

FRAGRANCE AND PERSONAL CARE

How will changes to the animal testing policy in China influence its beauty landscape?

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Many cruelty-free beauty brands have found it difficult to enter the Chinese market due to conflicts between mandatory animal testing and their brand ideals. Image credit: Aesop

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For years, restricted by the animal testing policy in China, many cruelty-free beauty brands have found it a challenge to enter Mainland China.

Now, things might finally be changing.

Humane Society International has recently announced that imported "ordinary" cosmetics such as shampoo, blush, mascara and perfume may no longer be subjected to animal testing regulations for registration in mainland China as of Jan. 1, 2021.

Imported "special" cosmetics, to be used for sun protection, hair coloring or hair removal will still have to be tested on animals in Chinese laboratories. The Chinese government has not yet released an official statement on this matter.

Rise of conscious beauty

It might be some time yet before revisions to the existing policy are formalized and actual details released, but this is definitely a positive sign for brands that were once unable to enter the Chinese market due to animal testing restrictions.

A report co-published by Morgan Stanley and AlphaWise in 2019 states that China is the world's biggest beauty market, accounting for 19 per cent of total global beauty sales.

With the rise of consumer consciousness, many niche brands which are often lauded for their premium packaging, product efficacy and brand values are starting to gain a foothold in China.

At the same time, the ongoing global health crisis has made people more aware of personal health and wellness, with niche beauty concepts such as clean, organic and vegan beauty becoming industry hot topics.

Retailer Ulta Beauty **recently launched its "Conscious Beauty" program**, certifying products under main five pillars clean ingredients, cruelty-free, vegan, sustainable packaging and positive impact to promote the notion of conscious beauty to customers.

Both the industry and consumers globally have come to appreciate the value of conscious beauty.

Yet, many cruelty-free beauty brands continue to face roadblocks in the Chinese market because of the mandatory animal testing regulation.

Experimental precedents

Previously, mainland Chinese consumers who were interested in such brands could only purchase them through *Daigous* individuals who purchase goods overseas for the purposes of reselling back home.

As an unregulated grey market, the price and the authenticity of products sold through *Daigous* were often questioned by consumers.

From the perspective of brands, this C2C model was not conducive for developing their business and brand in China.

The *Daigou* model started to falter following clampdowns by the government, and the **new ecommerce law that came into effect on Jan. 1, 2019**.

With the rapid development of cross-border ecommerce platforms such as Tmall Global, Kaola.com and JD Worldwide, more consumers are starting to shop for international beauty and personal care products through this channel.

According to the **"Notice on Improving the Supervision over Cross-border E-commerce Retail Imports"** by the Ministry of Commerce, the National Development and Reform Commission and the Ministry of Finance in China, imported goods sold via cross-border ecommerce are not governed by the requirements for initial import licensing, registration or recordation of goods meaning that skincare and cosmetics brands can bypass the country's animal testing regulations and reach Chinese consumers through this model.

To date, numerous niche beauty brands that adhere to cruelty-free practices such as Drunk Elephant, Charlotte Tilbury and Hourglass have all launched flagship stores on Tmall Global.

The Body Shop, which **removed its products from airport stores in mainland China back in 2014** due to its commitment against animal testing, has since re-entered the Chinese market via this cross-border channel as well.

Some brands, such as Nudestix, opted to start manufacturing its products in China so as to skip pre-market testing. This, however, still exposes the company to post-market testing.

Others managed to find their way to Chinese shelves thanks to **a pilot program by Cruelty Free International (CFI) and regulatory compliance company Knudsen & CRC**.

Under this program, products fabricated in the "Fengxian Beauty Zone" in Shanghai can be sold in Shanghai bricks-and-mortar storefronts. Bulldog Skincare and Neal's Yard Remedies have been successfully launched in China under this program.



Products fabricated in the "Fengxian Beauty Zone" in Shanghai can be sold in Shanghai bricks-and-mortar storefronts. Bulldog Skincare and Neal's Yard Remedies have been successfully launched in China under this program. Image credit: Bulldog Skincare

In theory, with potential changes to the animal testing policy on the horizon, these cruelty-free brands may eventually

have the opportunity to establish a physical footprint in China, even without the Leaping Bunny program. They may also be able to set up shop on Tmall Classic the domestic version of Tmall and broaden its reach locally.

However, experts caution that this might take some time yet.

"While the animal testing policies and categorizations of ingredients for beauty categories continues to change in the China market, updating existing policies and processes will still take time to implement," said Iris Chan, partner and international client development director at DLG (Digital Luxury Group).

"For beauty brands that take a global stance on cruelty-free practices, domestic commerce isn't going to be a viable option for the foreseeable mid-term," she said.

"For beauty brands that have entered the China market through cross-border commerce, and have the option to shift towards a domestic business strategy, they will need to reassess their brand and products, their consumers and their competitors, alongside the administrative and legal process of registering products in the market which will take time as well," she adds.

Dawn of a new era

As more niche brands gradually establish their presence in China, the nation's beauty landscape is bound to see changes.

Legacy brands that have been comfortable with the status quo will be forced to rethink their positioning and practices as other younger, more in-trend brands enter the market and compete for market share.

"Established brands will be increasingly challenged to better address the diversity of consumer profiles that exist in China, while maintaining existing consumer needs," Ms. Chan said.

"This not only impacts product development, but calls to question their agility to deliver in a market where consumer needs are ever evolving," she said.

At the same time, cruelty-free beauty brands will help to further channel progressive consumption ideals to a broader Chinese audience.

There is a growing amount of interest in social and ethically responsible behavior from brands in recent years, especially in the fashion industry.

More Chinese consumers have started to reject fur products and are paying closer attention to product traceability and its carbon footprint in the production process.

Opening up the beauty playing field in China to these cruelty-free brands will help to throw the spotlight on this topic and highlight it further as well.

A decade ago, being cruelty-free might have been a bonus point, and a differentiating factor, for beauty brands.

Today, as shoppers globally become increasingly conscious of their consumption habits, it has become the core focus and foundation upon which a growing number of brands have built their businesses.

The world is changing and so while it remains to be seen how exactly China will update its animal testing policy, this already represents a very positive step in the right direction.

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