

BIZLIFE

By LI JIAYING
lijiaoying@chinadaily.com.cn

China's medical aesthetics industry is undergoing quality upgrades and embarking on the path of high-quality development, with consumers increasingly pursuing self-improvement amid intensified industry competition and heightened regulatory efforts, officials and industry experts said.

When China rolled out its reform and opening-up policies in the late 1970s, the domestic medical aesthetics industry sprouted to ride the era of liberalization, gradually evolving into a dynamic landscape characterized by rapid growth and expansion. It is now on the threshold of another new stage — high-quality development driven by medical expertise and prowess, said Li Bin, founder and chairman of BeauCare Clinics Medical Investment Group Co Ltd.

Sun Lijian, director of the Financial Research Center at Fudan University, said in an earlier interview that as the fundamentals of China's long-term sound growth remain unchanged, the current focus should be on boosting market confidence and exploring new growth drivers, where the medical aesthetics industry — a prime example of new consumption trends — has a role to play.

Potential unleashed

"Owing to improved life quality, development of the industry and rising awareness of consumer demand for beauty enhancement, consumption of services of the medical aesthetics industry has increased strongly, transforming what was once a niche sector for high-income groups into a mainstream business," Li said.

With revenue reaching 200 billion yuan (\$27.6 billion), China's medical aesthetics market expanded by 20 percent in 2023, with the compound annual growth rate expected to be 15 percent in the next four years, thanks to the resilience of the country's economy and growing demand for medical aesthetics, said a report from Deloitte last year.

In addition, China's huge consumer base and relatively low penetration rate are expected to further unleash the potential of the industry. According to online cosmetic treatment platform SoYoung, the consumer base for medical aesthetics in China reached 23.54 million in 2023.

Although the Chinese medical aesthetics market's penetration rate rose to 4.5 percent in 2022 from 3.6 percent in 2019, it still lags behind more developed markets such as Japan, the United States and South Korea, whose penetration rates were 2.5 times, 3.8 times and 4.9 times that of China, respectively, indicating significant room for further development in the future, said Dongguan Securities in a report.

Intensified competition

Data from the National Health Commission showed in January that the number of regulation-compliant specialized medical aesthetics institutions in China reached 18,584 — excluding public institutions and private comprehensive institutions, which account for about 10 percent of the total number based on past data.

Hangzhou in Zhejiang province, Xi'an in Shaanxi province, Beijing, Chengdu in Sichuan province, and



Medical aesthetics market reaches breakout point

Competition, regulation intensify amid sector's push for high-quality development



Top: Visitors pass by a medical aesthetics poster during an expo in Beijing in February 2023. ZHANG YU / CHINA NEWS SERVICE
Left: A visitor checks out artificial intelligence-enabled medical equipment during an expo in Beijing in February 2023.

CHEN XIAOGEN / FOR CHINA DAILY



Right: Visitors experience services by robotherapists during a healthcare event in Beijing in February 2023. CHEN XIAOGEN / FOR CHINA DAILY

Shanghai are the top five cities that had the most newly established institutions (with 0-5 years of operations) as of January 2023, according to the Deloitte report. Their newly established institutions accounted for 69 percent, 67 percent, 53 percent, 50 percent and 48 percent of the nation's total, respectively.

This propelled medical institutions to embrace new trends such as

online platforms, and attach greater importance to marketing in their development strategy.

During last year's Singles' Day shopping spree around Nov 11, the price of the well-known Juvederm dermal filler collection dropped to as low as 1,999 yuan per syringe during the livestreaming sessions of several medical aesthetics institutions, whereas their market price

typically ranges from 9,000 yuan to 12,000 yuan per syringe.

"Looking back at the past year, the medical aesthetics market has shown a trend of 'strong start but weak finish', with price-oriented competition making revenue fall short of expectations, leading to chaotic development of the industry," said Jin Xing, chairman and CEO of SoYoung.

The overly intense competition and vicious rivalry among private medical aesthetics institutions have triggered a series of issues, posing significant challenges to the healthy and smooth development of the industry, Jin said.

The escalating price war is reducing medical aesthetics to a labor-intensive industry, while it is supposed to be a knowledge-intensive one due

to its knowledge- and expertise-driven nature, said Li of BeauCare Clinics.

"The level of medical prowess, not prices, should always be the core competitive strength of an institution," he said. "If medical treatment is geared toward growth ends and consumer demand, it can easily lead to over-diagnosis and overtreatment."

In addition, upstream material and equipment manufacturers are also adapting to market demand by increasing their promotional efforts and continuously launching simpler-to-use and more effective products to stimulate growth of medical aesthetics consumption, said Wu Wenyun, director of Beijing-based Myoung BeauCare Clinic.

"Although consumers can now access medical aesthetics information through increasingly diverse channels, the information may sometimes be inaccurate or distorted, which may lead to risks and pitfalls in their pursuit of beauty," Wu said.

Medical nature

The medical aesthetics industry has witnessed a series of stricter regulations since the beginning of last year, with measures becoming more specific and systematic, aimed at ensuring the industry returns to its "medical nature".

The Supreme People's Procuratorate issued a document on strengthened regulation of medical aesthetics advertising in January last year, followed by a compilation of opinions — meant to be used as guidance on further strengthening the supervision of the medical aesthetics industry — by the State Administration for Market Regulation and 10 other departments in May last year. They clearly define medical aesthetics services as a kind of medical activity that must comply with relevant laws and regulations on industry access.

In January, the Chinese Association of Plastics and Aesthetics released its annual report on operational risks and early warning of medical aesthetics, which compiled the top 10 operational risks such as illegal purchase and use of non-compliant products, drug and medical device violations, false advertising and illegal practices.

"Whether private or public, medical aesthetics institutions should return to their medical nature, giving the treatment choices taken by front desk consultants and sales staff back to doctors. Pursuing such a change will guide the high-quality development of the industry in the future," said Gao Jianhua, vice-chairman of the CAPA.

Guiding the medical aesthetics industry to return to its "medical nature" involves two key points — medical services and medical quality, with a focus on patient experience and medical safety, respectively, said Cao Dequan, executive secretary-general of the CAPA.

"If medical institutions can leverage their expertise to excel, there will be no need to rely on marketing and low prices to attract patients, which will significantly reduce operational costs," Cao said.

"In pursuit of high-quality development, the medical aesthetics industry is poised to enter a phase of sound growth, which will be led by doctors' expertise," Li of BeauCare Clinics said.

By LI JIAYING

Nonsurgical cosmetic procedures will burgeon into a new growth opportunity for China's medical aesthetics industry, with noninvasive aesthetic techniques increasingly favored by beauty enthusiasts amid advanced regulations, said experts.

"Consumption of nonsurgical aesthetic treatments, which are characterized by high-level safety, short recovery time, low risk and affordable prices, has continued to rise despite lingering COVID-19 impact," said Jin Xing, chairman and CEO of SoYoung, an online cosmetic treatment platform.

The sector, Jin said, will continue to dominate the medical aesthetics market this year, with skin management and anti-aging being the two largest segments in terms of demand.

According to the latest SoYoung data, by 2030, the market size of China's nonsurgical medical aesthetics sector is expected to reach 415.7 billion yuan (\$57.4 billion), nearly double the market size of surgical medical aesthetics.

Specifically, injectable procedures such as botulinum toxin — sometimes referred to as Botox by patients — products, hyaluronic acid fillers, radio frequency and light therapy like Thermage and

Ultherapy, and intense pulsed light (IPL) technologies are gaining traction in the field of nonsurgical treatment, said a report from SoYoung.

"For example, radio frequency and light therapy can penetrate deeper layers of skin tissue to help lift, smooth and rejuvenate the skin without surgery or extensive downtime, yielding significant aesthetic enhancements," said Wang Zhongjie, director of Beijing-based cosmetic surgery chain BeauCare Clinics and T.Mei BeauCare Clinic.

"Nonsurgical methods have offered me alternatives with greater flexibility, minimal trauma, shorter recovery time and lower risks compared to traditional surgical procedures," said a Beijing-based consumer surnamed Chen, who recently underwent IPL treatment.

"I've been a 'surgery-phobe' and I'd still definitely opt for noninvasive measures for cosmetic improvements in the future, if necessary, because I believe them to be much safer," Chen said.

With the aforementioned advantages, the nonsurgical sector is gaining the upper hand in the overall medical aesthetics market.



A consumer receives medical aesthetics services in Huizhou, Guangdong province. ZHOU NAN / FOR CHINA DAILY

Globally, surgical procedures accounted for 44.3 percent of the total in 2022, while nonsurgical procedures accounted for 55.7 percent, according to a report from the International Society of Aesthetic Plastic Surgery released in September last year.

As the platform economy thrives in the Chinese market, online orders

for cosmetic procedures also seem to be dominated by nonsurgical ones. According to a November 2023 report from the Qianzhan Industry Research Institute, nonsurgical orders accounted for 84 percent of the online total in 2022, rising from 62 percent in 2017.

However, while emerging trends such as social media and livestream-

ing have broken down information barriers, forming a close connection between the platform economy and the growth of cosmetic treatment, there are also growing concerns about the industry's over-reliance on digital marketing for customer acquisition.

"Some medical aesthetics institutions are leveraging livestreaming to promote their services with attractive prices. This seems to be unreasonable to me because consumers, who lack necessary professional knowledge, may place orders before consulting a doctor, which could prove risky even if they do so for nonsurgical treatment," Chen, the cosmetic procedure consumer, said.

In pursuit of growth, some market entities focus more on brand promotion and sales, with doctors "merely delivering hyaluronic acid products" and having lower participation in the entire diagnosis and treatment process, which is not conducive to the long-term healthy development of the nonsurgical cosmetic sector, said Li Bin, founder and chairman of BeauCare Clinics Medical Investment Group Co Ltd.

Li said: "Especially in the cosmetic

injection sector, with the increasing richness of upstream products, the emergence of new materials and technologies may slow down, leading to a greater emphasis on the comprehensive use of existing materials.

"This important market change will further test doctors' skills and expertise in delivering safe and effective treatments, and the importance of doctors in the entire industry chain will be further strengthened."

With the medical aesthetics industry pursuing high-quality development, China is stepping up efforts to advance relevant supervision and regulations. In May 2023, the State Administration for Market Regulation and 10 other departments jointly issued guidance on further strengthening the supervision of the medical aesthetics industry. The document clearly defined medical aesthetics services as a kind of medical activity, and stressed higher-level standards for the regulation of the industry.

"Moving forward, the industry is expected to see the rise of more standardized medical aesthetic institutions, with a focus on professional and advanced medical prowess to deliver high-quality services and drive sustainable growth," said Jing Xuan, vice-secretary-general of the Chinese Association of Plastics and Aesthetics.