and the current operation of institutions**. The report is based on the survey of **nearly 2,000 middle- and high-income medical aesthetic consumers**① and **over 600** medical aesthetic institutions, as well as interviews with experienced practitioners.

Grasping Unchanging Principles in a Changing Environment

Insights into trends in middle- and high-income medical aesthetic consumers①

As middle- and high-income medical aesthetic consumers remain willing to pay for high-quality medical aesthetics when seeking cost-effectiveness in the context of K-shaped consumption divergence, we believe that **personalized premium services and treatments** will be the future of medical aesthetics.

Middle- and high-income consumers' spending on medical aesthetics rises

In 2023, **91%** of consumers spent the same or more on medical aesthetics.
In 2024, **66%** of consumers will continue to spend the same or more.

High-end medical aesthetic consumer group② continuously increases spending and treatments

In 2023, high-end consumers spent **11%** more on medical aesthetics. They preferred professional institutions and doctors and were interested in body sculpting.

Potential medical aesthetic consumer group③ has room for growth

Potential consumers were highly selective in medical aesthetic providers and treatments and favored cleansing, skin booster, and budget-friendly energy-based device treatments. Their demand for filler injections has growth potential.

Male medical aesthetic consumer group has strong demand

According to our survey, **45%** of male consumers intend to spend more on medical aesthetics in 2024. While energy-based device treatments remain popular, filler injections also have growth potential. Male consumers more value doctors' expertise, qualifications, and pre-treatment consultations than their female counterparts.

Outbound medical aesthetic consumer group's demand becomes increasingly diversified

The majority of outbound medical aesthetic consumers are middle-aged consumers from China's first-tier cities. Japan and South Korea are the most popular destinations, followed by Hong Kong, Macau, and Taiwan. In 2024, there is a heightened demand among outbound medical aesthetic consumers for anti-wrinkle and anti-aging energy-based device treatments and filler injections, compared to previous years.

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Keeping Fine Traditions Whilst Blazing New Trails

Insights into China's Medical Aesthetic Market Dynamics and Current Institution Operation

China's medical aesthetics market is projected to experience **a ~10% growth** in consumer spending in 2024 and maintain a **10% to 15%** growth in the subsequent four years. This represents a promising outlook for the market.

Upstream manufacturers drive the industry move towards a new era of quality medical aesthetics through the delivery of **high-quality products**.

Heightened regulatory oversight and enhanced self-governance guide the industry to refocus on its core medical purposes, driving it toward an era of high quality.

Insights into current institution operation:

Non-surgical segments primarily drive the growth of institutions in 2024. **There is a general expectation of sustained growth in filler treatments, anti-wrinkle/anti-aging energy-based devices treatments, and botulinum toxin over the next 2 to 3 years**. Institutions should optimize the product mix according to their unique selling propositions and promote signature services to firmly establish or enhance their presence in the minds of consumers.

The high cost and low conversion rate of new customer acquisition underscore the need for **affordable channels/platforms** that can more effectively help institutions gain the trust and preference of potential consumers. At the same time, the delivery of more safe and effective healthcare services, coupled with a comprehensive enhancement of the service experience, is crucial for maintaining the long-term loyalty of existing customers, particularly those of high value.

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Chapter I

Grasping Unchanging Principles in a Changing Environment

Insights into Middle- and High-income Medical Aesthetic Consumer Trends

Introduction

In 2024, as service consumption shows strong post-pandemic resilience and customer demand for personalized premium services endures, **the medical aesthetics sector, a representative of new quality productive forces, is poised for a decisive year of quality improvement and advancement.**

We believe the key to gaining customers' trust is offering **superior, high-value, full-cycle, and personalized** services and experiences.

We must grasp unchanging principles in a changing environment. A deep understanding of and insight into **the demand for self-pleasure and trends** among medical aesthetics consumers, **particularly those from the mid-to high-income brackets who prioritize premium services and treatments, is a cornerstone for players to build core competitiveness and ensure long-term development.**

To comprehensively review the consumer market and the key dynamics in the medical aesthetic market in 2023, **Allergan Aesthetics and Deloitte China** conducted desk studies, interviewed experts, and surveyed over 1,000 middle- and high-income medical aesthetic consumers. This collaborative effort presents a multi-dimensional view of China's medical aesthetic market and future trends.

Concurrently, amid the K-shaped demand trend in the "beauty economy", there is a significant increase in demand for **quality medical aesthetics among middle- and high-income groups**. It is crucial for industry players to gain a deep understanding of these customers, including their **portraits, demands, and decision-making process. This insight enables more accurate market positioning, the retention of key customer groups, and the development of targeted business strategies, ultimately contributing to a competitive edge.**

In 2023, China's consumer market improved, though did not recover to the pre-pandemic high growth level

In 2023, total retail sales of consumer goods recovered to a growth rate of 7.2%. The consumption structure is characterized by "robust services and weak goods”

Q1 2023

Consumption resurged significantly, and the contact-based service segment rebounded rapidly:

GDP growth rebounded to 4.5%;

Retail sales up 5.8% YoY; and

Contact-based consumption, such as catering and tourism, recovered quickly, and experience-upgrading consumption scenarios were increasingly "introduced“.

Q2 2023

The consumer market experienced a moderate recovery and steady growth:

GDP grew 6.3%

Retail sales up 10.7% YoY

Revenge travel surged as the pent-up demand for travel and shopping due to the pandemic was unleashed during the May Day holiday.

Q3 2023

The foundation needed to be strengthened as consumer market growth slowed:

GDP grew 4.9%

Retail sales up 4.2% YoY, and the growth significantly slowed

Though consumer confidence waned, the "holiday economy" drove a summer resurgence in consumption

Q4 2023

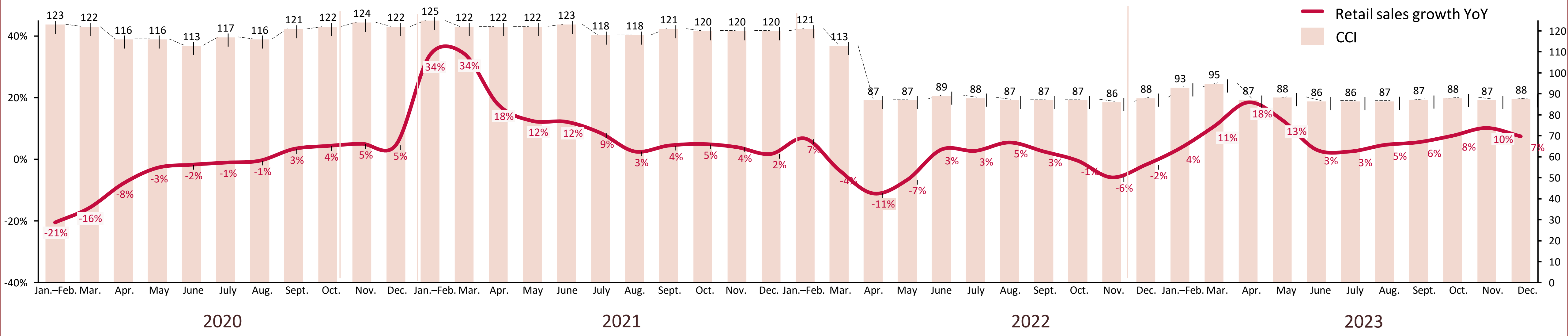
K-shaped divergence was increasingly significant in the consumer market:

GDP grew 5.2% (due to the pandemic, the base in the same period of last year was low)

Retail sales up 8.3% YoY

The K-shaped divergence became increasingly significant in the consumer market. Segments, such as catering, clothing, and jewelry, sustained double-digit growth. However, there was a significant slowdown in cosmetics consumption, with a mere 1% increase in Q4.

Retail Sales Growth YoY VS Consumer Confidence Index



Source: National Bureau of Statistics

Ongoing policy support facilitates the consumption promotion in 2024, with the sustainability of the consumption momentum to be assessed

The key to stimulating consumer demand by empowering new quality consumption power remains boosting consumer sentiment and expectations

Ongoing policy support

Improving consumption environment, unlocking consumption potential

- Cultivating and increasing new consumption growth points in sectors, such as culture, tourism, education, health, and eldercare
- Promoting trade-in deals for consumer goods to stimulate consumption of products, including intelligent connected new energy vehicles and electronics

Consumption incentives

- Aug. 2023, National Development and Reform Commission: *Measures to Promote the Recovery and Expansion of Consumption*
- Dec. 2023, the Central Economic Work Conference: to foster new quality productive forces
- Mar. 2024, the State Council: *Action Plan for Promoting Large-scale Equipment Renewals and Consumer Goods Trade-ins*; the Ministry of Commerce, the Office of the Central Cyberspace Affairs Commission, and other departments: *Implementation Opinions on Promoting the High-Quality Development of Rural E-commerce*

Consumer market growth points: Auto | Home appliances | Consumer electronics | Civilian drone

Consumption as an enduring economic growth driver

- China's consumption played a vital role in bolstering economic development. **Final consumption contributed 82.5% of overall GDP growth in 2023.**
- In January, the Center for Forecasting Science of the Chinese Academy of Sciences released the Chinese Economy 2024: *Forecasts and Prospects.* **The report predicts that China's final consumption will grow at a nominal rate of 4.2% to 5.1% in 2024.**

Q1 2024

Consumption soared during the "Spring Festival" with indicators better than expected

- In Jan.-Mar. 2024, China's retail sales climbed 4.7% YoY and consumer prices also increased, compared with the same period of last year
- Regarding consumption structure, service consumption expenditure remained robust, with a growth rate of 10%, which outpaced the retail sales during the same period

Overall

Retail sales growth	Service consumption expenditure growth
+4.7%	10%
Q1 2024	Q1 2024

Major consumer goods and retail segments growth Q1 2024 vs 2023

	YoY growth Q1 2024	YoY growth 2023
Catering revenue	10.8%	20.4%
Retail	4.0%	5.8%
Top four retail segments (by growth) TOP 1	Sports & recreation goods	Gold and silver jewelry
TOP 2	Communication appliances	Clothing, shoes & hats, knitwear & textile
TOP 3	Alcohol and tobacco	Sports & recreation goods
TOP 4	Grain, oil and food	Alcohol and tobacco

VS

* Total retail sales of consumer goods are categorized by consumption type into retail and catering revenue (service consumption), excluding the service consumption related to education, healthcare, culture, arts, and entertainment.

Source: National Bureau of Statistics and https://www.gov.cn/

As economic growth slowed, consumer purchasing power declined and consumer attitudes and values shifted

Middle- and high-income consumers may ajust their consumption behaviors in response to the change in income, thus reallocating resources strategically

Top 10 Trends in Consumer Values 2024

- As consumer demand becomes more segmented, there is a growing trend towards prioritizing **cost-effectiveness**
- Lower-tier-city consumers are more resilient and are expected to be the new growth point
- Investment strategies become increasingly conservative, with low-risk investment approaches gaining favor
- Emotional needs influence decisions, and the consumption experience adds value
- Seize the moment; Offline service consumption recovers
- As AI emerges as a transformative force in technology, the digitalization and intelligence continue to evolve
- As the knowledge of environmental protection is enhanced, green consumption becomes rational
- Increased interest in "healing and health" as people seek physical and mental balance
- The cultural and tourism market sustains increasingly popular China-chic, which conveys cultural confidence
- As Uni Marketing helps brands go beyond "foot traffic", the importance of official touchpoints is elevated

Trends in Medical-Aesthetics-Related Values 2024

Cost-effectiveness

Over the past two years, consumers have approached spending with rationality and practicality. Medical aesthetics, being a luxury option, is heavily influenced by an individual's purchasing power and willingness to spend.

Uni Marketing

Brands implement their marketing strategies on mainstream social media platforms, such as Douyin and Xiaohongshu, and stimulate universe growth by using customized content and advanced universe aggregation tools to break through the barrier of public and private traffic.

AI Boom

Thanks to big data, machine learning, and other advanced technologies, AI can provide consumers with more precise and personalized treatments. Medical-aesthetics-related AI technology has caught on in recent years.

Sentimental Demand

When deciding on a medical aesthetic procedure, most consumers will make consumption decisions emotionally after rationally comparing factors, such as effectiveness and price. An increasing number of consumers are willing to pay for the experience.

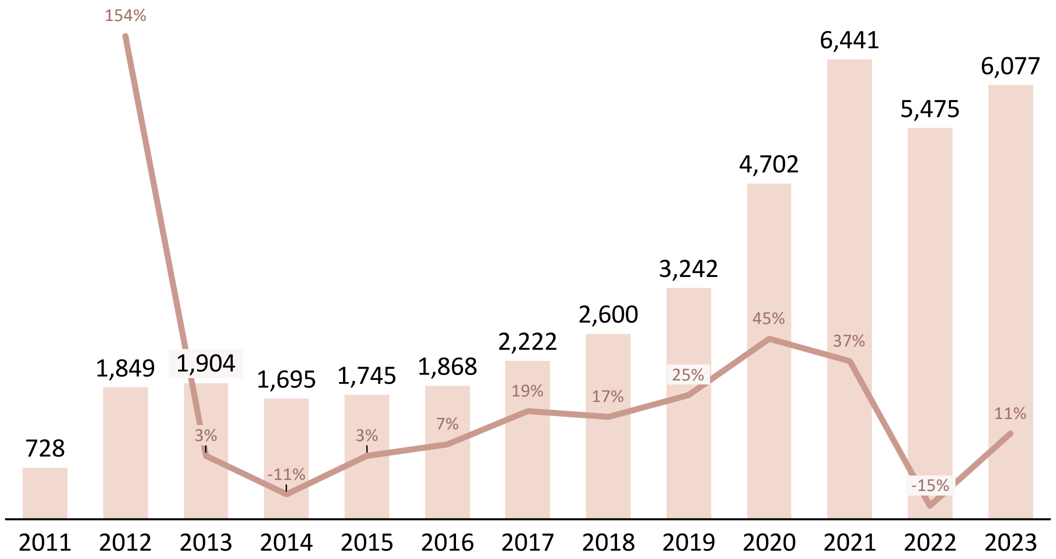
Source: KANTAR - Interpreting Chinese Consumers Report 2023: Changes in Values and Attitudes towards Life

Consumption downgrading accompanies upgrading, polarization increasing

As consumers become increasingly selective and markets diversified, the luxury industry also needs to explore new paths to sustainable growth

To illuminate, consider the luxury industry. China's luxury market growth slowed after the pandemic

Only mid-single-digit growth is expected in 2024



- China's luxury market has experienced significant growth in recent years, reaching a peak in 2021 with a value of **nearly RMB650 billion**, **nearly double** that of 2019.
- The market declined by 15% YoY in 2022, due to a slowdown in economic and social activities in China.
- **Sales are predicted to grow 11% in 2023**, not fully back to the 2021 level

China's Luxury Sales: Changes

- Top luxury brands and groups remain the leading force for market expansion
- Significant differences in growth momentum between brands, with **consumers favoring evergreen brands and products**
- Some entry-level luxury brands identify lower-tier cities as a potential source of revenue to support their operation

- Brands with products which enjoy long-term popularity outperform those focusing primarily on seasonal product lines

- Some niche brands achieve success by consistently and stably investing in their brand appeal over the years

- **The divergent strategies of "top brands raising prices universally" and "maintaining sales by price cuts" will reshape the market**

- **Mid-to-high-end local brands** gradually join the market competition with enhanced positioning and design

- **Brands with a higher concentration of Very Important Clients (VICs) perform better**, as VICs are more resilient amid an uncertain economic environment
- Transformation from a product-focused business model to a one-stop service and membership-based customer management and service model

Source: 2023 China Luxury Report issued by Yaok Institute, etc.

As macro consumption trends evolve, the demand for premium medical aesthetics becomes increasingly significant

Medical aesthetic consumers also demand personalized quality service and treatment experience while pursuing cost-effectiveness

01 Non-surgical medical aesthetics goes mainstream

Non-surgical treatments gain more shares

02 Social media as a primary platform for medical aesthetic penetration

Social media makes medical aesthetics more popular

03 Medical aesthetic consumers get younger

56% of consumers are under the age of 30

04 Consumers become choosy about medical aesthetics

Consumers pursue cost-effectiveness and are also more willing to pay for high quality

05 A significant uptick in male consumers

The number of male consumers and their annual average spending on medical aesthetics are still increasing at a rapid pace

06 Outbound travel for medical aesthetics gets hotter

Hot outbound travel drives demand for Non-surgical medical aesthetics overseas

07 Consumers have increasingly personal tastes

A return to the natural aesthetic

Personalized aesthetics respected

Source: Deloitte China and Allergan Aesthetics Consumer Survey and Desk Study Q1 2024

Medical Aesthetic Demand Trends of Middle- and High-Income Group 2024

01 High-end Consumers[2]

- Their medical aesthetic "consumption" has not been downgraded
- A higher value on qualifications and professionalism
- Expanding their focus from treatments to body

02 Potential Customers[3]

- Choosy about institutions and treatments, and their demand should not be underestimated
- Focus on trust building
- Great interest in filler injection

03 Male Consumers

- Great potential for spending increase
- Preference for energy-based device treatments + Botulinum Toxin
- Valuing consulting experience

04 Outbound Travel for Medical Aesthetics

- Seeking Non-surgical medical aesthetics mainly in Japan and South Korea
- Mainly for fillers and energy-based device treatments
- In addition to cost-effectiveness, consumers also recognize overseas doctors' expertise

Middle- and high-income medical aesthetic consumers[1]

(with annual household income of more than RMB300,000)

>> More rational "consumption"<<

>> Seeking premium medical aesthetics<<

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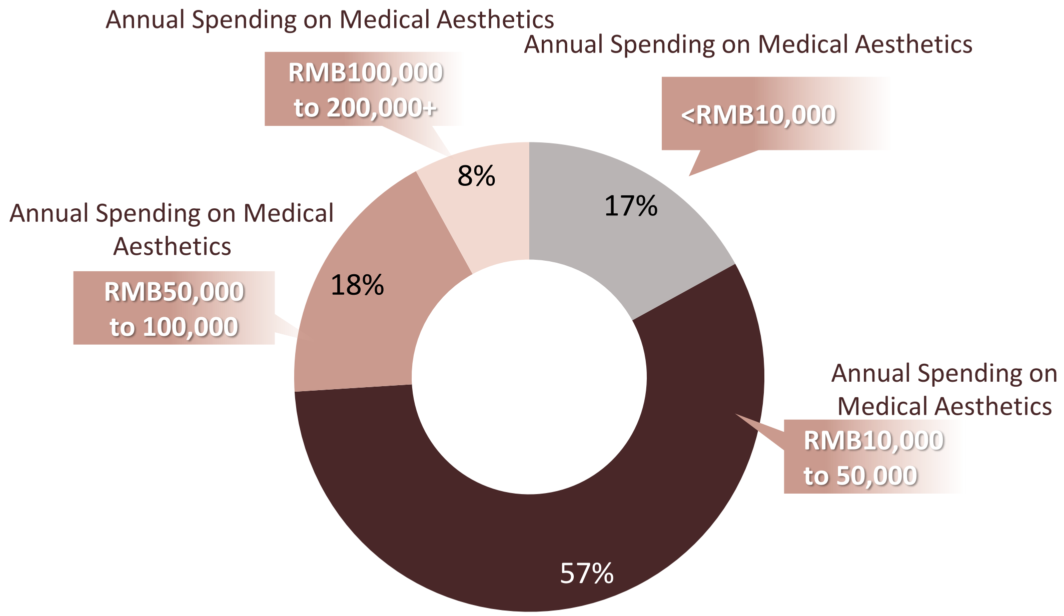
Background of Survey

This report is based on the survey of nearly 2,000 middle- and high-income medical aesthetic consumers (with annual household income of more than RMB300,000) in Q1 2024, with multiple tiers of cities covered

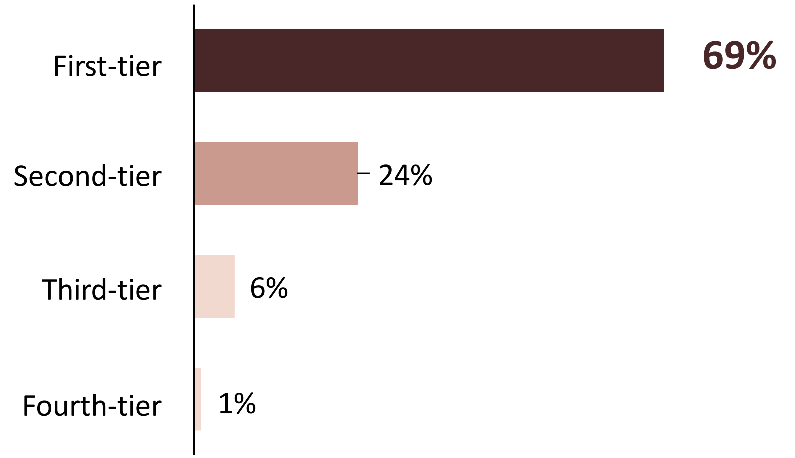
Respondents' Annual Spending on Medical Aesthetics



Nearly **2,000** consumers were surveyed during **Jan. and Mar. 2024**

More than half consumers surveyed annually spend **RMB10,000 to 50,000** on medical aesthetics

City Distribution



100+ cities surveyed

Approximately **69%** first-tier cities

Source: Deloitte China and Allergan Aesthetics Consumer/Institution Survey Q1 2024. The city tier is based on the CCCI Ranking. In addition to Beijing, Shanghai, Guangzhou, Chengdu, Hangzhou, and Shenzhen, first-tier cities also include Wuhan, Nanjing, Xi'an, Chongqing, Suzhou, Shenyang, Tianjin, Foshan, and Dongguan

Trends in Middle- and High-income Consumer Spending on Medical Aesthetics 2023

In 2023, middle- and high-income consumers spent more on medical aesthetics than in 2022, and 91% of them spent the same or even more on medical aesthetics for the full year

A Consumer Spending on Medical Aesthetics 2023: Trends & Causes

Spent less **9%**

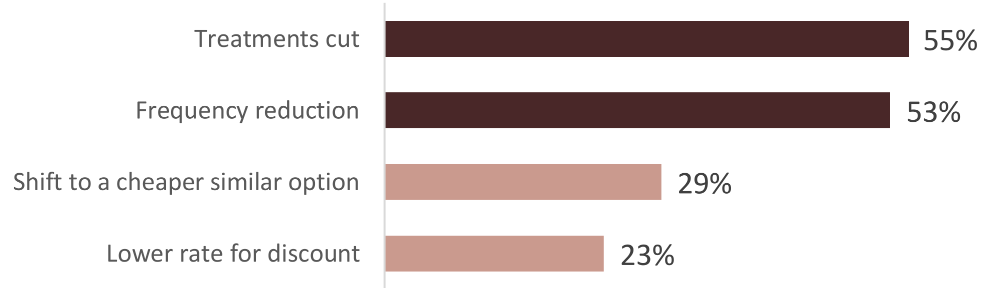
Substantially spent the same **47%**

Spent more **44%**

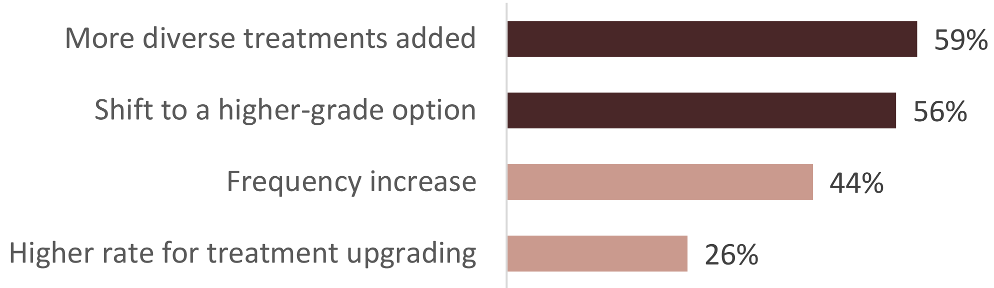
Trend

Analysis

Why spent less in 2023



Why spent more in 2023



- In 2023, consumers who spent less on medical aesthetics accounted for 9%. Their average spending was **26.8% lower** than in 2022
- The primary causes were treatments cut and frequency reduction. **Treatments were cut but not downgraded**

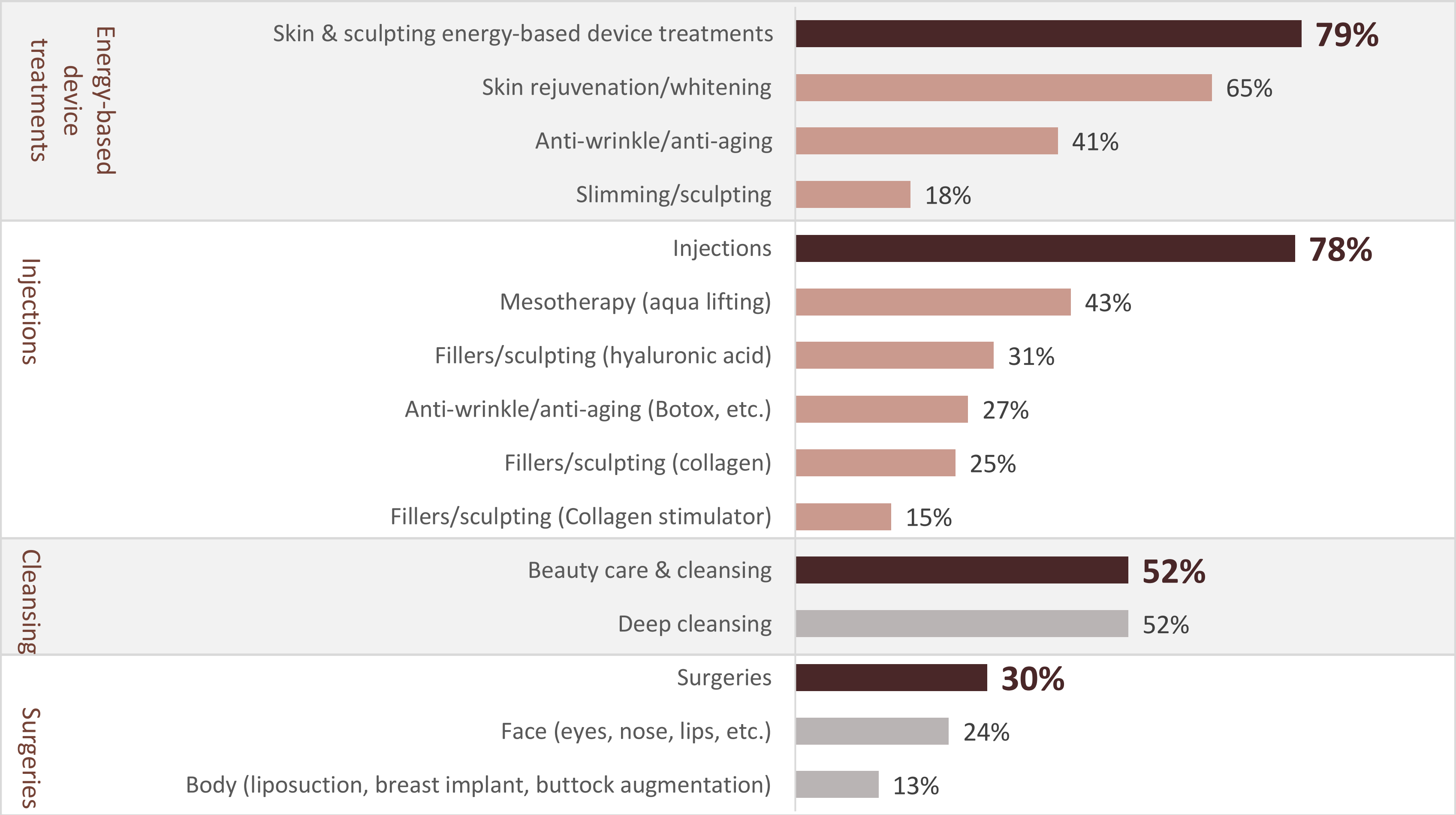
- In 2023, 44% of consumers spent more on medical aesthetics. Their average spending was **25.7% higher** than in 2022
- The primary causes were **treatment upgrading** and **type increase**

Source: Deloitte China and Allergan Aesthetics Consumer/Institution Survey Q1 2024

Middle- and High-income Medical Aesthetic Consumers' Treatment Demand 2023

Consumers are drawn to no-surgical medical aesthetic treatments, with a focus on energy-based device treatments and injections. In 2023, over three-quarters of medical aesthetic consumers accepted such treatments

A Major Medical Aesthetic Treatments Consumed by Middle- and High-Income Medical Aesthetic Consumers in 2023



Category

- **energy-based device treatments and injections** have the highest coverage rate among medical aesthetic consumers, and surgeries only have a coverage rate of 30%
- **"no-surgical medical aesthetics" treatments are currently the most popular choice among middle- and high-income consumers for medical aesthetic treatments.**

Treatment

- **The energy-based device treatment for skin rejuvenation and whitening** is the most popular treatment among consumers. In 2023, **65%** of middle- and high-income consumers consumed this treatment. The **anti-wrinkle/anti-aging energy-based device treatment** followed, consumed by **41%** of consumers.
- In 2023, **Mesotherapy** was the most popular injection among middle- and high-income consumers, and **43%** of consumers received the injection. **hyaluronic acid fillers** were the second most popular, and **31%** of consumers received this treatment.

Source: Deloitte China and Allergan Aesthetics Consumer/Institution Survey Q1 2024

2024 Medical Aesthetic Spending Expectations for Middle- and High-Income Consumers

Most consumers intend to spend the same or more on medical aesthetics in 2024, with energy-based device treatments and injections being the most popular choices

2024 Consumer Spending Expectations

9% of consumers will cut some treatments and their spending on medical aesthetics in 2024

25% of consumers in 2024 will continue to spend on the same treatments they consumed in 2023 but will seek more cost-effective options.

25% of consumers will essentially spend the same on the same treatments as in 2023

16% of consumers plan to try more treatments in 2024, but overall spend the same

25% of consumers plan to try more treatments in 2024, and spend more

34% to spend less

41% to spend the same

25% to spend more

Why to cut treatments in 2024

Treatment related	79%
Unsatisfactory treatment outcome	41%
Concerns about security	32%
Not cost effective	22%
Other people's influence	55%
Not recommended by professionals (doctors)	37%
Negative feedback online	18%
Not recommended by friends, family or colleagues	13%

Consumer treatment change expectations 2024

	Treatments to be cut	Treatments to be maintained or increased
Skin and sculpting energy-based device treatments	28%	78%
Skin rejuvenation/whitening	16%	50%
Anti-wrinkle/anti-aging	10%	47%
Slimming/sculpting	4%	25%
Injections	50%	71%
Mesotherapy (skin booster)	14%	31%
Fillers/sculpting (collagen)	11%	26%
Fillers/sculpting (hyaluronic acid)	15%	24%
Anti-wrinkle/anti-aging (Botulinum Toxin, etc.)	8%	23%
Fillers/sculpting (collagen stimulator)	7%	19%
Beauty care & cleansing	15%	32%
Deep cleansing	15%	32%
Surgeries	27%	26%
Face (eyes, nose, lips, etc.)	12%	20%
Body (liposuction, breast implant, buttock augmentation)	16%	11%

Source: Deloitte China and Allergan Aesthetics Consumer/Institution Survey Q1 2024

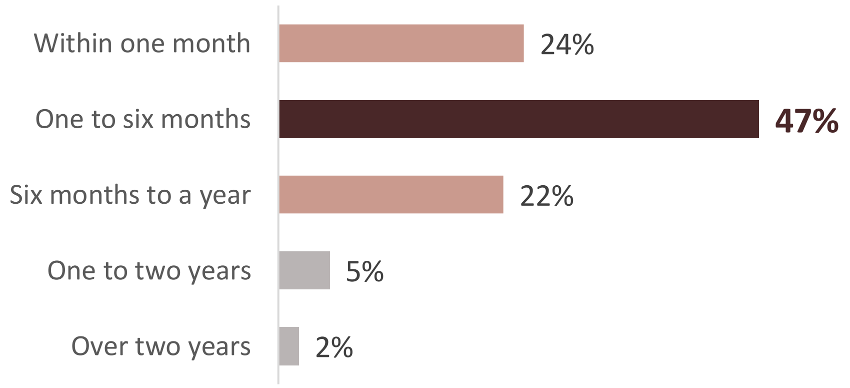
How long does it take for a middle- and high-income consumer to go from being interest to receiving treatment?

The influence of bloggers/KOLs on social media platforms and low-price promotions by institutions on the decision making of middle- and high-income consumers is limited

Decision Time

It takes most consumers less than six months to go from being interest to receiving treatment

How long (review) does it take a middle- and high-income consumer to go from being interest to receiving their first medical aesthetic treatment?



Averaged
~5
months

From the time they become interested in medical aesthetics, middle- and high-income consumers:

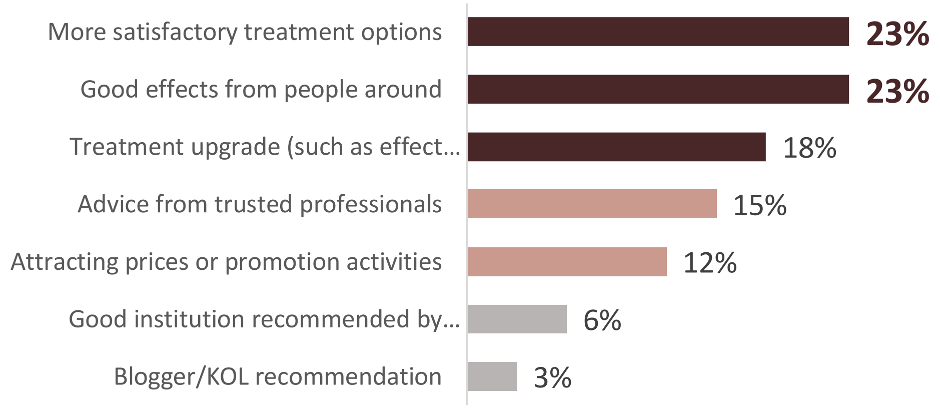
71% will have their first medical aesthetic treatment **within six months**

93% will have their first medical aesthetic treatment **within one year**

Influencing Factors

Treatment effect and the cases of relatives and friends are major influencing factors

Factors influencing decision time of middle- and high-income consumers



- [Satisfactory treatment plans & success stories] The main reasons consumers try medical aesthetics for the first time are that **the expected results of the treatment plan align with their needs, and the success stories of people around can also accelerate the decision.**
- [Low-price promotion & Internet celebrity effect] Low-price promotions or online blogger/KOL recommendations are unlikely to significantly accelerate the decision.

Source: Deloitte China and Allergan Aesthetics Consumer/Institution Survey Q1 2024

High-end Consumer Group Portrait

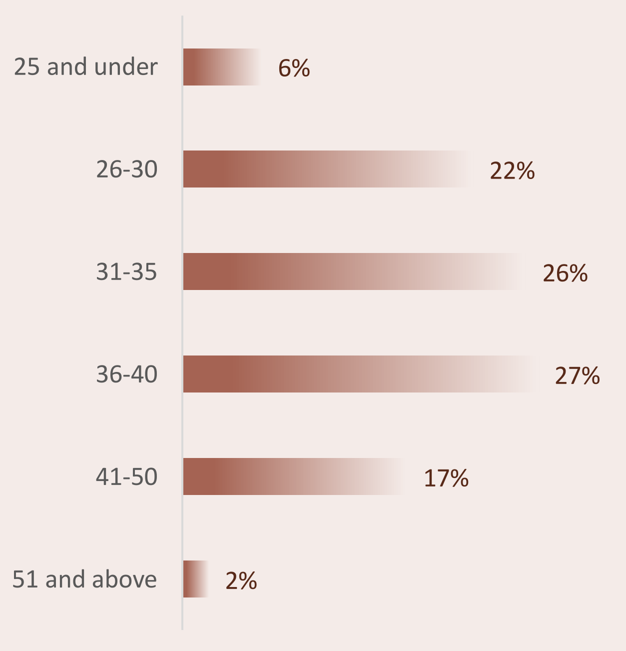
High-end medical aesthetic consumers refer to those with annual household income of more than RMB300,000 and spending more than RMB50,000 on medical aesthetics in 2023

Age

Average age: about **35**

Over 72% above 30

Age Distribution



Marial & Childbearing Status | Education | Occupation

89% hold bachelor's degree or higher

77% are married, and **67%** have children

Mainly working for

Private enterprises | Foreign companies | State-owned enterprises (SOEs)/Central enterprises/Public institutions

Private enterprises

Foreign companies

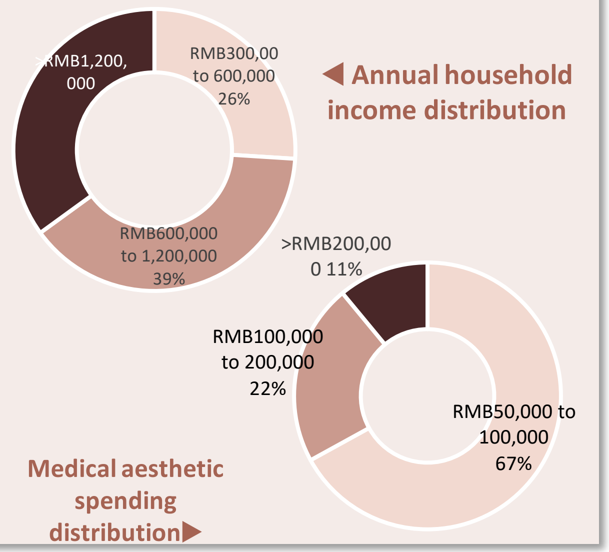
SOEs/Central enterprises/Public institutions

Income & Medical Aesthetic Spending

Average annual household income: approximately **RMB1.21 million**

74% of these consumers have an annual household income > RMB600,000

In 2023, they spent **RMB105,000** on medical aesthetics on average, accounting for approximately **9%** of the annual household income (Other middle- and high-income consumers spent 3% only)



On average, high-end consumers increased their annual spending on medical aesthetics, with a strong willingness to deeply and widely explore treatments

High-end consumers are more eager and able to upgrade treatments and try more treatments than general consumers

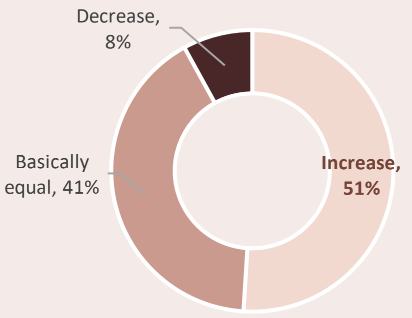
High-end consumers' spending on medical aesthetics in 2023 aligned with their annual income trends

High-end consumers' annual income **decreased less** than that of other consumers. The income of **51%** of high-end consumers increased, **41%** of consumers maintained their income level, and only **8%** of consumers experienced a decrease in income.

High-end consumers' spending on medical aesthetics **aligned with** their income trends.

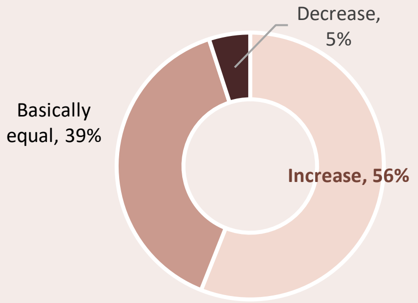
56% were willing to spend more on medical aesthetics

39% were willing to spend the same as in the previous year



▲ High-end consumers' income in 2023 vs. in the previous year

▼ High-end consumers' medical aesthetic spending in 2023 vs. in the previous year



High-end consumers spent more on medical aesthetics overall in 2023 and were willing to pay for upgraded treatments and try new procedures.

High-end consumers' spending on medical aesthetics in 2023 increased by approximately **11%** (only 8% for other consumers)

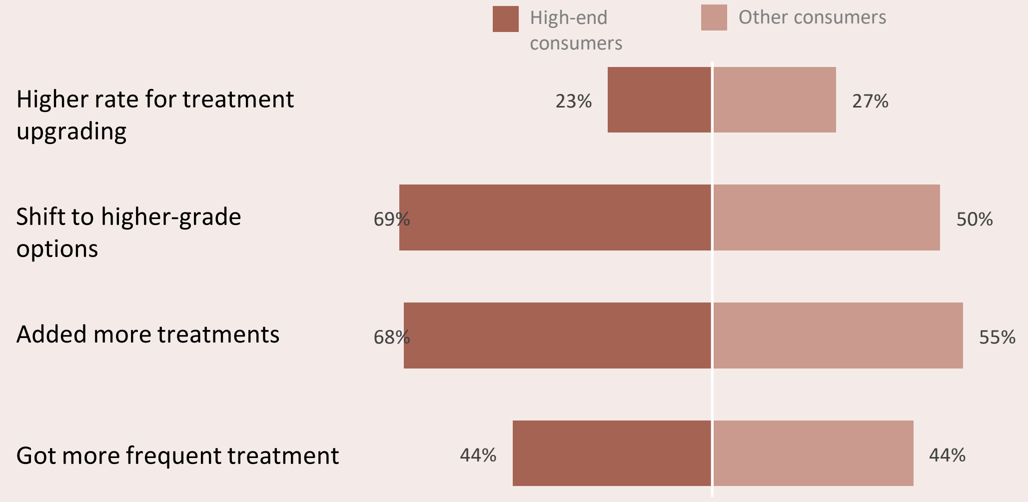
The main difference is that they were more willing to:

Shift to a higher-grade treatment option

Try more treatments

Why more spending?

High-end consumers vs. General consumers



High-end consumers paid more attention to a provider's professional focus, and expanded treatment experience from the face to the body

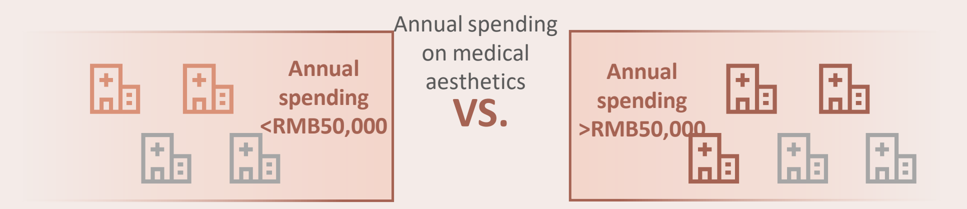
High-end consumers visited more institutions, focused more on their expertise, and consistently invested heavily in filler injections, hoping to sculpt their bodies

A Institution Choice

High-end consumers visited more institutions and valued expertise

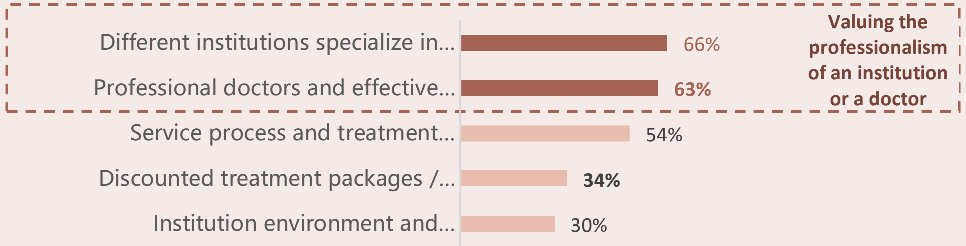
On average, high-end consumers visit **~1 more** institutions per year than general medical aesthetics consumers

Average Number of Institutions Visited in 2023



Compared with other consumer groups, high-end consumers believe that different institutions or doctors specialize in different treatments, and will **visit** different institutions or doctors **according to their needs**

Top 5 Reasons for High-end Consumers to Try Multiple Institutions



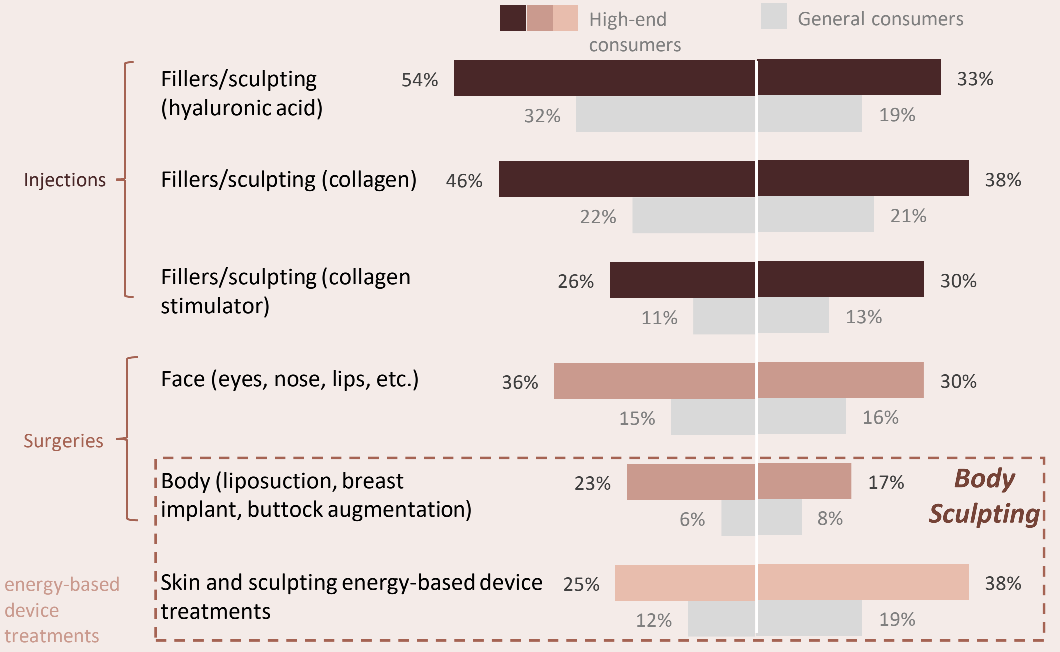
A Treatment choice

High-end consumers consistently invest heavily in filler injections. Body sculpting represents a significant growth opportunity.

High-end consumers remain willing to consistently invest heavily in **injectables**

Compared with other consumer groups, high-end consumers are more willing to try the surgical and energy-based device treatments for **body sculpting** in addition to those for the **face**

Treatments in 2023 vs. Treatments consumers intend to spend more on in 2024



Source: Deloitte China and Allergan Aesthetics Consumer Survey Q1 2024

Potential Medical Aesthetic Consumer Portrait

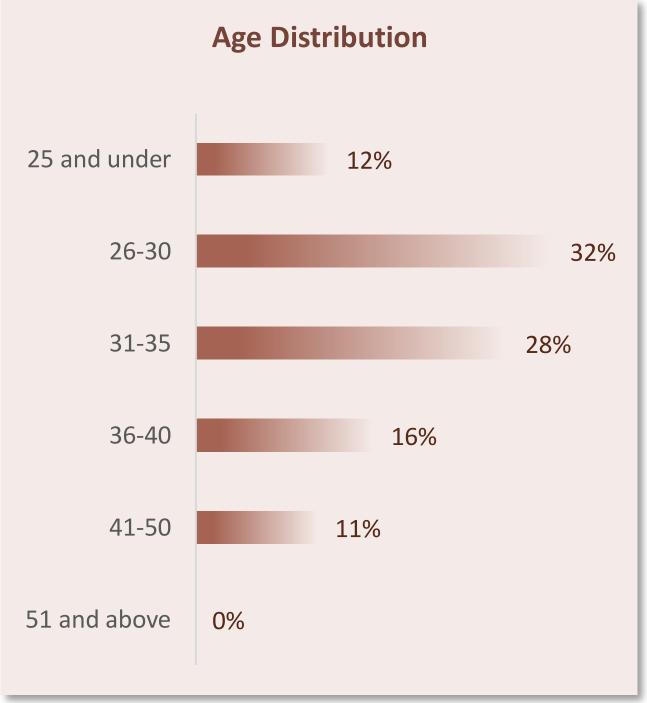
Potential consumer group refers to the consumers with annual household income of more than RMB300,000 and spending less than RMB10,000 on medical aesthetics in 2023

Age

Average age: about **30**

Mostly between **26-35**

Overall younger than high-end consumers

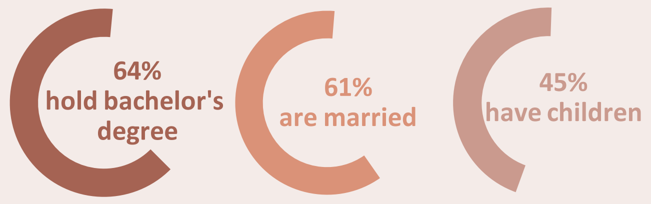


Marial & Childbearing Status | Education | Occupation

64% hold bachelor's degree or higher

61% are married, and **45%** have children

All lower than high-end consumers



Mainly working for

Private enterprises | SOEs/Central enterprises/Public institutions | Foreign companies

Private enterprises

SOEs/Central enterprises/Public institutions

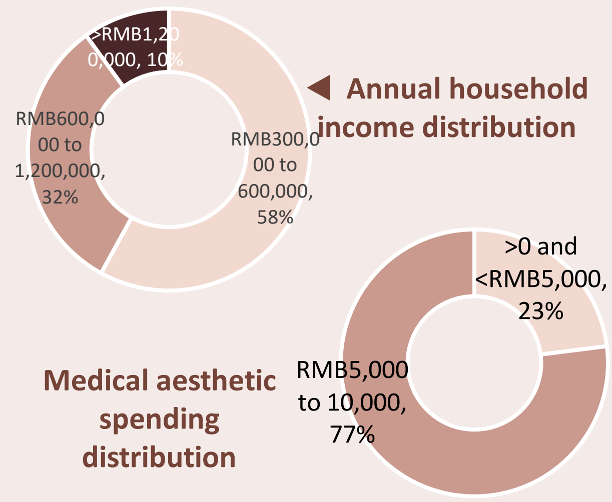
Foreign companies

Income & Medical Aesthetic Spending

Average annual household income: approximately **RMB660,000**

With a smaller proportion of high-income people than high-end consumers

In 2023, potential consumers spent **RMB6,000 to 7,000** on medical aesthetics, accounting for **1%** of their annual household income, with excellent growth potential (vs. 9% of the high-end consumer)



Source: Deloitte China and Allergan Aesthetics Consumer Survey Q1 2024

Potential consumers' spending on medical aesthetics align with their income trends, with demand to be unleashed

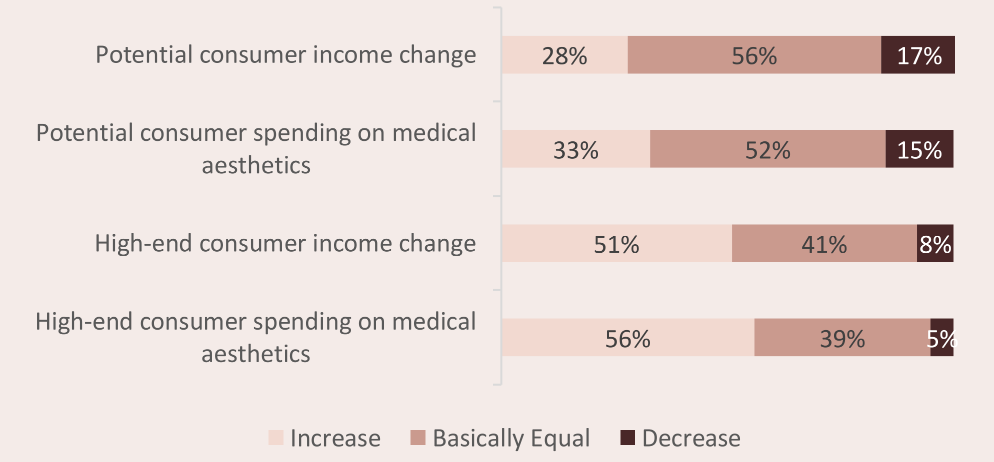
Potential consumers are unlikely to replace lower-end treatments with higher-end ones and are more conservative in adding treatments

Potential consumers' spending on medical aesthetics align with their income trends

Among the potential consumer group, **17%** of respondents reported a decreased income. Overall, these consumers' spending on medical aesthetics aligned with their income trends.

Without considering different factors influencing income changes, potential consumers' spending on medical aesthetics increased at a much lower rate than high-end consumers

Comparison of Changes in Income and Spending (by consumer group)

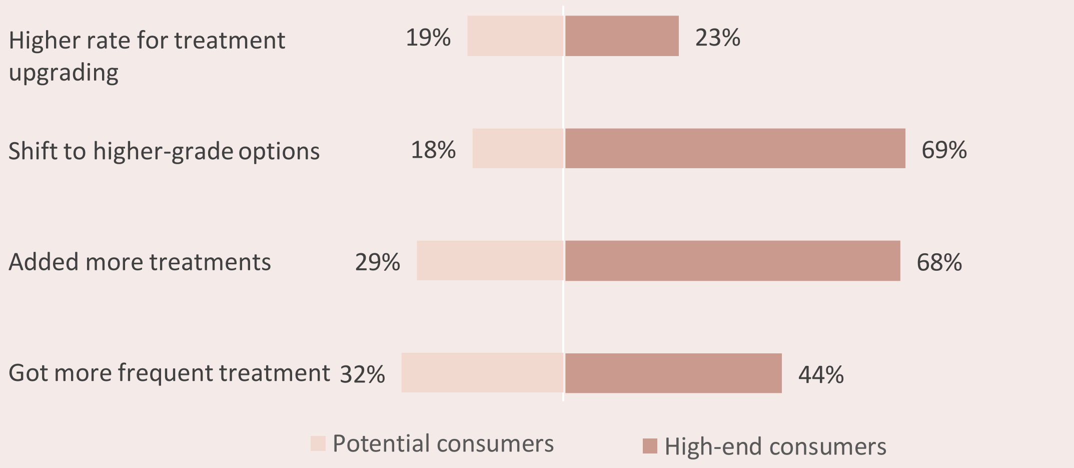


Potential consumers spent more on medical aesthetics as they got more frequent treatments

The potential consumer group's spending rose, primarily driven by **frequency increase** and **treatment addition**. The spending rose mainly for these reasons, with fewer compounding causes

Compared with high-end consumers, potential consumers are less likely to replace lower-end treatments with higher-end ones and are more conservative in adding treatments

Why more spending? (Potential consumer group vs. High-end consumer group)



Source: Deloitte China and Allergan Aesthetics Consumer Survey Q1 2024

The potential consumer group is more selective in providers and treatments

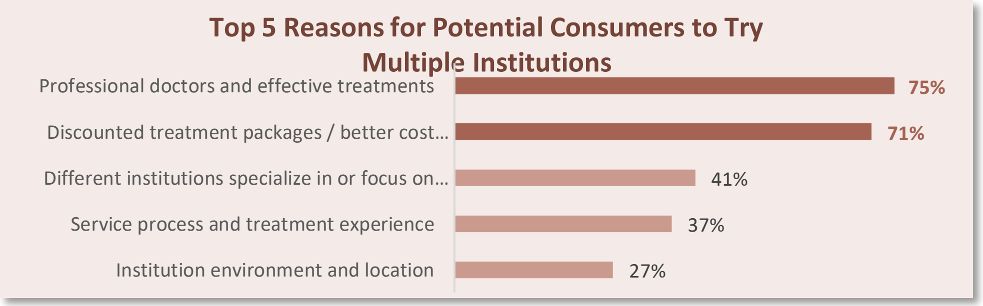
Potential customers prioritize professionalism, cost-effectiveness, and service experience when selecting institutions. They are interested in entry-level treatments and less inclined to filler injectables

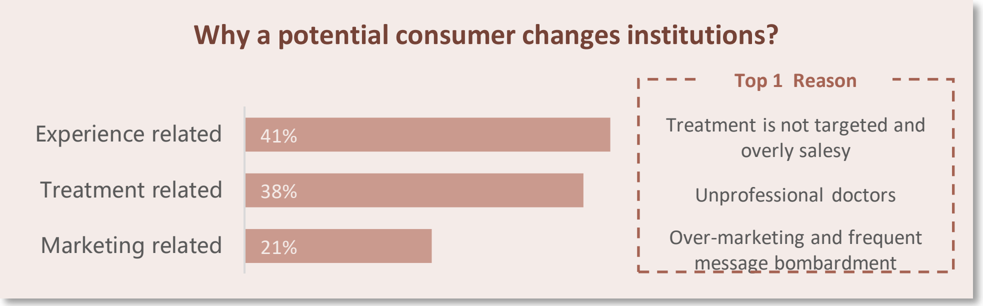
A Institution Choice

The doctor's professionalism and **the treatment outcome** were key factors in potential consumers selecting a provider.

Potential consumers placed a greater emphasis on **cost-effectiveness** than other consumers.

These consumers changed institutions mainly for **over-marketing** and **unprofessional doctors**.





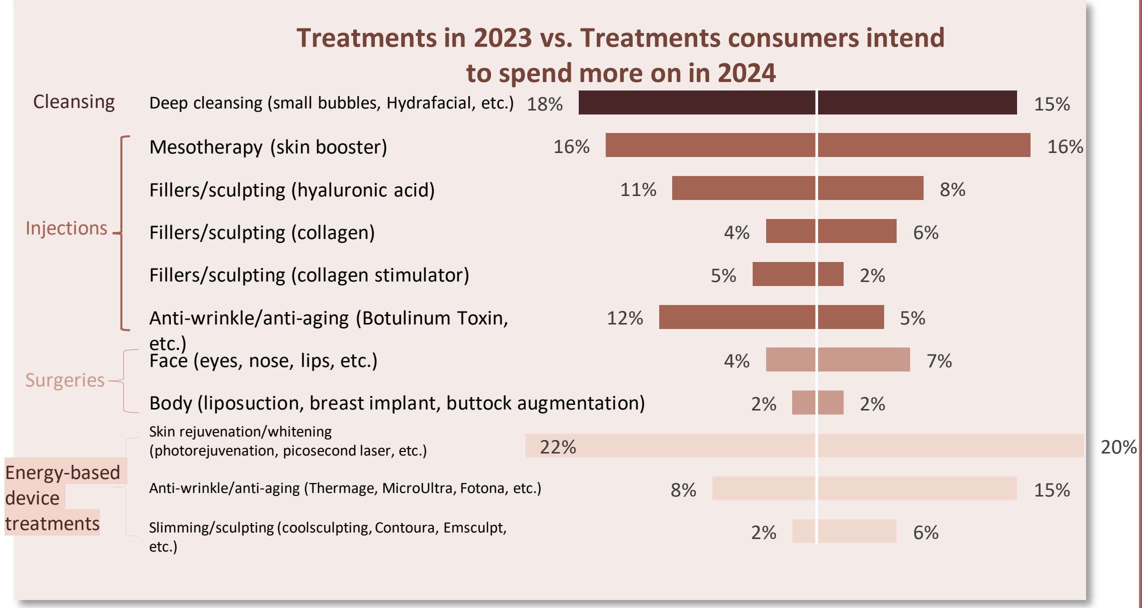
A Treatment Choice

Potential consumers have a lower demand for all categories of treatments than other consumer groups.

The treatments that potential consumers intend to spend more on in 2024 are the same as their treatments in 2023.

Consistently interested in **cleansing**, **skin booster**, and **energy-based device** treatments

Less interested in **filler injectables.**



Source: Deloitte China and Allergan Aesthetics Consumer Survey Q1 2024

Male Consumer Group Portrait

Male consumers are men who spent money on medical aesthetics and had an annual household income of over RMB300,000 in 2023

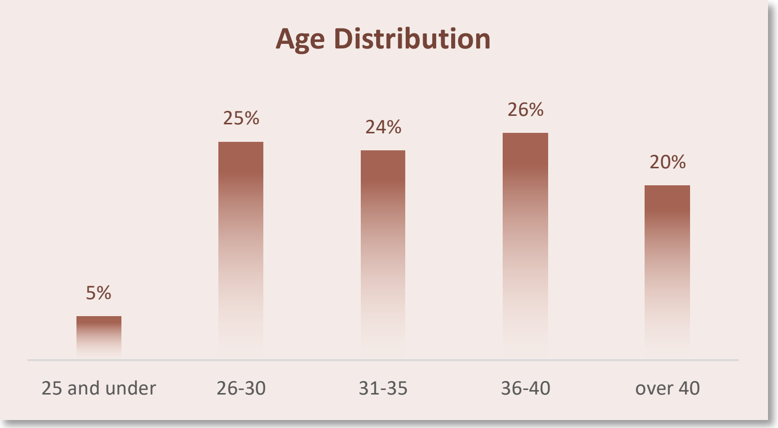
Age | Income

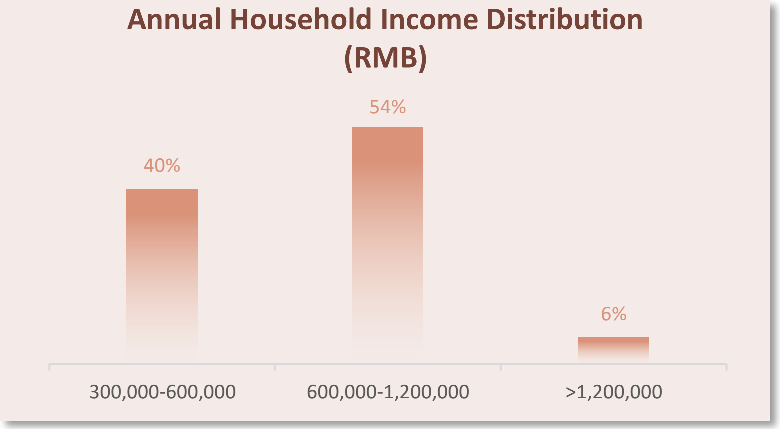
Average age: **about 35**

Over 30: **about 70%**

Average annual household income: **about RMB780,000**

Annual household income exceeding RMB600,000: **about 60%**





Marital & Childbearing Status | Education | Occupation

Bachelor's degree and above: **87%**

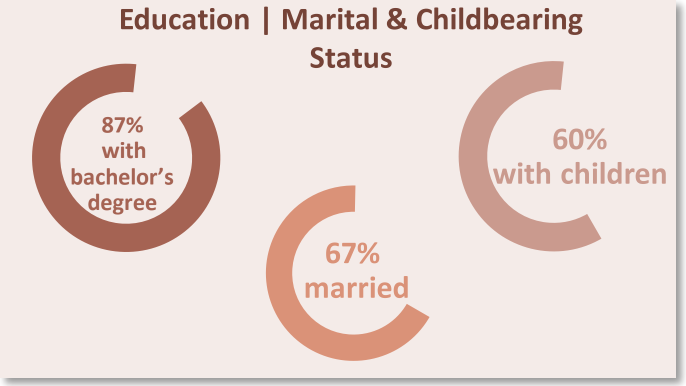
Married: 67%; with children: **60%**

Mainly working for:

Private enterprises

SoEs/Central enterprises/Public institutions

Freelance



Mainly working for

TOP 1	Private enterprises
TOP 2	SoEs/Central enterprises/Public institutions
TOP 3	Freelance

Source: Deloitte China and Allergan Aesthetics Consumer Survey Q1 2024

Male consumers mainly seek entry-level no-surgical medical aesthetic treatments and value the professionalism of a doctor

Men's spending on medical aesthetics increase compared to previous years. Their demand for filler injections has not been fully unleashed

Male consumers increase spending on medical aesthetics

A male consumer in 2023:

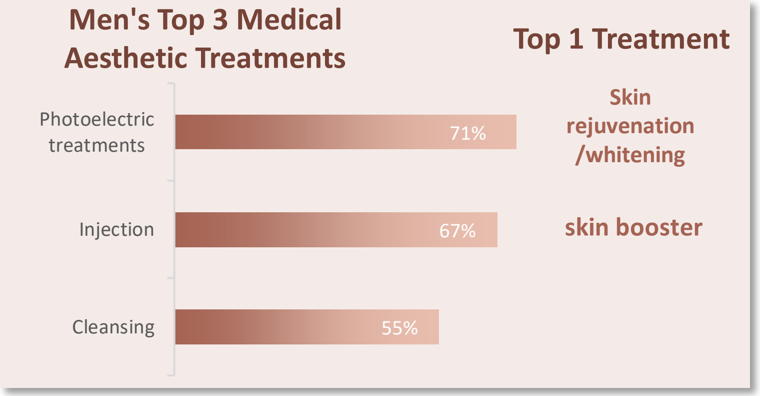
Spent about **RMB33,000** on medical aesthetics, accounting for **6%** of annual household income;

Spending on medical aesthetics is up **27%** YoY; and

Willing to try more medical aesthetic treatments

Entry-level energy-based device treatments are the most popular

energy-based device treatments	Men's first choice
Skin rejuvenation and whitening energy-based device treatment	An entry-level treatment of no-surgical medical aesthetics, with high penetration rate among male consumers
Filler injections	With potential for penetration rate growth



Favoring appropriate promotion and pre-treatment consultation when choosing a provider

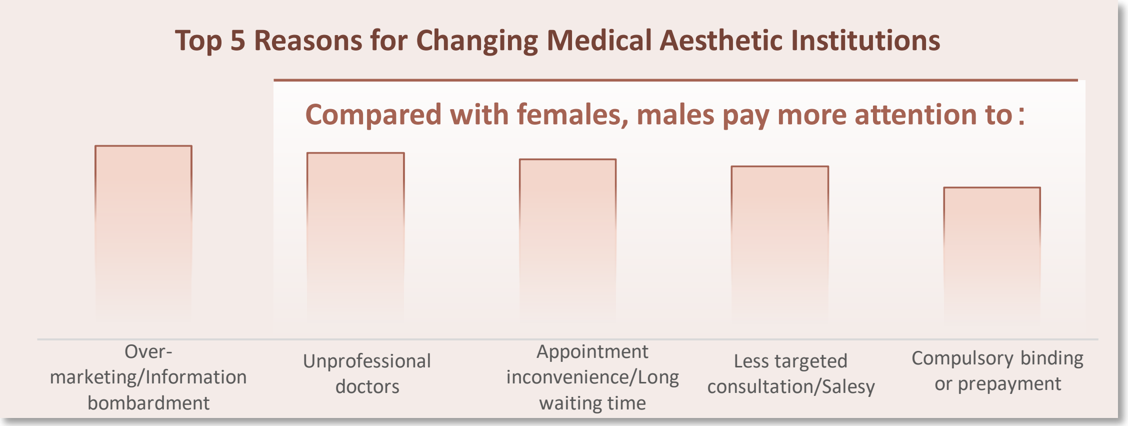
Male consumers

Dislike **over-marketing** and **message bombardment**,

while turning their attention to **professional doctors** and **personalized treatment recommendations**;

Less sensitive to **post-treatment care;** and

Value **pre-treatment appointments and professional consultation services;**



Source: Deloitte China and Allergan Aesthetics Consumer Survey Q1 2024

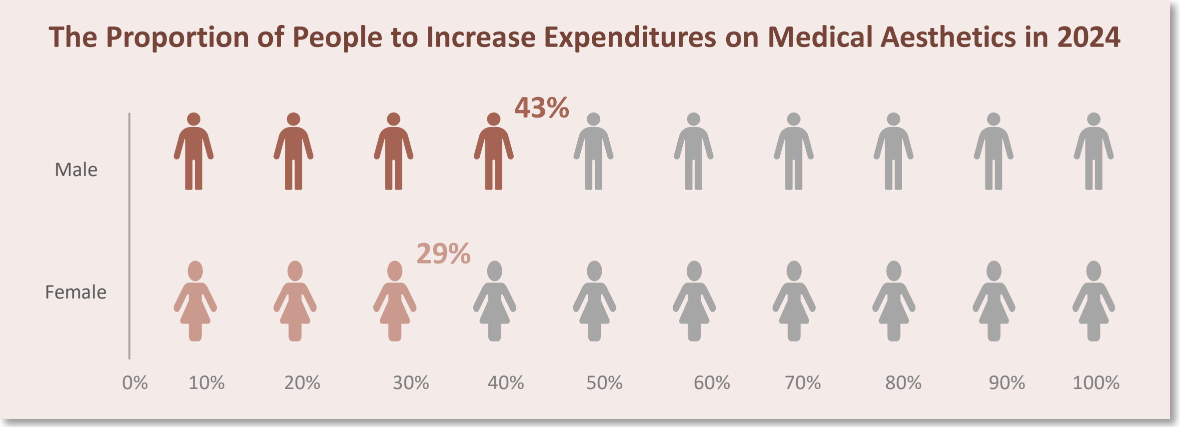
More than 40% of male consumers plan to increase expenditures on medical aesthetics in 2024

Main attention to energy-based device and botulinum toxin treatments, and expected low attention for filler injection treatments

A More than 40% of males surveyed plan to increase expenditures on medical aesthetics

43% of males surveyed plan to **increase expenditures on medical aesthetics**

while the figure for females is **29%**



A Main attention to energy-based device and botulinum toxin treatments, and less attention to filler injection treatments

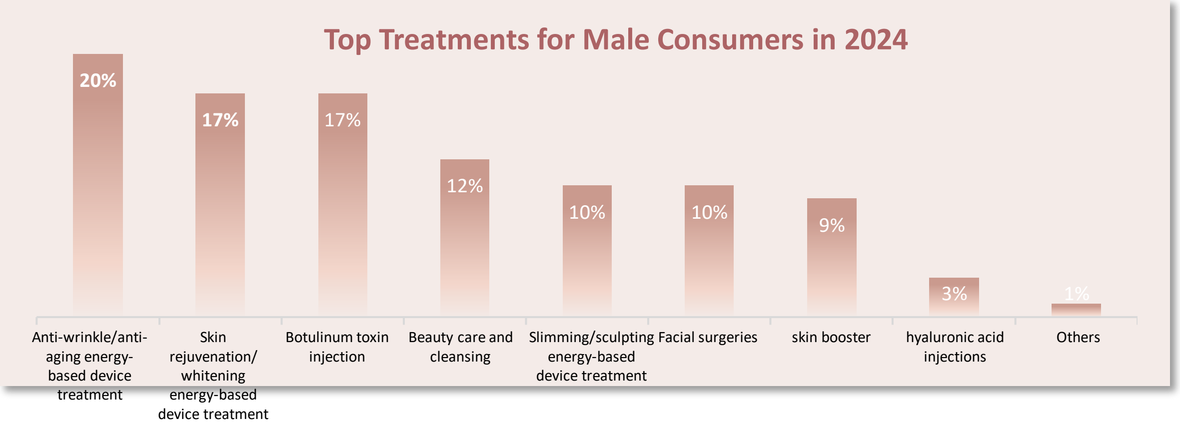
In terms of future medical aesthetic consumption,

Males are more interested in

- energy-based device treatment
- Botulinum toxin injection
- Beauty care and cleansing
- Slimming/sculpting energy-based device treatment

Males are less interested in

- Filler injection treatment



Source: Deloitte China and Allergan Aesthetics Consumer Survey Q1 2024

Hot outbound travel drives some middle- to high-income consumers to experience overseas medical aesthetics

Outbound middle- to high-income medical aesthetic consumers are mostly mature consumers from first-tier cities who love experiencing, and have strong purchasing power and willingness

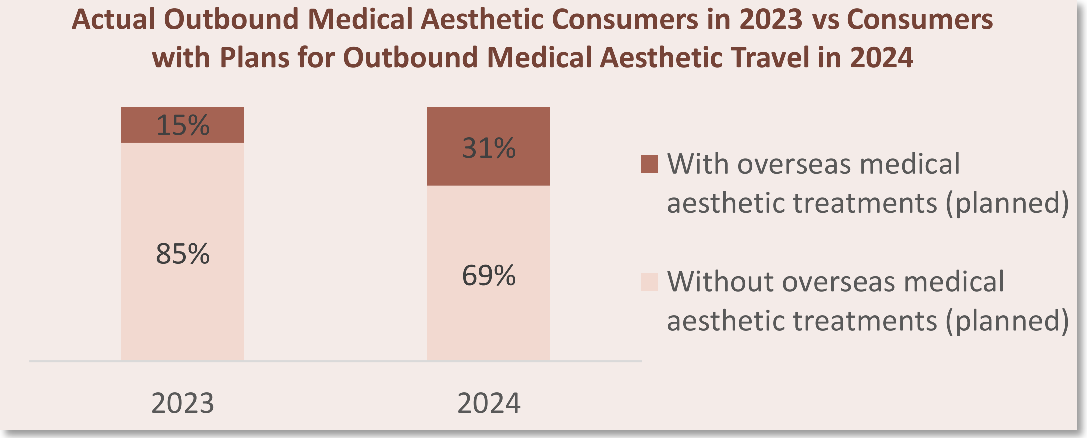
Outbound medical aesthetic consumers increase year by year

In 2023, among middle- to high-income medical aesthetic consumers

15% had medical aesthetic treatments outside the Chinese mainland

In 2024, among middle- to high-income consumers

31% plan for outbound medical aesthetic treatments



Characteristics of middle- to high-income consumers seeking overseas medical aesthetics

In 2023, among the middle- to high-income consumers who had medical aesthetic treatments overseas

78% from first-tier cities

68% from the mature consumer group (over 35)

Consumers who had medical aesthetic treatments overseas in 2023

More experienced in domestic medical aesthetic treatments

Interested in experiencing & Experienced in domestic medical aesthetic treatments

Outbound medical aesthetic consumers visited about three institutions per capita in 2023, higher than those without overseas medical aesthetics plans (visited about two institutions per capita)

Outbound medical aesthetic consumers experienced about 5 different medical aesthetic treatments in 2023, much higher than those without overseas medical aesthetics plans (experienced about 3 treatments)

Strong demand & Strong purchasing power

Among the middle- to high-income consumers seeking overseas medical aesthetics in 2023, 51% spent over RMB50,000 on medical aesthetics

In this group, over 50% of respondents plan to try more medical aesthetic treatments in 2024, and 37% plan to increase medical aesthetic expenditures in 2024

Source: Deloitte China and Allergan Aesthetics Consumer Survey Q1 2024

Consumers seeking overseas medical aesthetics mainly go to Japan, South Korea, Hong Kong, Macao, and Taiwan for no-surgical medical aesthetic treatments

Japan and South Korea are more popular than Hong Kong, Macao and Taiwan for medical aesthetics, and consumers with plans for overseas medical aesthetics focus more on high-priced no-surgical medical aesthetic treatments this year

A Top places for overseas medical aesthetics are Japan and South Korea

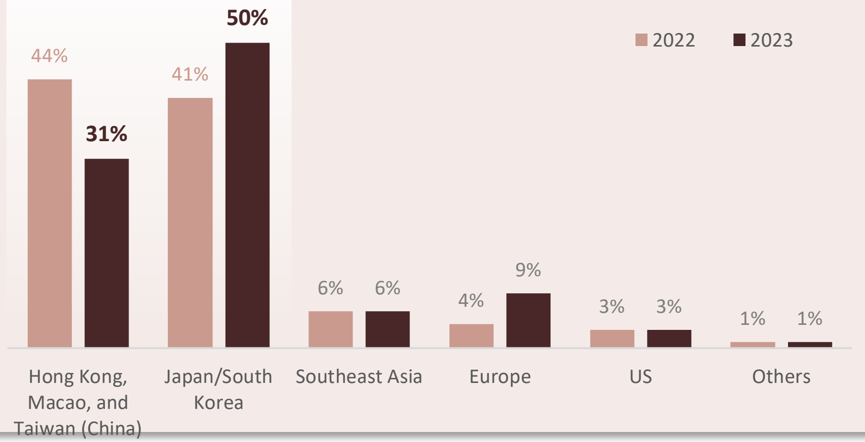
Top overseas places for domestic medical aesthetic consumers in 2022

- Top 1: Hong Kong, Macao, and Taiwan (China)
- Top 2: Japan/South Korea

Top overseas places for domestic medical aesthetic consumers in 2023

- Top 1: Japan/South Korea

Countries/Regions Preferred by Consumers Seeking Overseas Medical Aesthetics



A Hot overseas medical aesthetic treatments

The planned overseas treatments of middle- to high-income consumers in 2024 are different from the actual overseas medical aesthetic treatments in 2023

New demand for overseas medical aesthetic treatments in 2024

- Anti-wrinkle/ anti-aging energy-based device treatment
- Collagen injection
- Collagen stimulator injection

Actual Overseas Treatments in 2023

TOP 1	TOP 2	TOP 3	TOP 4	TOP 5
Skin rejuvenation/ whitening energy-based device treatment	hyaluronic acid injection	Mesotherapy	Facial surgeries	Beauty care and cleansing

Top Treatments for Consumers with Plans for Overseas Medical Aesthetic Treatments in 2024

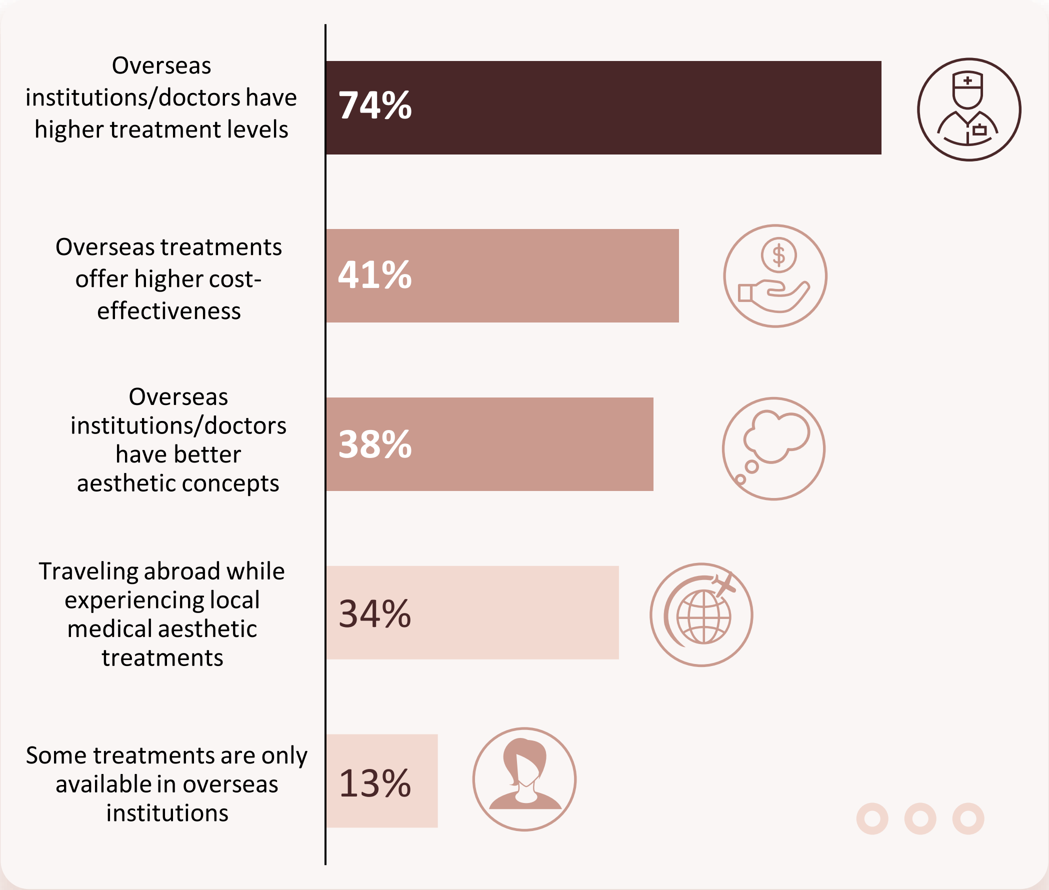
TOP 1 (NEW)	TOP 2	TOP 3	TOP 4 (NEW)	TOP 5 (NEW)
Anti-wrinkle/ anti-aging energy-based device treatment	Skin rejuvenation/ whitening energy-based device treatment	hyaluronic acid injection	Collagen injection	Collagen stimulator injection

Source: Deloitte China and Allergan Aesthetics Consumer Survey Q1 2024

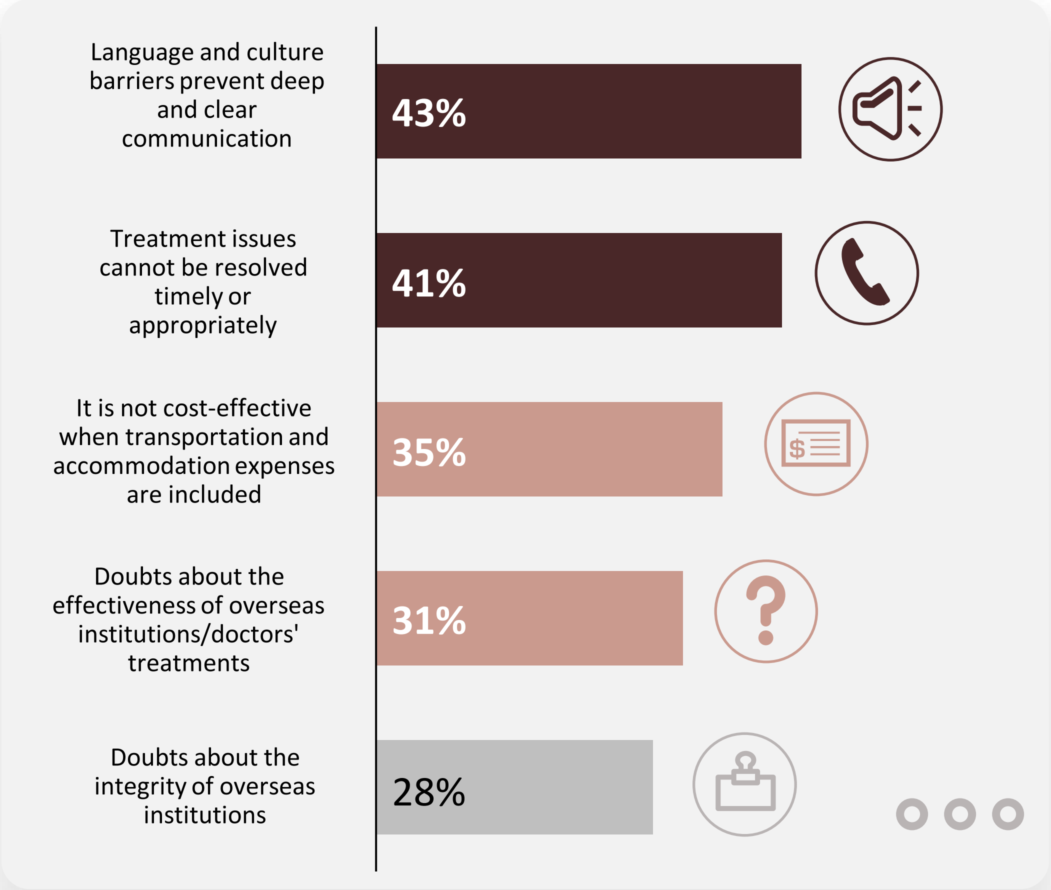
Middle- to high-income consumers seeking overseas medical aesthetic treatments: why and why not

Consumers value overseas treatments' level, aesthetic concepts, and high cost-effectiveness. Consumers not choosing overseas medical aesthetics mainly worry about communication and potential complications

Why



Why not



Source: Deloitte China and Allergan Aesthetics Consumer Survey and Expert Interview Q1 2024

Chapter II

Keeping Fine Traditions Whilst Blazing New Trails

China's Medical Aesthetic Market Dynamics and Current Institution Operation

Chapter Introduction

As the regulation over the industry tightens, **the update and iteration of upstream products and materials, and service innovation of institutions** continue to meet consumers' diversified demand for medical aesthetics, promoting the sustained and rapid development of China's medical aesthetic industry. Adhering to keeping fine traditions while blazing new trails, medical aesthetic practitioners pursue compliance, professionalism, and quality delivery of medical aesthetic services, which have become the themes of the industry's development.

This year is crucial for the medical aesthetic industry to improve and upgrade. Medical aesthetic institutions face dual challenges in attracting new customers and retaining regular customers. **How to explore more effective channel layout and resource allocation troubles market players** in an environment of high traffic cost and low conversion rate. Players should **focus on the medical essence** instead of competing for traffic and provide **more effective and safer medical services and comprehensive service experiences** to enhance customer retention and repurchase, thus standing out from disorderly competition.

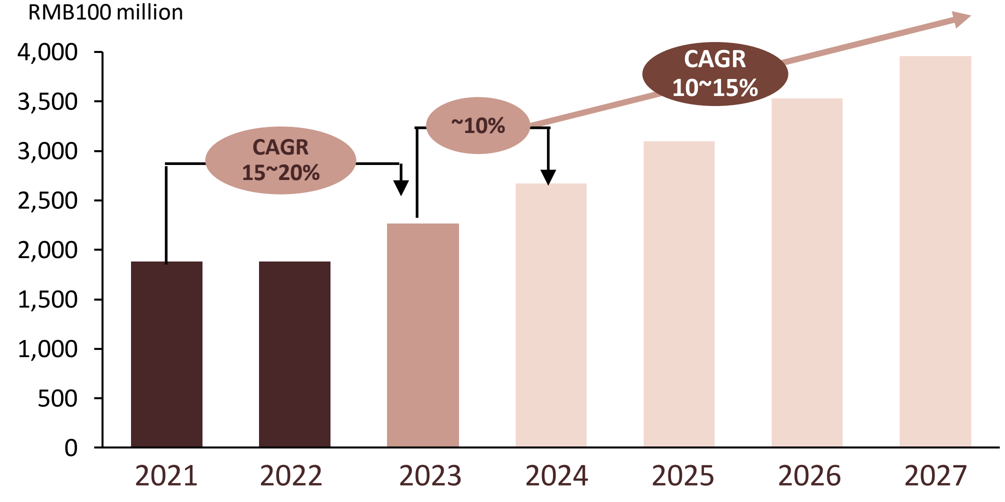
Allergan Aesthetics and Deloitte China surveyed **the current operation and primary challenges faced by over 600 medical aesthetic institutions** through desk study and industry expert interviews, aiming to provide reference for future differentiated competition among institutions with insights into consumers.

China's medical aesthetic market is expected to grow by about 10% in 2024

China's medical aesthetic market is expected to continue its rapid growth of 10% to 15% in the coming years driven by increasing medical aesthetic penetration rate and demand for diversified quality medical aesthetics

China's medical aesthetic market forecast: size & growth rate

(Calculated by consumer spending)



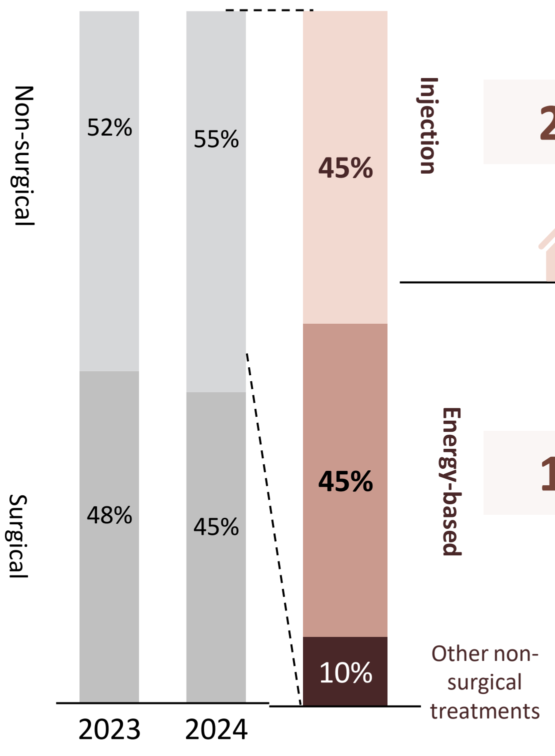
Although the backlogged demand for medical aesthetics was quickly released after China lifted COVID-19 response measures in the first half of 2023, **consumers' visits to the medical aesthetic institutions decreased with average transaction value falling** in the second half of the year due to unstainable momentum, uncertain macroeconomic expectations and sluggish consumption.

The overall medical aesthetic market is expected to grow by approximately **10%** in 2024 as service consumption recovers;

The market is expected to maintain a compound annual growth rate of **10% to 15%** during the next four years

China's medical aesthetic market segments: share & growth rate forecast

(Calculated by consumer spending)



	CAGR during the next 5 years	Influencing factors
Injection	20%-30%	More significant effects to meet the advanced needs of mature consumers; Higher skill requirements for doctors; Relatively higher average transaction value
Energy-based	15%-20%	Non-invasive treatment with higher consumer acceptance; Easier operation with basic skill requirements; More periodic treatments with better customer adhesion; More customer attracting treatments, with the average transaction value easily affected

Source: Summary of the expert interview by the Chinese Association of Plastics and Aesthetics (CAPA), Deloitte China and Allergan Aesthetics

The supply side helps the industry move towards a new stage of quality medical aesthetics through the delivery of high-quality products and services

Upstream medical aesthetic manufacturers are upgrading and innovating products, and working together to explore a quality upgrade path of the medical aesthetic industry

Main Medical Aesthetic Products Approved in 2023 and Q1 2024

Injections

14 — **Class-III injection devices** were approved for launch by the National Medical Products Administration (NMPA)

1 — **Botulinum toxin type A for injection** was approved for launch by NMPA

2 — injections were approved by NMPA **for obesity or overweight**

energy-based device treatment

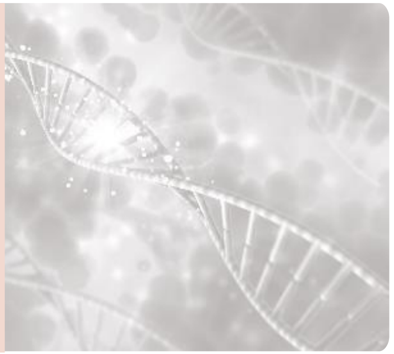
60+ — Medical devices were approved, **mainly pulse light related and administered as Class-II devices**

Upstream Manufacturers' Focus in 2023 and Q1 2024

Recombinant collagen became investors' new focus

Top medical aesthetic manufacturers continued investing to expand medical aesthetic business

Domestic pharmaceutical companies/international beauty giants entered the medical aesthetic industry, creating their second growing segment



Medical aesthetic institutions are seeking new growth points during industry iteration

As the medical aesthetic consumption trend changes and competition intensifies, medical aesthetic institutions expand by grabbing market share during iteration, while undergoing transformation and contraction under growth pressure

A Institution Dynamics of Midstream and Downstream Industries

Overall industry concentration decreases slightly, as top medical aesthetic institutions slow their merger and acquisition activities, and the number of small medical aesthetic institutions continue to grow

- According to the medical aesthetic institution data on Qcc.com as of the end of 2023:

The number of existing private medical aesthetic institutions grew slowly compared with the previous year

Top group institutions

Slowed their merger and acquisition activities compared with previous years, according to their publicly disclosed information

Small and medium-sized medical aesthetic institutions in some regions experienced a short-term "closure wave" in 2023, and their number **continued to rise rapidly** nationwide

Large and small institutions become OEMs to produce their own filling agents. The safety, quality, and clinical efficacy of products under effective regulation are essential for exploring new models

More than 20 OEM hyaluronic acid products are sold on the market.
Like large institutions, some small and medium-sized institutions also leverage the alliance strategy to overcome scale disadvantages and enhance competitiveness.

The cosmetics industry officially banned the form of "one license for multiple brands" last year, but in this aspect, the regulatory policy for the medical aesthetic industry has not been introduced. In the context of increasingly strict regulations, will the "one license for multiple brands" of the Class-III medical devices be prohibited? The requirement of **"one license for one product"** may be implemented in the medical aesthetic field.

OEM products can increase institutions' profit level in a short term, but at the same time, they also trigger low-price marketing wars and homogeneous competition. The healthy development of the industry is to ensure the positioning, quality, and training of OEM products, matching **price to value**.

An institution said, "These products haven't been on the market for too long. We do not know whether they will affect or hurt consumers. This is why we do not operate our own hyaluronic acid brands, no matter how fierce the competition is or how high the profits are".

Source: Summary of public information by the Chinese Association of Plastics and Aesthetics, Deloitte China, and Allergan Aesthetics

The ongoing standardization of the industry is the cornerstone of the medical aesthetic sector's stability and success

Heightened regulatory oversight and enhanced self-governance guide the industry to refocus on its core medical purposes. This shift is propelling the industry towards an era of high quality

A Policies introduced during 2023 and Q1 2024

The government introduced a series of policies to show its attention to the medical aesthetic industry and the determination to rectify the industry.

These policies will help the industry refocus on its medical purposes and accelerate its upgrading.

Administration of medical institutions

Apr.
The State Administration for Market Regulation
Medical Aesthetic Consumption and Service Contract (Sample)

May
The State Administration for Market Regulation and other ten departments
Guiding Opinions on Further Strengthening the Regulation of the Medical Aesthetic Industry

Advertising and publicity

Feb.
The State Administration for Market Regulation
Guidelines for Law Enforcement of Absolute Terms in Advertising

May
The State Administration for Market Regulation
Administrative Measures for Reviewing Advertising of "Pharmaceuticals, Medical Devices, Health Products, and Food for Special Medical Purposes" (Exposure Draft)
Measures for the Administration of Internet Advertising

Manufacturer and Product Management

The National Medical Products Administration

Jan.
The Notice on Accelerating the Construction of a Traceability System for Botulinum Toxin Type A for Injection
The Announcement of the Medical Device Industry Standard for *Recombinant Humanized Collagen*

July
The Opinions on Further Strengthening and Improving the Classification Management of Medical Device

Nov.
The Guiding Principles for Classifying Ultrasound Devices for Cosmetic Purposes (Exposure Draft)

Mar. 2024
The Implementation of the *Classification of Radiofrequency Therapy Instruments and Radiofrequency Skin Therapy Instruments*

A Practical self-governance and a high-quality medical aesthetic service system promote the high-quality development of the industry

Industry association

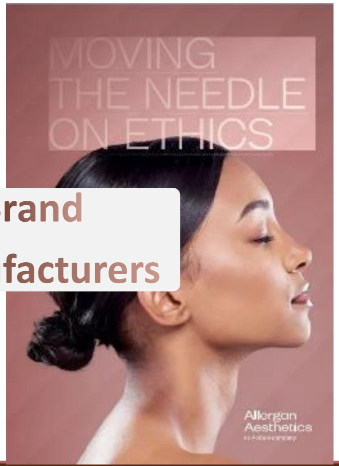
Chinese Association of Plastics and Aesthetics collaborates with regular medical aesthetic institutions to create a risk management sample hospital system

The Risk Control Center of the CAPA released the Risk Control and Trustworthiness Index Evaluation System for Medical Aesthetic Enterprises

The Medical Aesthetics Professional Committee under the China Anti-Aging Promoting Association launched the "New Journey of the Medical Aesthetic Industry Development - Strengthening Industry Self-discipline" initiative together with regular medical aesthetic institutions

Brand manufacturers

The book Moving the Needle on Ethics co-written by **Allergan Aesthetics** and global medical aesthetic experts will be officially released, aiming to advance ethics in the aesthetic field.



News

The TV show **Focus Report** revealed the chaos of medical aesthetic live streaming through the edition "Medical Aesthetic Live Streaming: Selling Products or Bringing Misfortune". Shanghai successfully investigated **the first cross-provincial "irregular medical aesthetics" case**, with a fine of more than RMB2.7 million for the people involved. The Shanghai police solved **the case of obstructing pharmaceutical administration in the medical aesthetic product field**, with an amount of more than RMB14 million involved. **The China Consumers Association** disclosed numerous "malicious tricks" in medical aesthetic online marketing. **China's first** consumer public interest action emerged in the medical aesthetic field. Beijing set a red line for medical aesthetic services, specifying that consumers who fail to receive services within 7 days of payment may be entitled to a full refund.

Source: Summary of public information by the Chinese Association of Plastics and Aesthetics, Deloitte China, and Allergan Aesthetics

Insights into medical aesthetic institution operation in 2024

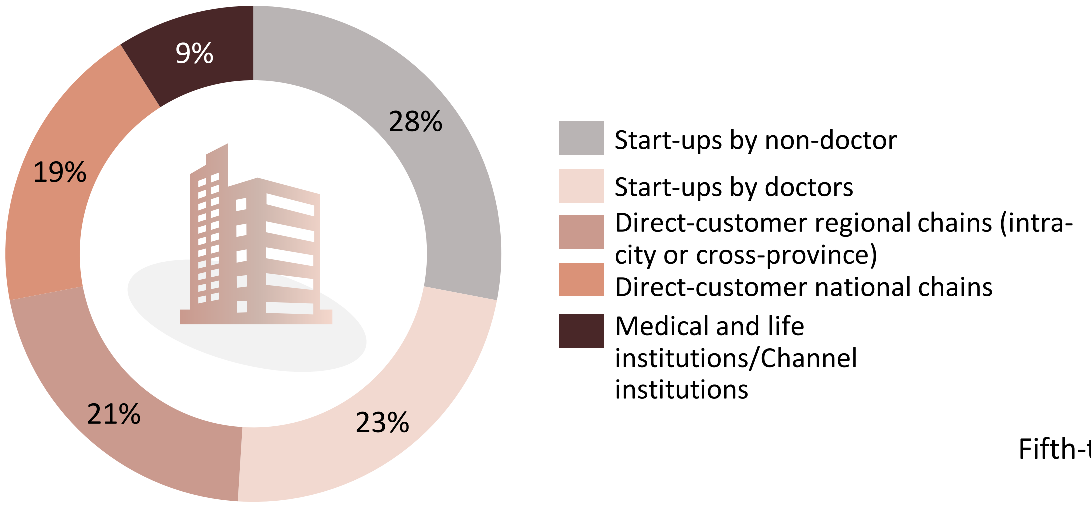
This report surveyed over 600 medical aesthetic institutions of various types and from cities of different tiers to deeply understand their current operation and key challenges

Institutions surveyed: type

The survey in Q1 2024 included **600+** medical aesthetical institutions

Independent institutions accounted for **51%**

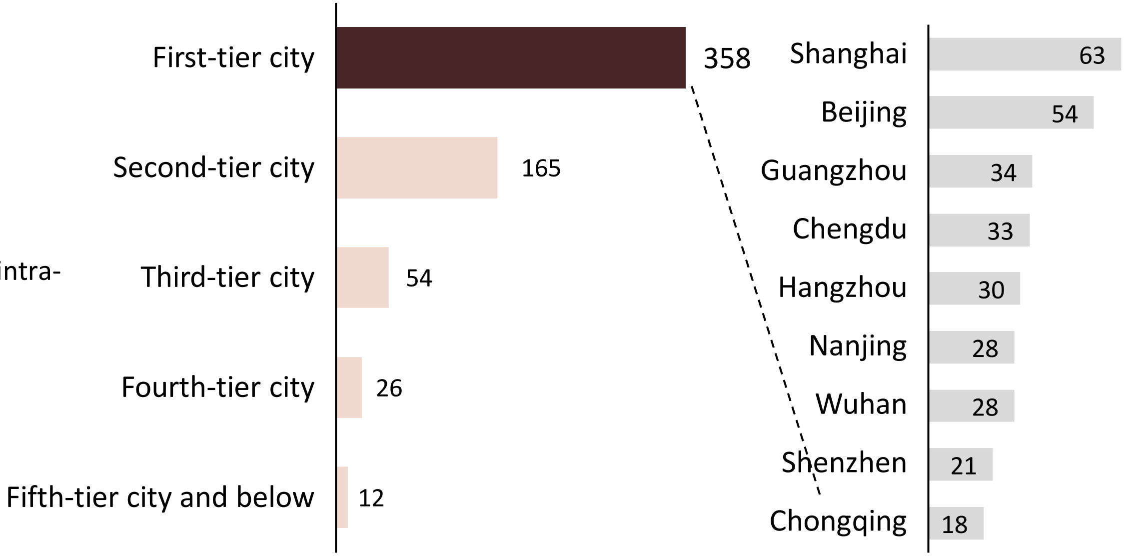
National/regional direct-customer chain institutions accounted for **40%**



Institutions surveyed: number and city distribution

This survey covered **>100** cities

First-tier cities accounted for about **58%**



Source: Deloitte China and Allergan Aesthetics Institution Survey Q1 2024. The city tier is based on the CCCI Ranking. In addition to Beijing, Shanghai, Guangzhou, Chengdu, Hangzhou, and Shenzhen, first-tier cities also include Wuhan, Nanjing, Chongqing, Xi'an, Suzhou, Tianjin, Foshan, Dongguan, and Shenyang

Institutions surveyed: business premises and core customer groups

The business premise of the medical aesthetic institution surveyed covers from 200 to over 20,000 square meters, and their core customer groups are mostly aged from 30 to 40 years old

Business premises | Monthly turnover

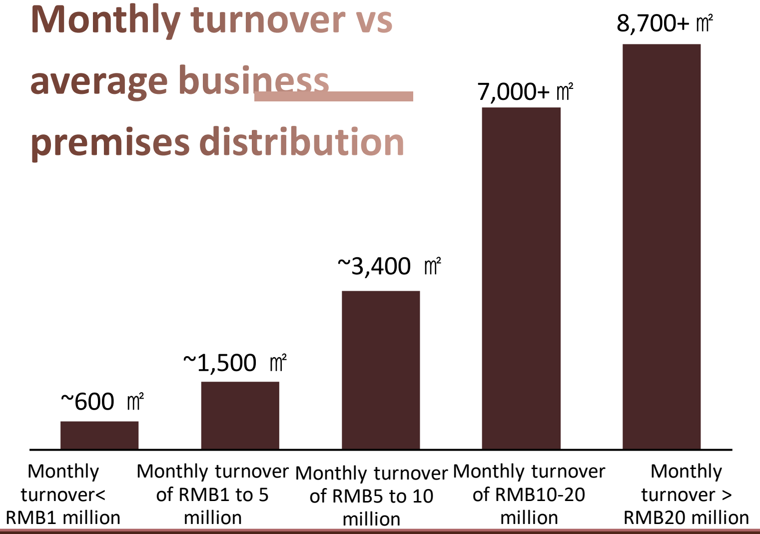
86% of institutions surveyed are below 5,000 square meters

65% of institutions surveyed have a monthly turnover of less than RMB5 million

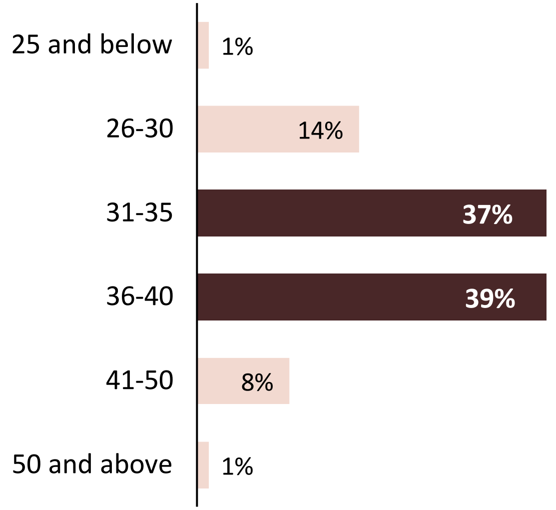
17% between RMB5 to 10 million

18% exceeding RMB10 million

Monthly turnover vs average business premises distribution



Institutions: core customer group

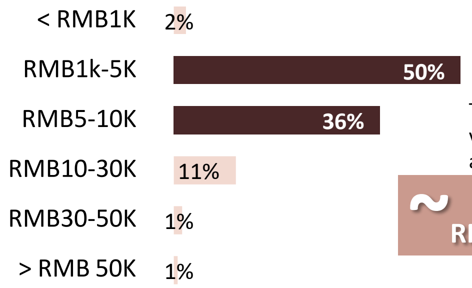


Core customers: age distribution

76% of medical aesthetic institutions said that their core customers were **mature consumers aged between 30 and 40**

The core customer group's age averaged about **35**

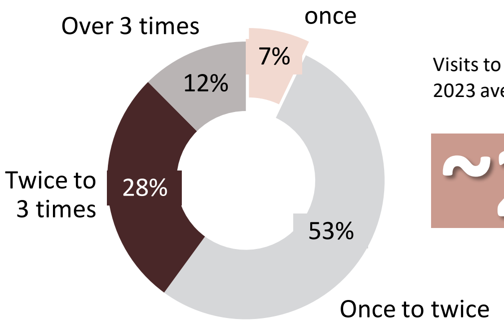
Average transaction value



The average transaction value in 2023 was approximately **~RMB 7,200**

(Average transaction value*=average amount spent per customer per visit to the institution))

Visit frequency



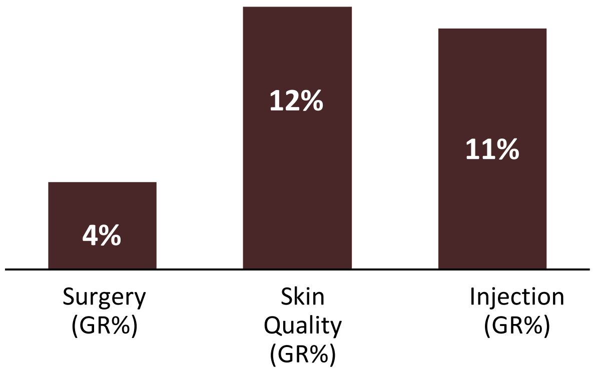
Visits to institutions in 2023 averaged **~2**

Source: Deloitte China and Allergan Aesthetics Institution Survey Q1 2024

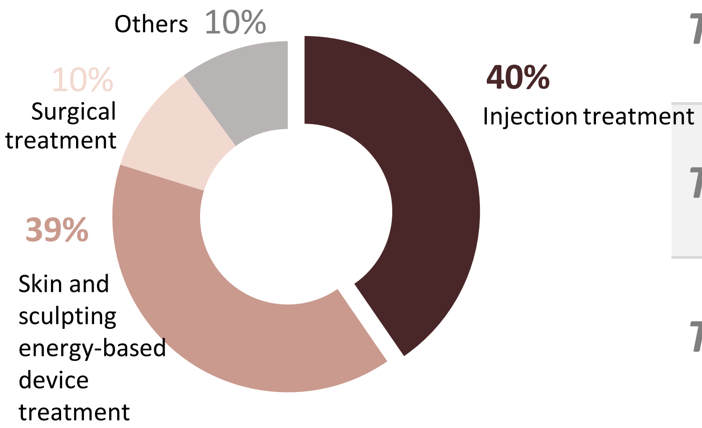
The performance growth of institutions surveyed in 2024 are mainly contributed by Non-surgical segments

The growth of fillers (hyaluronic acid/collagen/collagen stimulator), anti-wrinkle/anti-aging energy-based device treatments, and botulinum toxin treatments will be promising in the next two to three years.

Departments' average performance growth expected by institutions in 2024



Consumers' most interested treatments in the future



Institutions' main advantageous treatments in 2023 (proportion of institutions)

Top 1	**Filler/sculpting injection treatment** hyaluronic acid	73%
Top 2	**Anti-wrinkle/ anti-aging energy-based device treatment**	63%
Top 3	**Anti-wrinkle/anti-aging injection treatment** Botulinum toxin	59%
Top 4	**Skin rejuvenation/ whitening energy-based device treatment**	55%
Top 5	**Mesotherapy** skin booster	49%
Top 6	**Facial surgery** (eyes, noses, lips, etc.)	34%

Treatments with promising growth in the next two to three years (proportion of institutions)

Top 1	**Filler/sculpting injection treatment** hyaluronic acid	77%
Top 2	**Anti-wrinkle/anti-aging treatment**	63%
Top 3	**Anti-wrinkle/anti-aging injection treatment** Botulinum toxin	49%
Top 4	**Filler/sculpting injection treatment** Collagen	49%
Top 5	**Filler/sculpting injection treatment** Collagen stimulator	42%
Top 6	**Mesotherapy** skin booster	21%

Source: Deloitte China and Allergan Aesthetics Customer & Institution Survey Q1 2024

Institutions and consumers have different focuses on treatment parts

Consumers consistently focus on nose, forehead, and legs, which institutions do not pay attention to

Institution

Face

Popular treatment parts in 2023

Top 1	Eyes
Top 2	Skin texture improvement
Top 3	Lineament
Top 4	Lips
Top 5	Nasolabial folds/ Nasolabial sulcus

Treatment parts with rising demand in 2023

Top 1	Lips
Top 2	Eyes
Top 3	Lineament
Top 4	Skin texture improvement
Top 5	Nasolabial folds/ Nasolabial sulcus

Treatment parts with falling demand in 2023

Top 1	Risorius
Top 2	Forehead
Top 3	Chin

Body

Popular treatment parts in 2023

Top 1	Waist and abdomen
Top 2	Neck
Top 3	Chest

Treatment parts with increasing demand in 2023

Top 1	Neck
Top 2	Waist and abdomen
Top 3	Private parts

Treatment parts with decreasing demand in 2023

Top 1	Chest
Top 2	Ears
Top 3	Calvaria

Consumer

Face parts with highest customer attention in 2024

Top 1	Skin texture improvement
Top 2	Nasolabial folds/ Nasolabial sulcus
Top 3	Eyes
Top 4	**Noses**
Top 5	**Foreheads**

Body parts with highest attention of consumers in 2024

Top 1	**Legs**
Top 2	Waist and abdomen
Top 3	Chest

Source: Deloitte China and Allergan Aesthetics Customer & Institution Survey Q1 2024

Difficulty in new consumer attraction and severe customer loss remain the biggest challenges for most medical aesthetic institutions

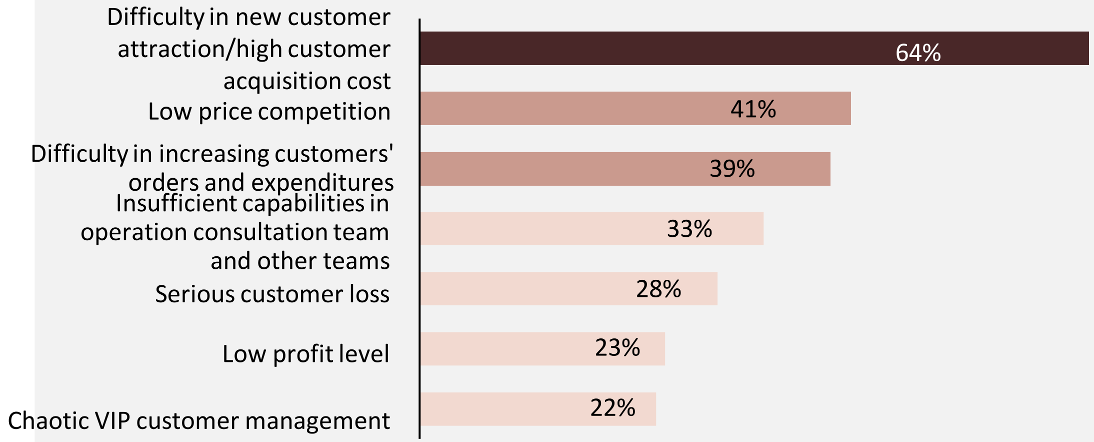
In the context of high traffic acquisition cost and service homogenization, high-value customer retention requires more attention

Challenges

How can institutions efficiently attract and retain customers, strengthen operation capabilities, and build the brand image while reducing costs and increasing efficiency?

- **New customer attraction, high customer acquisition costs, low price competition, and customer retention** are the biggest difficulties and challenges for medical aesthetic institutions
- Major medical aesthetic institutions emerged into public domain customer acquisition platforms, thus leading to a continuous increase in traffic costs. **The quality and efficiency issues of traffic conversion** triggered the thinking of institutions
- The key to effectively improving the retention rate and repurchase rate of regular customers is **to refine the operation of existing customers, improve the customer experience process to establish reputation and avoid excessive marketing**

Medical aesthetic institutions in 2023: difficulties and challenges



Solutions

New customer attraction

- Pay attention to the channel of referral program with the lowest attraction cost and the highest output efficiency
- Optimize the proportion of investment in e-commerce platforms
- Launch high-quality and differentiated content on information-based new media platforms
- Refine institutions' private domain traffic maintenance and management plans
- Carefully select and search for precise cross industry cooperation

Customer retention

- Provide personalized services
- Establish strict service standards and quality control systems
- Implement regular customer maintenance plans and execution plans
- Value customer follow-up and establish a recommendation mechanism
- Enhance institutions' competitiveness in all aspects

Source: Deloitte China and Allergan Aesthetics Institution Survey Q1 2024

New customers are more concerned about institution qualification and doctor professionalism

New medical aesthetic customers prioritize safety and treatment effectiveness when selecting treatments

A Institution selection

When choosing an institution, new customers mainly consider

Institution qualification | **Doctor professionalism**

75% of new customers' choice for first diagnosis is **Public institutions**

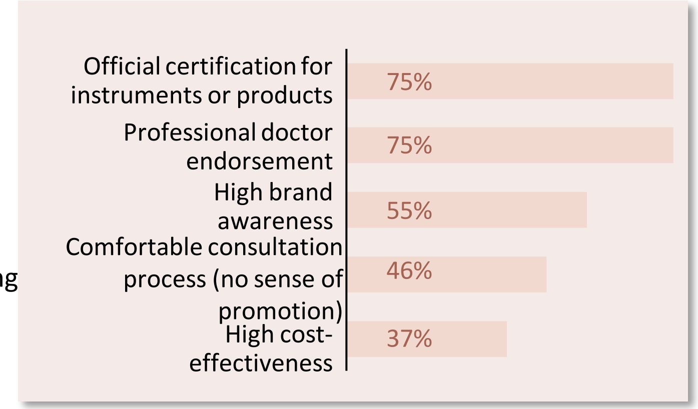
New customers focus on

Certification of instruments and products

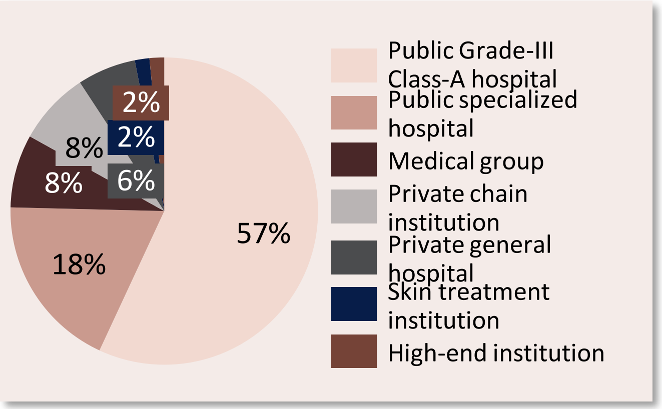
Professional doctor endorsement

The biggest problem that private institutions need to solve when facing new customers is **Trust**

Factors influencing institution selection



Institution selection for first diagnosis



A Treatment selection

In 2024,

new customers remain interested in **non-invasive treatments** and **energy-based device treatments**, while more people express their interest in **cleansing treatments**

When choosing treatments

new customers value:

Treatment results | **Safety**

Affected by

People around | **Professionals**

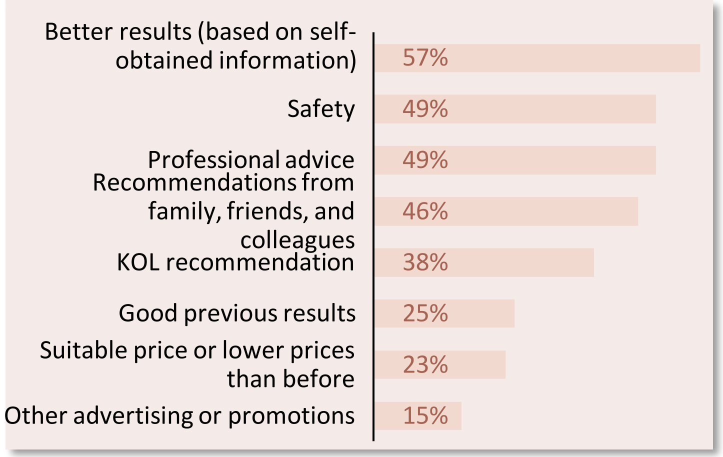
Most interested treatments in 2023

- **NO.1** Skin rejuvenation and whitening energy-based device treatment
- **NO.2** Cleansing treatment
- **NO.3** Skin-tightening/ anti-aging energy-based device treatment

Most interested treatments in 2024

- **NO.1** Cleansing
- **NO.2** Skin rejuvenation and whitening energy-based device treatment
- **NO.3** Skin-tightening/ anti-aging energy-based device treatment

Factors influencing treatment selection



New medical aesthetic customers: customers who spent money on medical aesthetic treatments for the first time in 2023*

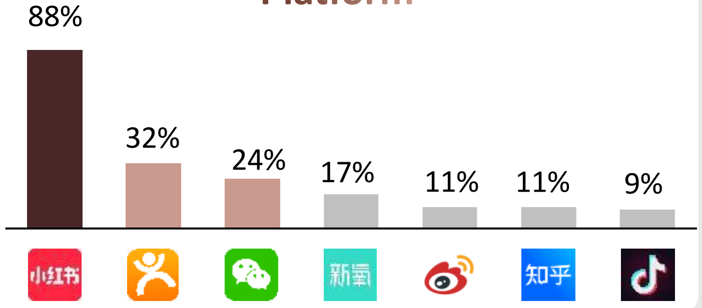
Source: Deloitte China and Allergan Aesthetics Consumer Survey Q1 2024

New customers are more interested in science popularization from doctors and amateur sharing on popular social media platforms

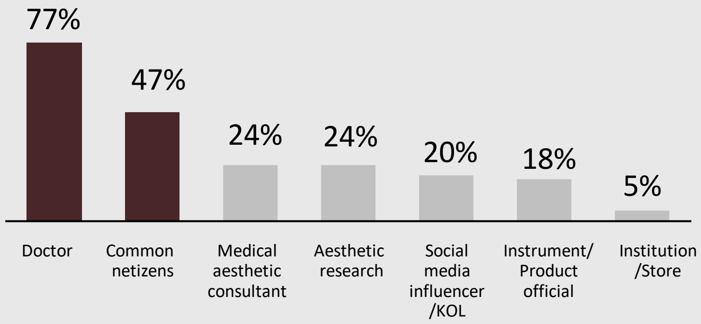
New medical aesthetic customers* are more inclined to obtain information from platforms such as Xiaohongshu and Dianping before making decisions, to evaluate the treatment results and adaptability to themselves

A Information acquisition preferences

Platform



Publisher



Content

- ***Top 1*** Effect comparison
- ***Top 2*** Related knowledge popularization
- ***Top 3*** Treatment experience sharing
- ***Top 4*** Medical aesthetic treatment/Product introduction
- ***Top 5*** Relevant institutions/stores introduction
- ***Top 6*** Promotion activities

A Consumer behavior

The conversion period for new medical aesthetic customers* in 2023 is 7.4 months

(It takes an average of 7.4 months for new customers to pay for treatments after being attracted)

- **The effectiveness and adaptability of the treatment** are the most critical for decision-making
- New customers have strong willingness to make independent judgments and are good at conducting research
- **New customers are more concerned about treatment safety than the effectiveness** at all stages. Cost-effectiveness is crucial for conversion to consumption decision making from interest

Reasons contributing to the decision

- ✓ More satisfactory treatment options
- ✓ Good effects from people around
- ✓ Advice from trusted professionals
- ✓ Treatment upgrade and iteration
- ✓ Attracting prices or promotion activities
- ✓ Good institutions recommended by people around
- ✓ KOL recommendation

Reasons for canceling the decision

- × Concerns about safety
- × Concerns about poor treatment effects
- × Less cost-effective
- × High maintenance costs in the future
- × Long recovery period
- × Deprecation from professionals
- × Multiple negative comments on the internet

New medical aesthetic customers: customers who spent money on medical aesthetic treatments for the first time in 2023*

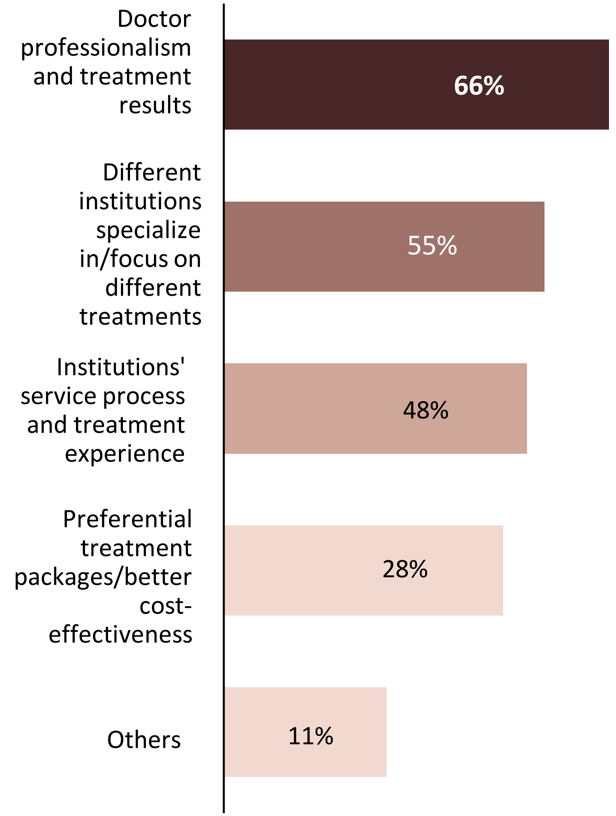
Source: Deloitte China and Allergan Aesthetics Consumer Survey Q1 2024

Bad customer experience and unsatisfactory treatment outcomes may cause customer loss

The institution environment and the entire process experience before/during/after the treatment greatly affect consumers' evaluation on the institution

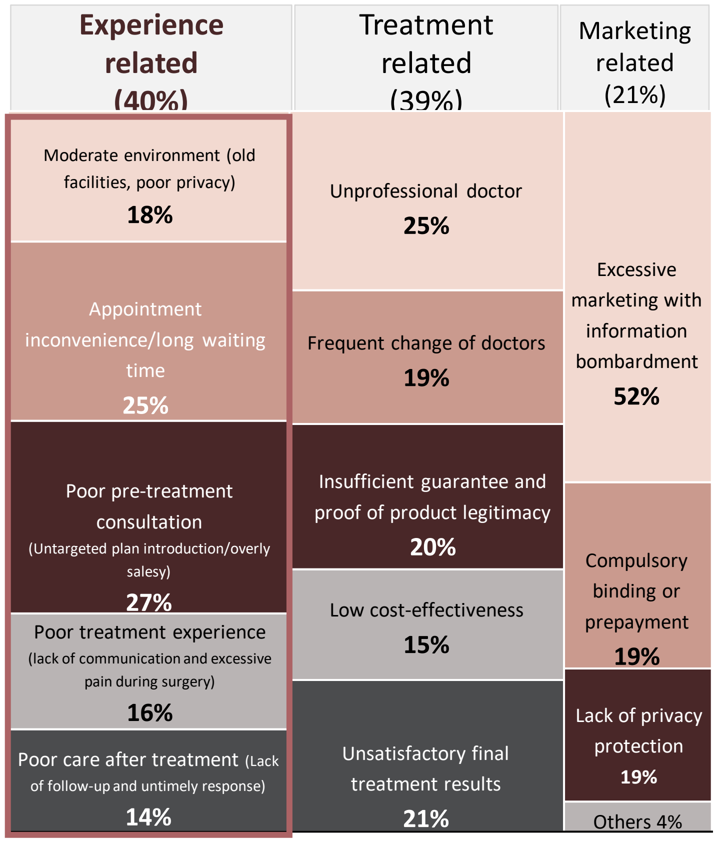
Change institutions

Reasons for consumers choosing multiple institutions for treatment



Leave the institution

Reasons for consumers blacklisting an institution



Institution self-inspection

Institutions can inspect themselves in the following aspects to retain customers:

Treatment: match more experienced doctors and experts with specialized reservations, provide personalized treatment plans and proof of authenticity, emphasize intraoperative and postoperative follow-up and care

Service experience: reduce waiting time, provide VIP treatment areas, adjust communication frequency and methods based on customer preferences

Marketing: avoid excessive marketing, provide exclusive discounts and package discounts, and hold various VIP exclusive activities

Source: Deloitte China and Allergan Aesthetics Consumer Survey and Expert Interview Q1 2024

Public hospitals expand their medical aesthetic business and continue to seize the market share of private institutions

As the regulation of private medical providers becomes stricter, the public medical aesthetics ushers in rapid development due to policy support, third-party platform empowerment, and other opportunities

01. Third-party platforms are more friendly to public medical aesthetics

- The advantage of public medical aesthetics' standardized systems makes new media platforms, such as Xiaohongshu and Douyin, more willing to empower public medical aesthetics with traffic. For example, only doctors from public Grade-III Class-A hospitals can be marked with professional certifications on Douyin, and there are many restrictions on the promotion of private medical aesthetics
- Under the premise of compliance, MCN companies are more willing to cooperate with doctors from public hospitals to create personal IP and help them attract customers

02. Public medical aesthetics receive more policy support

- Many local health commissions (such as those from Shanghai and Guangdong) have updated the classification management category of medical aesthetic services to include injection and energy-based device treatments, such as botulinum toxin injection, filler injection, and laser radiofrequency, into aesthetic surgery treatments

03. Is public medical aesthetics on the fast track from here?

- Public hospitals remain the academic and technical highlands of medical aesthetics, and their unique and abundant medical resources make them easier to gain trust from medical aesthetic customers
- Public medical aesthetics can establish a better industry image to win market share by leveraging the consumer education accumulated by private medical aesthetics and adverse reports caused by excessive marketing by some institutions
- Developing medical aesthetics is a practical need for public hospitals. As public hospitals pay more attention to medical aesthetic income, the doctor resources of private medical aesthetics will also be limited in the future

Source: Public expert interviews and summary of public information by Deloitte China and Allergan Aesthetics Q1 2024

Thanks !

Chinese Association of Plastic and Aesthetics (CAPA)

The Chinese Association of Plastic and Aesthetics is a first-class national social organization reviewed by the Ministry of Health, approved by the State Council, and registered by the Ministry of Civil Affairs. CAPA is a national non-profit social organization composed of units and individuals engaged in clinical, teaching, scientific research management, and other related fields of plastic surgery and aesthetics, and it is also the only national industry organization engaged in the service and management of the plastic and aesthetic industry. CAPA assists government regulators to strengthen industry self-discipline and establish a standardized and orderly market order to continuously promote China's plastic and aesthetic technology and service level, safeguard the legitimate rights and interests of plastic and aesthetic workers, and actively contribute to the development of China's plastic and aesthetic industry.

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