

# Research and Countermeasures on the Chaos of Online Cosmetics Sale in the Internet Era

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## Abstract

The development of the Internet has promoted the online sales of domestic cosmetics, and the new crown epidemic since 2020 has deepened this trend. However, the online cosmetics boom is full of crises on the surface. Inadequate supervision, safety issues, and difficulties in safeguarding rights have triggered social discussions. It is urgent to rectify the online cosmetics industry. The team conducts a horizontal comparison of existing domestic and foreign data and industry operation differences, while paying attention to the vertical development of domestic cosmetics. In practice, the method of online investigation is mainly used and group interviews are supplemented. Investigations are carried out around the phenomenon of online cosmetics fraud, in order to in-depth study of its causes and effects, and practically put forward some feasible solutions to restore a clear world of Internet cosmetics sales.

## Keywords

Cosmetics sales; Online platform; Industry supervision.

## 1. Introduction

With the innovation of Internet technology and the continuous development of webcasting platforms, the sales of online live broadcasts on the Internet, especially the sales of online cosmetics, are increasing due to their high entertainment and rich content, but at the same time counterfeit and inferior products are increasing. Products, the industry is in urgent need of control. The sales process of online cosmetics involves multiple parties: producers, regulators, third platforms, sellers and buyers. Therefore, it is difficult to rectify the online sales of cosmetics. All parties need to work together to promote the healthy development of the industry.

## 2. Existing Research and Group Surveys at Home and Abroad

2.1 Liu Yuliang and Deng Jing used data analysis in 2016 to make a macro summary of China's cosmetics industry and market from the economic policy level, focusing on the market status and problem analysis, and looking at the future development of the cosmetics industry. The report pointed out that my country's cosmetics industry has great prospects for development but frequent chaos. It points out that market supervision and sales channel supervision are insufficient, coupled with the immature development of the industry, which makes cosmetics sales unable to achieve high-quality and steady development. The response strategy emphasizes the cultivation of innovative consciousness<sup>1</sup>.

2.2 As early as 2008, the Cosmetic Encyclopedia Knowledge Network, represented by Hanya Hong, interviewed cosmetic scientist Dr. T. Joseph Lin, and made a detailed report on its forecast of the development of cosmetics<sup>2</sup>. Among them, Dr. Lin mentioned the concepts of carbon footprint and green cosmetics, and emphasized that the development direction of cosmetics should be green and environmentally friendly, in line with the core of sustainable

development, that is, green raw materials, green production processes, green products, and "zero cruelty" of experimental subjects.

2.3 In 2006, Fang Jun compared and analyzed the similarities and differences of cosmetics supervision between China and the European Union in a more comprehensive way. From basic laws to operation inspection system, to risk rating and punishment measures, it covers the basic process of cosmetics production and sales<sup>3</sup>. The report believes that, given that the European Union is more sophisticated in terms of regulations and technologies than the United States, Japan and other developed countries and regions, it can be used as a reference for the supervision and operation of the cosmetics market in my country. It points out that my country's constantly improving "Cosmetics Hygiene Regulations" and the "Cosmetics Directive 76/768/ECC" implemented in the European Union are almost synchronized. Therefore, China is not lagging behind in terms of laws and regulations. Although the regulatory model is different from the EU, it can adapt to specific domestic needs. However, my country's lack of technology and talents in risk rating, and insufficient economic penalties have made the cosmetics inspection system full of loopholes.

2.4 Zhang Dianyi put forward suggestions on how to integrate domestic cosmetics management with international management in 2005<sup>4</sup>. First, it enumerates the special and shortcomings of domestic supervision, and then proposes reform measures from the aspects of legislation, standards, supervision, and enterprises, so that domestic management standards are in line with international standards. It emphasizes the internationalization of cosmetic ingredient naming and quantitative production in accordance with the "Good Manufacturing Practice for Pharmaceuticals" (GMP).

2.5 In addition to external measures such as legislation, supervision, and penalties, experts have noticed that the brand awareness within a company is also crucial to managing sales chaos. Wang Ying and Guangfeng made an analysis on the weakness of domestic cosmetics in response to international cosmetics competition in 2009, and believed that the main reasons were R&D and marketing<sup>5</sup>. In terms of research and development, my country's industry started late, especially in the non-basic cosmetics industry. Therefore, domestic production technology lags behind the international market, and high-quality brands are rare. The majority of low- and mid-range products simply cannot cope with the brutal competition of the survival of the fittest after the influx of international products. At the same time, the lack of scientific and systematic publicity strategies has led to weaknesses in marketing. In short, the fundamental reason for the weak development of the domestic cosmetics industry lies in the lack of awareness of innovation and the lack of independent intellectual property rights and core technologies. This requires companies to recruit talents themselves and safeguard their output rights.

2.6 Group questionnaire survey 1 Data source: Questionnaire Star

The group questionnaire focused on the live streaming and purchasing cosmetics industries with the lowest thresholds and the most difficult to defend rights. The following is the person's consumption experience and rights protection situation.

Over half of those who chose to inspect live or purchase cosmetics, nearly 80% chose the method of product code inspection in flagship stores. It can be seen that this part of the consumer group has a more direct awareness of authenticity inspection, so they have the awareness of authentic purchase when they choose to live broadcast or purchase cosmetics. More than 40% and more than 30% of consumers choose ingredient testing apps and independent testing, which shows that the industry's monitoring system is also booming and gains more and more consumers' favor. At the same time, consumers' understanding of cosmetic ingredients and their circles Internal knowledge is also increasing day by day.

Among all the applicants, nearly 20% reported that they had purchased fake products through purchasing agents or live broadcasts. Combining the previous data, the people who accounted

for half of the total applicants have chosen to live broadcast or purchase cosmetics on behalf of the agent. It can be inferred that the number of people who bought fakes accounted for nearly 40% of the buyers. On the premise of purchasing live broadcast rooms and purchasing cosmetics, most of the 40% of the applicants who have bought fake products chose to give up prosecution. Partly due to the consumer's notion of calming things down, the "no such person" and cumbersome prosecution procedures caused by loopholes in the industry's internal regulatory system have made the victims dumb. And more than half of the applicants also choose to report the business, but if the weight of the report is insufficient, it will be classified into the first category. There are also 30% of the applicants who choose to adopt legal means to recover the wronged money, but legal means not only hurt the people and money, but also have very limited effects on individual small business portals and cannot be promoted as a general practice. Therefore, it is still necessary to strengthen the internal control of the industry to make it convenient for consumers to purchase and purchase with peace of mind.

### **3. Causes of Chaos in Online Cosmetics Sales**

#### **3.1. Immature Market System**

In recent years, with the improvement of the economic level, people's material life needs have increased day by day, among which the demand for cosmetics has surged, so the cosmetics industry has developed rapidly. However, with the development of the Internet, the e-commerce industry has only occupied a large proportion of national consumption in recent years due to its convenience and selectivity. The emerging e-commerce model is used to sell cosmetics that continue to rise in demand and have great room for development. Since things are often not mature at the initial stage of development, there will undoubtedly be many problems. Among them, the proliferation of fake and inferior products is a typical market system. The commodity market Insufficient performance.

#### **3.2. Imperfect Supervision System**

Under my country's socialist market economy system, the government and the market "two hands" jointly maintain and supervise the market. However, due to the rapid development of the cosmetics industry, the government has not yet formed an effective regulatory system in the short term. Where policy supervision has not been fully covered, counterfeit and inferior products breed, and they cannot be rectified and punished. Relevant laws and regulations still need to be improved as soon as possible, otherwise illegal acts that endanger the market and the chaos of the commodity market will cause great inconvenience and damage to people's lives.

#### **3.3. Unethical Business Philosophy**

In order to make huge profits and reduce production costs, some businesses will choose small workshops to produce and create their own brands. In many cases, the quality is substandard, which will threaten the health of consumers. There are also some merchants selling homemade products with the help of well-known brands. Consumers will step on thunder when they are unclear. In addition, there are businesses that make false propaganda to attract customers, or use some high-tech terms to take advantage of consumer psychology, so that consumers are willing to pay for it. This requires the law to play a role.

#### **3.4. Consumers' Weak Awareness of Rights Protection and Difficulties in Rights Protection**

According to the results of the questionnaire survey, nearly half of consumers who bought fake products would choose to give up prosecution and adopt a calm attitude. Failure to report and claim damages to consumers' interests in time will only make fraud in the cosmetics industry more rampant. However, a very small number of consumers whose rights and interests have

been infringed will choose to seek compensation through legal means. In most cases, the legal procedures are too cumbersome, and the system is not yet perfect, the effect may not be as expected. Therefore, consumers who make claims through legal channels can only "struggle for a breath" in many cases, and this has led most people to "it is better to do less than one thing", and think that they are unlucky and will not be held accountable anymore. Even if some people choose to report businesses on the platform, its effect is minimal.

## **4. Some Suggestions for Regulating the Cosmetics Industry**

### **4.1. Regulatory Aspects**

#### **4.1.1. The Issuance of Licenses for Skin Care Products and Cosmetics by Official Regulatory Agencies**

The main supervision agencies for skin care products and cosmetics include the National Cosmetics Quality Supervision and Inspection Center, the Health Supervision and Food and Drug Administration, and the Administration for Industry and Commerce. These official authoritative organizations generally approve the relevant production enterprises in accordance with the "Regulations on Cosmetics Hygiene Supervision", and will issue a sales license after the approval is passed. However, many unscrupulous businesses will steal licenses of other brands for sales, and even make their own fake and shoddy license certificates. This requires the relevant regulatory agencies to conduct investigations carefully while issuing licenses, issue strictly in accordance with the regulations, and strictly declare that licenses are not transferable or leased.

#### **4.1.2. Propaganda Cooperation Between Official Regulatory Agencies and Streaming Media**

In the Internet era, countless cosmetic transactions have occurred on e-commerce live trading platforms such as Taobao and JD.com. The rapid rise of streaming media has also given the official regulatory agencies related to skin care and cosmetics a new path. On the one hand, official regulatory agencies can monitor the marketing methods and content of related products in real time through the Internet. On the other hand, official regulatory agencies can also cooperate with these live e-commerce platforms to further promote related professional knowledge. For example, many sellers will create some specious concepts in order to achieve sales, such as "external oil and internal drying", "long-lasting anti-oxidation" and other effects that ordinary consumers cannot clearly distinguish, in order to achieve the effect of explosive marketing. Regulators should rigorously investigate and popularize these false marketing methods to prevent consumers from paying these "IQ taxes."

### **4.2. Legal aspects**

#### **4.2.1. The Boundaries of Illegal Competition in the Cosmetics Industry**

National laws and regulations should clearly define false propaganda and consumer fraud. The Anti-Unfair Competition Law, the Consumer Rights Protection Law, and the Advertising Law, etc., these three legal documents regulate the cosmetics market from the perspectives of regulatory agencies, consumers and sellers, but they do not deal with illegal acts and A clear interpretation of the consequences of violations needs to be improved.

#### **4.2.2. Increase the Penalties for Related Violations of Law and Discipline**

Echoing the above, after clarifying the relevant violations, the law should increase the punishment for violations of the law and discipline in the cosmetics and skin care industry. If the punitive measures are not implemented, sellers and property owners will only repeatedly know the law and break the law. Hot searches on Weibo have repeatedly revealed that small production workshops produce a large number of three unbranded cosmetics and skin care

products at a cost of less than ten yuan. What's more, they will copy the packaging of other brands and sell dog meat in order to make huge profits. Local merchants who are convicted of illegal activities only need to pay a price that is not light or heavy, which is far from hurting their bones. Consumers who do not know the truth have to pay for these illegal acts. Therefore, only the attitude and intensity of strict punishment in the legal system can put an end to this vicious circle.

### 4.3. Policy

In terms of fundamental policy, the country should advocate brand awareness with innovation as its core. First of all, promoting innovation means protecting intellectual property rights and resolutely cracking down on the sales of counterfeit and pirated cosmetics in order to protect the rights and interests of property owners; at the same time, the prevailing innovation atmosphere in the market is conducive to technological innovation, and natural and orderly competition makes individuals high-quality Brands continue to catalyze the overall development of the industry, which is the source of consumers' trust in brand performance<sup>6</sup>.

On this basis, national policies should strengthen support for conscientious management enterprises and set an example of fair competition in the market.

### 4.4. On the Seller Side

Sellers must be aware of the importance of building an honest and reliable brand to the sustainable development of cosmetics sales and build a development framework. In this regard, domestic brands can refer to the successful operation of Korean products in my country: brand quality and publicity concepts are two-pronged<sup>7</sup>. On the one hand, sellers need to focus on core technology research and development, maintain brand quality supported by reliable technology, and meet consumer material needs. This requires sellers to base their long-term development on the innovation drive as the enduring backbone of the brand; on the other hand, sellers need to give the brand cultural connotation to increase customer stickiness. This requires sellers to accurately grasp the psychological needs of consumers, and vigorously promote the cultural connotation of the package on this basis. At the same time, sellers should establish a sense of integrity and must not smash their signs.

### 4.5. Consumers

First of all, consumers should establish a sense of authenticity. When consumers buy beauty products and skin care products, they should first choose offline specialty stores. If they cannot buy at counters for other reasons, they must choose online flagship stores and try to avoid some non-flagship stores. For example, a certain beauty shop and other shops opened by Internet celebrity bloggers or sellers. When consumers want to buy by watching the live broadcast, they must look for the anchor. A large number of anchors generally cooperate with merchants and sources of goods are more formal. After purchasing goods online, you must pay attention to distinguish the authenticity and do not blindly trust any anchor.

On the basis of identification, when consumers buy fake goods online, they must not give up their rights protection, and should use the rights granted to consumers by law to protect their rights. In addition, when you find that the product you bought is different from the one you bought at the counter before, you should also dare to ask the seller whether the product is genuine. If you find that you have a problem with your purchase, first take a picture of the product and save a screenshot of the purchase record, etc., and then ask the merchant whether the product is not consistent with the last time due to a batch problem. If the merchant is in this situation Without any response, consumers should call the consumer hotline to report, and report to the merchant on the platform where the product was purchased. Don't give up protecting your rights because you are afraid that subsequent operations will offend.

Consumers should pay attention to the use of legal means to defend their rights, and they must not be arrogant and make outrageous actions.

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