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## **Selling beauty in digital China: gender, platform, and economy**

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### **Citation**

Guan, Z. (2021, November 4). *Selling beauty in digital China: gender, platform, and economy*. Retrieved from <https://hdl.handle.net/1887/3239040>

Version: Publisher's Version

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**Note:** To cite this publication please use the final published version (if applicable).

## Chapter 4

### **Materializing the *Wanghong* Economy: Beauty Bloggers and the Beauty Industry's Global Value Chain**

*Wanghongs are the outstanding phenomenon in the new economy: individuals bridge commodities and consumers, attract followers, and gain commercial opportunities.*

*Zhang Yong (CEO of Alibaba, September 21, 2016)*

*That's the secret of Alibaba's success: even today, more than 60% of shoppers on Alibaba are women.*

*Jack Ma (Founder of Alibaba, on October 18, 2019)*

In attempting to explain how beauty bloggers establish cultural and economic influence, commentators usually attribute their success to their skill in the field of either beauty or blogging, signifying that gender discourses and media technology are often seen as separate from one another. Academic research on beauty bloggers has highlighted how they perform certain gender images or practicing certain techniques of using platforms (Abidin, 2016; Banet-Weiser, 2017; Bishop, 2019; Cotter, 2019). Consequently, beauty blogging has largely been approached as an immaterial phenomenon, which takes place on the intangible internet, is produced by bloggers' immaterial labor, and generates information and services rather than material products. Although this focus on immateriality presents an important aspect of beauty bloggers, it unfairly neglects the materiality of their practice. Indeed, the core theme of their content is beauty products, which are solid and cannot be accounted for by the concept of immaterial labor. Do beauty products not matter for beauty bloggers? As beauty bloggers become increasingly culturally and economically influential, will beauty industry corporations such as L'Oréal simply look on and not collaborate with them? If they are involved in the development of beauty blogging, what is their role? To answer these questions, we must break out of the limits of immaterial approach and focus instead on materiality.

My analysis adopts a combination of approaches in investigating the driving forces behind beauty blogging. Immateriality remains crucial to unpack beauty bloggers' popularity, as I have shown in chapters 1 and 2. That said, I have added a focus on materiality so as to examine actors that cannot be properly addressed in the immaterial framework, which I expand in this chapter. This material approach does not deny the importance of immaterial forces such as aesthetic labor and visibility labor, but aims to present a fuller picture of beauty bloggers. Through this material approach, I reinsert beauty bloggers in the beauty industry, rather than the internet industry, and explore the ways in which their popularity is intertwined with the whole beauty industry. To unpack the beauty industry and its relationship with beauty bloggers, I borrow a framework from international political economy that addresses global value chains (GVCs). This framework dissects global capitalist production into sets of activities scattered across diverse countries, analyzing how value is distributed in each activity and the different roles played by different countries in globalized production (Gereffi & Frederick, 2010; Gereffi et al., 2005). This GVC framework allows us to understand which activities in the beauty industry connect with beauty bloggers and how the specific context of China shapes Chinese beauty bloggers.

#### **4.1 The Non-digital, Non-virtual, and Non-abstract Side of Beauty Influencers**

Internet celebrities are a global phenomenon and can be seen as one result of the prevalence of social media around the world. Among various kinds of internet celebrities, beauty influencers are widely studied in diverse societies, ranging from the United States and United Kingdom, through Singapore and Thailand, to China (Abidin, 2016; Banet-Weiser, 2017; Bishop, 2018a, 2019; García-Rapp, 2016; Hou, 2018; Limkangvanmongkol & Abidin, 2018). This research usually approaches beauty influencers through one of three frames.

The first focuses on gender discourse and the feminized conception of beauty that beauty influencers advocate. The highly gendered nature of beauty is the crucial theme in the world of beauty influencers, be they from the West or East (Banet-Weiser, 2017; Limkangvanmongkol & Abidin, 2018). As part of the consumerist culture, beauty

influencers promote ideas of “self-love, self-image, and body positivity” through make-up tutorials (Banet-Weiser, 2017, p. 280). In the name of boosting women’s confidence, these tutorials frame physical beauty as a channel through which women can develop better selves and fulfill their desire for self-management skills.

The second frame addresses the tension between technological power and influencer agency on social media platforms. This lens positions platforms and beauty influencers as opposing sides within a symbiotic system: each side has its own interests and they cannot always cooperate with one another. Platforms functionalities mainly serve their own goal of accumulating profit while allowing users activity—in other words, allow users to generate data. Given this technological environment, beauty influencers keep a watchful eye on the affordances of social media. Taking advantage of these affordances, they try to maximize their visibility, for example through hashtags on Twitter (Abidin, 2016; Page, 2012), using closed captions on YouTube (Bishop, 2018b), or algorithmic gossip (Bishop, 2019).

The third frame casts beauty influencers as new subjects of labor who are compelled to work without employment contracts in a media industry that used to close its doors to grassroots producers but now integrates them into content creation. The future-motivated production is termed as “aspirational labor”, signifying a “gendered, forward-looking and entrepreneurial enactment of creativity” under the regimes of neoliberal governance (Brooke Erin Duffy, 2016, p. 453). Beauty influencers’ mode of work and the ethical norms surrounding it have shifted “risks from central organization onto individuals” (Brooke Erin Duffy, 2016, p. 453), leading to more precarious working conditions as compared with those of workers in traditional media, such as journalists and editors.

These three frames reveal the diverse actors and tensions involved in the practices of beauty influencers. My own research on Chinese beauty bloggers has benefited significantly from work adopting these frames, as is abundantly clear in the foregoing chapters. That accepted, I would like to point out that these frames focus mainly on the immaterial aspects of the beauty influencer business and especially on immaterial labor, defined as “labor that produces an immaterial good, such as a service, a cultural product, knowledge, or communication” (Hardt & Negri, 2000, p. 290). The production of

gender discourses, forms of technological negotiation between platforms and influencers, and aspirational labor are all embodiments of the immaterial labor involved in the emergence of beauty influencers. The scholarship on influencers tends to present them as a digital, virtual, and abstract phenomenon. A possible reason for this immaterialization of the beauty influencer is that scholars see them as part of the media system that generates communication, produces meanings, and provides services but does not necessarily involve material production or consumption.

Whereas existing research addresses the immaterial aspects of beauty influencer's work extensively, its material aspects are largely forgotten. It is worth redressing this, for beauty influencers rely heavily on material objects. The content they create using featured products, the consumption of the products they promote, and the rewards they receive for using particular products in their vlogs are all rooted in actual, material beauty products, which cannot be encompassed by the term "immaterial labor." Beauty products, which lie at the heart of beauty blogs, are non-digital, non-virtual, and non-abstract. Accordingly, the development of Chinese beauty bloggers cannot be solely explained as a result of immaterial labor involving communication, services, and the production of meaning.

Research that detaches the study of beauty bloggers from product placement, its material basis, risks misunderstanding the influencer business as being purely intangible and virtual. It also erases the significance of certain actors, such as beauty manufacturers and distributors, which are not prominent on social media.

When we say the wanghong economy is lucrative, we should ask how it is lucrative and what commodities are making profits. If we ask this question with the language of political economy, then it will be where value comes in the wanghong economy. Do wanghongs like beauty bloggers produce value so they are making profits? Political economy of communication scholar Christian Fuchs (2015) argues that digital labor, such as social media users' content creation, produces value so that social media platforms can make profits by monetizing users' production. Disagreeing with Fuchs, scholars Jakob Rigi and Robert Prey (2015) argue that, users' activities and affective relations on social media "do not produce new value but instead transfer value from some commodities to others" (p. 393). They note that social media platforms do not

make profits by directly selling users' creation, therefore, users' creation does not produce value in economic terms. Rigi and Prey make a convincing point for even Fuchs (2016) agrees that social media platforms make their main profits from advertisements, rather than selling users' creation. If Rigi and Prey are right, how does value transfer from commodities to social media platforms? Everyone knows that the wanghong economy brings huge profits, but where do profits come from? Only when tracking how value transfers can we understand where profits are from in China's wanghong economy and beauty blogs provide us a wonderful case for beauty products as commodities are clearly traceable.

The disparity in the prominence accorded to the immaterial and material aspects of beauty influencer's practices is a consequence of a longstanding bias in research on information technologies and related phenomena. Indeed, it is commonly assumed that "information is immaterial" (Y. Chen, 2015, p. 32). Accordingly, activities in and around the information industry, especially the internet, are deemed formless and bodiless. Although critical media scholars have already challenged these ideas (Y. Chen, 2015, pp. 32–35; Qiu, 2016, pp. 11–14; Terranova, 2004, pp. 3–6), the ongoing bias against materiality in internet celebrity studies suggest that further efforts are required to counteract it. This is why I feel it necessary to examine the materiality at stake in the work of beauty influencers.

To develop the scholarly discussion in this area in the direction of materiality, this chapter situates the boom of Chinese beauty blogging in relation to global value chains (GVCs). This allows me to investigate how value is made in the beauty blogger business and the role of this process in beauty bloggers' rise to prominence. GVC studies represents a vital subfield of international political economics, which interrogates the forms that global capitalism takes in the contemporary world. Seeing globalized capitalist production in terms of value chains, the GVC framework dissects the production system into strings of activities, including the design, manufacturing, branding, marketing, and distribution of products (Gereffi & Frederick, 2010; Gereffi et al., 2005). By breaking down the production system into chains, scholars are able to gauge how value is distributed in each activity. Put it simply, scholars can check where money goes in industries. In analyzing the globalized production and distribution, the GVC framework

transcends national boundaries. This is necessary, for the chain of production activities is scattered across a variety of countries. For example: while the design of a product might take place in a certain country, it might be manufactured in another country or other countries. Adopting critical perspectives on global capitalism, GVC scholars have pointed out how global production networks do not distribute value among countries fairly. Whereas greater value is apportioned to the design, branding, and marketing sectors, less is accorded to raw material providers and the manufacturing sector. In terms of geography, high-value sectors are usually located in the Global North, whereas the raw material production and manufacturing sectors tend to be located in the Global South (Bair, 2005; Gereffi, 1994; Gereffi & Kaplinsky, 2001). Multinational corporations, which are usually based in the Global North, present salient examples of the unequal distribution of value. These multinational corporations usually establish their headquarters in developed countries, where they concentrate high value-added activities such as design, branding, and marketing while outsourcing low-value-added manufacturing to developing countries (Gereffi, 1994; Gereffi et al., 2005). Consequently, developed and developing countries do not accumulate the same amount of value from the international production system. The idea that China is the world's factory is one result of this globalized production system: multinational corporations outsource the manufacturing segment of their production chain to China's factories, taking advantage of cheap Chinese labor. Despite China's strong manufacturing capacity, its design, brand, and market sectors are still relatively weak in many industries. As such, it has remained downstream in the global value chain.

To counterbalance the inequalities inherent in the global capitalist system, scholars in GVC studies seek "possibilities for firms in developing countries to enhance their positions in global markets" (Gereffi et al., 2005, p. 79). Some of these possibilities involve developing countries participating in the high value-added sectors.

This GVC framework is helpful when it comes to dissecting the beauty industry and clarifying China's position in this globalized sector. Although all kinds of countries participate in global production networks, Western Europe and the United States enjoy considerable leads over the rest of the world: they can sell high value-added beauty products to other areas, rather than the other way around (Jones, 2010). Although China

has been part of the global beauty industry since the 1980s, the world factory did not have an advantageous position in the GVC: at the end of the 1990s, China imported expensive beauty products while exporting cheap products; the value gap between importation and exportation was huge when it came to perfume, cosmetics, and skincare products (Y. Wang, 2002). For example, during 1996-2001 whereas exported cosmetics were valued at \$4.95 per kilogram, imported cosmetics can to \$8.59 per kilogram (Y. Wang, 2002, p. 14). This background on the global beauty industry raises a question. What kind of products do Chinese beauty bloggers consume in making money from beauty consumption—made-in-China or imported from abroad? How do they relate to the global beauty industry and China's specific role in the GVC?

GVC theory provides a clear framework for analyzing the circulation of products. Following GVC scholars, I divide the beauty industry GVC into four segments: design; manufacturing; branding and marketing; and distribution. Beauty bloggers are not closely involved with all of these segments: by and large, their role is in branding, marketing, and distribution. This chapter does not focus on how the beauty industry's GVC is built at a transnational level. As such, it deviated from much GVC scholarship, which typically looks at products' transnational circulation and analyzes how value is distributed internationally. Instead, this chapter continues my focus on the Chinese context (which is a part of the GVC) and the interaction among beauty bloggers, beauty corporations, and distributors. I have maintained my focus because my goal in this research is to explain how beauty bloggers become popular specifically in China.

Situating beauty bloggers in relation to the beauty industry allows us to interpret their practice at the broad level of global capitalism. Since the nineteenth century, long before the emergence of the internet, the beauty industry has had markets across the globe and been an active force in global capitalism (Jones, 2010). China has presented transnational cosmetic manufacturers with a desirable market since the 1980s. Although today cosmetics manufacturing is globally integrated and synchronized, domestic distribution channels can be hugely unsynchronized. For instance, China only opened its market to global beauty products very recently, from the end of the 1980s, meaning that its distribution channels have been built in a mere few decades (Yixin Gao, 2020). Because of China's economic weakness in the 1980s and '90s, its distribution channels

were led by multinational corporations from the Global North (Jones, 2010). Distribution channels in European and North American markets, by contrast, have been established for hundreds of years. My questions are as follows. Do China's particular conditions and role in the GVC influence the ways in which the beauty industry and beauty influencers interact? And, if so, how?

By examining interactions between beauty bloggers and two key actors in the global beauty industry—namely beauty corporations and distributors—this chapter explores how beauty bloggers proliferate in tandem with the growth of the beauty industry. Further, I ask whether Chinese beauty bloggers at all alter, if not subvert, this value chain. Within a GVC framework, in this chapter I also probe similarities and differences between Chinese beauty bloggers and Western beauty influencers.

In addressing these issues, this chapter divides into four sections. The first compares aspects of the global cosmetic industry with other manufacturing industries, attending specifically at its high returns on investment, low cost of manufacturing, and high expenditure on branding and marketing. These features explain why this industry can sponsor so many beauty influencers across the world, as well as the fundamental similarities between Chinese beauty bloggers and Western beauty influencers for both of them rely on the high profits of the cosmetic industry. Following on from this discussion, the second section concentrates on China's specific resources, examining how brick-and-mortar beauty manufacturing plants have shaped the growth of beauty blogging in China, the world's factory. In so doing, I show how local manufacturing conditions in China affect Chinese beauty influencers. The third section shows how e-commerce platforms have become key distributors in light of the fact that traditional distribution channels for beauty products were built unevenly in China: traditional distribution channels developed strongly in first tier cities and coastal areas but not others. This unevenness explains why e-commerce platforms have such a powerful influence on Chinese beauty bloggers for they fill the void of beauty retailers in less developed areas. The fourth section examines how e-commerce platforms integrate *wangbongs* into their social commerce ecosystem and participate in the development of beauty bloggers. It also discusses how the coming together of e-commerce and beauty bloggers has increased Chinese brands' share of the beauty market, helping China

enhance its position in the GVC. Together, the third and fourth sections explain the close links between Chinese beauty bloggers and e-commerce platforms, identifying a major difference between Chinese beauty bloggers and their Western counterparts. In concluding the chapter, I offer an overall interpretation of the significance of the *wanghong* economy.

#### **4.2 “Why You Should Think About Investing in Beauty Instead of Bitcoin”**

In his 2014 article in *Forbes* magazine, “Why You Should Think About Investing in Beauty Instead of Bitcoin,” Ryan Caldbeck writes that “[i]nvestors, particularly those focused on tech, tend to have a lot of misconceptions about consumer products in general. They assume profit margins are low, pay back is slow and growth is stagnant.” Caldbeck’s judgment here partially reflects a widespread idea, namely that in terms of profit traditional manufacturing industries cannot compete with the newly established and fast-growing information communication technology (ICT) industry. Although ICT sparked a “global gold rush” in the early twenty-first century, returns on investment offered in the beauty industry are largely underestimated.

The production of beauty commodities was profitable long before the advent of ICTs. In the mid-nineteenth century, trade in perfume and skincare products grew dramatically in Europe (Jones, 2010, p. 22). This was further boosted by the industrial revolution, which rapidly increased productivity in the beauty industry toward the end of the nineteenth century in Europe and North America. Development continued throughout the twentieth century—even the disruption caused by the two world wars did not stop the beauty industry from functioning. During World War Two, British beauty firms even invented lipsticks “equipped with emergency flashlights in case of blackout” (Jones, 2010, p. 134). After the war, with the return of peace and (for some) prosperity, manufacturers in Europe and the United States began an ambitious expansion into the international markets. By the end of the twentieth century, major multinationals in the beauty industry such as L’Oréal and Protector & Gamble, which were usually based in the Global North, had branches in five continents. Today, the global beauty market was worth \$507.8 billion by 2018 and is expected to grow to \$758.4 billion in 2025 (Shahbandeh, 2019).

China has been a part of the global beauty industry since the nineteenth century. In the middle of that century, China was already importing perfumes from Britain (Rimmel, 1867, p. 234). The end of the century saw the mechanical production of beauty commodities; soon afterward local Chinese brands emerged. For instance, the first Chinese cosmetics manufacturer, Kwong Sang Hong Limited, was established in 1898 (Xin Xie & Ching, 2018, p. 191). Yet China's industrial foundations were not strong at that time, meaning that it was primarily a market for global beauty manufacturers' products. Brands from Germany, Japan, and the United States sold their products in big cities such as Shanghai. In the first half of the twentieth century, the Chinese were still cast in the role of consumers, rather than producers, in the global beauty chain.

Beauty commerce slowed significantly after the CCP came to power in 1949. This is because the ruling party took the use of beauty products to signify bourgeois decadence. From the 1960s to the '70s, China's beauty industry was reduced to producing the basics for bodily hygiene, which were mainly distributed through state channels (Jones, 2010, p. 201). In this period a state-owned firm might supply an entire region, so there was no need for marketing. After lying dormant for three decades, the Chinese beauty market revived in the 1980s when the CCP implemented the reform and opening-up policy and destigmatized the pursuit of physical beauty (X. Tang, 2012, pp. 50–55). From then on, China has been revitalized as a marketplace for diverse beauty brands. An increasing number of cosmetic factories have been established in China, a number of which function as original equipment manufacturers (OEMs) that produce components for other companies (K. Zhang, 2019). This growing group of cosmetic factories notwithstanding, there are few competitive brands from China. By contrast, foreign brands, mainly from the Global North, have a strong presence in China, controlling more than 80% of the Chinese market during the early Reform Era (Rähse, 2020, p. 38). The first two decades of the twenty-first have seen Chinese brands develop, but foreign brands remain the most powerful players in China. In 2018, the 10 largest beauty firms in China are Protector & Gamble, L'Oréal, Shiseido, Estée Lauder, Unilever, Amorepacific, Chicmax, Colgate-Palmolive, Pechoin, and Jala (J. Sun & Shu, 2019). None of the top five are from China and seven of the top 10 are from Western Europe, the United States, Japan, and South Korea. Overall, the Chinese beauty market

continued expanding during the Reform Era. It now yields more than ¥410 billion (around \$62.4 billion) annually and still has significant potential for future growth (D. Li, 2019).

In comparison with other manufacturing industries, the beauty industry not only has a significant market volume but is also very profitable. A common indicator of profitability in the business world is the gross margin, defined as the “revenue from sales of product” minus “cost of goods sold” (COGS for short) (Bean-Mellinger, 2018). The gross margin is usually expressed as a percentage, the formula for which is “(revenue – COGS)/revenue” (Bean-Mellinger, 2018). A high gross margin signifies lucrativeness. Using the gross margin as an indicator, it is possible to compare the profitability of diverse products, companies, and industries. Taking Apple Inc. as an example, the gross margin of this world-leading high-tech company was between 38% and 39% in 2019 (Apple, 2020). By contrast, L’Oréal, the largest cosmetic corporation in the world, had a gross margin of 72.94% in 2019—nearly double Apple’s (Gurufocus, 2020). Although the price of an iPhone is much higher than that of a L’Oréal lipstick, the latter returns a greater profit on the same investment.

Beauty manufacturers’ high profitability mainly derives from the cost structure of beauty products. The manufacturing cost of beauty products is much lower than the final prices. Business researcher Wilfried Rähse (2020) compared leading companies in five related manufacturing industries: the cosmetic, chemistry, consumer goods, food, and pharma industries. He finds that L’Oréal’s percentage of the manufacturing cost in sales is much lower than that of the other four industries (see Figure 4.1). The cost of research and development is also much lower in the cosmetic industry than in other industries. These relatively low costs make the high profitability of cosmetic manufacturers possible. Although people obsessed with digital technologies think that the manufacturing industries are old-fashioned and homogenous, this comparison among industries reveals that they are quite different and that the beauty industry stands out for its low manufacturing costs and high profitability.

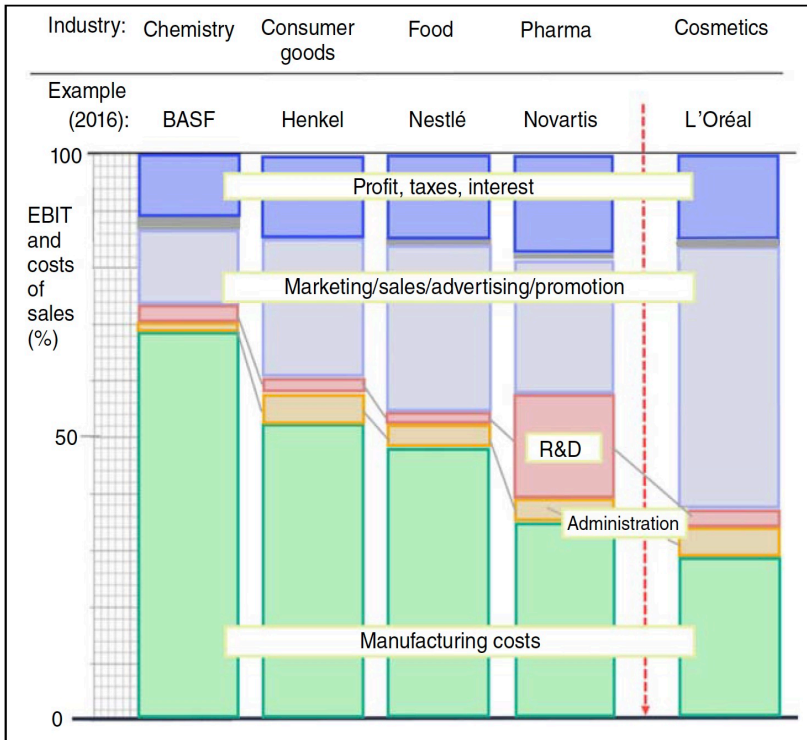
Although cosmetic manufacturers spend relatively little on production, they spend much more on branding and marketing. This also distinguishes the beauty industry from other industries. Addressing the case of L’Oréal, Rähse (2020) writes that “the very

respectable values for marketing and sales are around 45%. This is 1.6 times the cost of manufacturing. No other industry spends so much money on marketing and sales” (p. 59). This heavy investment in marketing stems from the distinct character of the beauty industry, whose consumers pay for the hope of beauty rather than actual changes that beauty products might bring about. “Hope, not efficacy, was the mantra of beauty” (Jones, 2010, p. 243). Keeping consumers’ hopes alive requires constantly building and maintaining consumers’ desire for beauty. This leads to substantial investments in marketing. As their record to date indicates, cosmetics firms operate marketing campaigns using diverse media, including newspapers, billboards, magazines, television, and so forth. To persuade consumers, they make wide use of celebrities in their marketing campaigns (Jones, 2010; Peiss, 2011). A cosmetics industry analyst has summarized this pithily: “It is marketing that sells products, not a breakthrough in lipstick technology” (Shapiro, 1989). When social media and beauty bloggers emerged, beauty manufacturers swiftly sensed their potential for marketing and began to integrate them into their marketing campaigns. In fact, using beauty bloggers or social media for marketing was nothing new. What we see, then, is a continuity in the beauty industry’s heavy focus on marketing.

Overall, the beauty industry has not been left behind by ICT industries in terms of profitability. Rather, its vitality is evident in its high margins, high marketing costs, and growing market volume. The following section discusses how these features have impacted the development of Chinese beauty bloggers.

**Figure 4.1**

*Comparison of the largest manufacturers in different industries in 2016, based on the cost breakdown of net sales*



*Note.* Retrieved from Wilfried Rähse, *Cosmetic Creams: Development and Formulation of Effective Skin Care Products*, Dusseldorf: Wiley-VCH, p.87.

### 4.3 The Beauty Industry and Beauty Bloggers

The distinct qualities of the beauty industry, including low manufacturing costs, high profitability, and heavy reliance on marketing, provide fertile grounds for beauty bloggers. First, heavy investment in marketing allows beauty bloggers to earn advertising fees. A number of beauty bloggers make money by posting advertisements for cosmetic brands. The revenue for this comes out of beauty manufacturers' marketing budgets.

For example, interviewee E03 worked for the Chinese branch of a French cosmetic corporation, which spent a lot of money on beauty bloggers. She said:

A beauty blogger based on WeChat charged ¥400,000 for posting an advertisement for our brand. Our boss complained that how could it be so expensive ... Afterward, I saw this blogger posted an ad for our products. My boss compromised eventually. My boss kept complaining about the price, though. (interview, March 2020)

Although E03 and her company were surprised at the increasingly high prices that beauty bloggers charged, in this case they chose to accept the fee proposal and collaborate. As this example shows, payments from cosmetic manufacturers provide the flow of finance on which beauty bloggers depend. Hence, many beauty bloggers can make considerable amounts of money and continue producing content full- or part-time.

With the increasing influence of social media and beauty bloggers, cosmetic firms have further increased their investment in digital marketing. E03 explained that although “we and other brands in our corporation still spend money on traditional advertisements, like buying advertisements in shopping malls or mass media ... it [online marketing ]is growing” (interview, March 2018). Their approach was echoed by the industry leader’s “digital-first” strategy. Indeed, L’Oréal’s global chief digital officer stated that of overall media spending, outlays on digital formats increased from 17% in 2014 to 38% in 2017 (Weinstein, 2018). Constantly rising marketing budgets provide beauty bloggers with a significant flow of finance, inciting more and more people to join the beauty influencer business.

Second, the cosmetic business’s high margins attract a large number of beauty bloggers to sell cosmetics through retailers. It is not only beauty firms that enjoy high margins, but retailers too. Although retailers cannot make as much money as firms, who control the whole value chain, they can still make significant profits by exploiting the gap between low wholesale prices (decided by manufacturing costs) and high retail prices.

Many Chinese beauty bloggers choose to sell cosmetics online. In comparison with its Western counterparts, China has a more participatory e-commerce ecosystem. This is encapsulated by Taobao, a consumer-to-consumer (C2C) retail platform under Alibaba that launched in 2003. It allows sellers to run e-stores for free<sup>12</sup> (L. Zhang, 2020). Given the low bar that Taobao sets for participation, running an online retailing account is fairly easy for non-professionals. Dalaotianer, a famous beauty blogger with four million followers on Weibo and one million followers on Bilibili (as of April 2020), has operated an e-commerce store on Taobao since August 2018, when she accumulated a considerable fan base. Retailing skincare and cosmetic products to fans brought her sales of around ¥4 million in her first year of trading (Su, 2019).

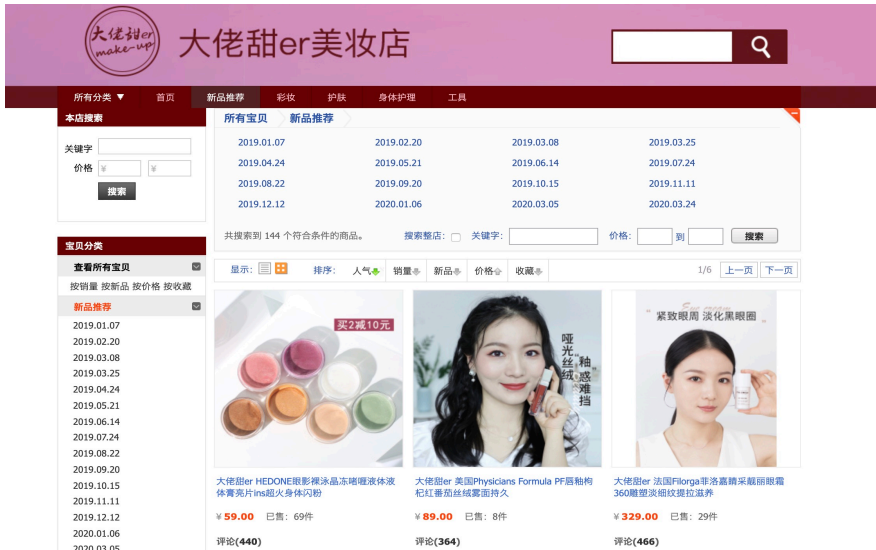
The high margins that accompany the retailing of beauty products even affects the trajectories of bloggers in other vertical fields. In April 2019, a friend introduced me to a travel blogger, B14. My friend did not know that my research mainly focuses on beauty bloggers and thus thought that any kind of *wangbongs* (internet celebrities) might serve as an interviewee. Encouraged by my friend's kindness, I met this *wangbong*, though with low expectations. However, this blogger's practice taught me a lesson: do not make simple assumptions as to who is or is not a beauty blogger. Back in 2019, B14 had accumulated more than 300,000 followers on Weibo having produced content on travel for several years. Despite her claim that she is a travel blogger, she started to create content about beauty. Since October 2018, she has operated a store on Taobao, where she sells Japanese cosmetic products. Why does a self-proclaimed travel influencer post beauty content and sell beauty products?

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<sup>12</sup> It is worth noting that running stores “for free” could still require costs. Sellers can open stores on Taobao without paying any fee, but they need to pay a minimum *baozhengjin* (保证金, deposit) to insert commodities in their Taobao stores nowadays. The amount of minimum deposit varies according to the categories of commodities. The deposit requirement is not fixed in Taobao's short history: there was no deposit in Taobao's early stage. Taobao released the deposit requirement after it became the largest e-commerce platform. Along with the growing power of Alibaba in the e-commerce field, Taobao rose the minimum deposit step by step in the following years: in 2014, the minimum deposit for cosmetic products was ¥1000; in 2021, it rose to ¥3000 (see <http://www.amaomb.com/a/taobaodaxue/taobaozixun/2014/0717/6409.html>; [https://helpcenter.taobao.com/servicehall/knowledge\\_detail?spm=service\\_hall.20224364.0.0.4c8a3f35LrWZ.25&knowledgeId=20072364](https://helpcenter.taobao.com/servicehall/knowledge_detail?spm=service_hall.20224364.0.0.4c8a3f35LrWZ.25&knowledgeId=20072364)). Thank Florian Schneider for pointing out the “free” yet “paid” property of Taobao stores.

Figure 4.2

A screenshot of Dalaotianer's store on Taobao



Note. Retrieved on April 4, 2020, from

<https://shop311084632.taobao.com/?spm=a230r.7195193.1997079397.2.6a622818JI>

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E07, a manager from Weibo, explained the difference between diverse bloggers on the platform in this manner:

Food and travel bloggers ... parenting bloggers ... and beauty bloggers are all welcome for users ... [but they have different] conversion rates. The conversion rate of beauty bloggers is high. They can wholesale beauty products at a low price and retail at a high price. They work well with e-commerce. However, it is hard for food and travel bloggers to convert their content into profits. First of all, it is not easy to sell travel products. The prices of flights and hotels are well regulated and quite transparent. Bloggers can make little money out of these products. (Interview, August 2018)

E07's narrative partially explains why B14 started to sell cosmetic products online. Although travel bloggers can accumulate followers by creating content, the industry on which they rely cannot provide an efficient and viable channel for monetization. Being a beauty blogger, by contrast, offers an imitable and accessible business model, which combines content creation and product retail. Unlike the first batch of beauty amateurs in the mid-2000s, bloggers in the mid-2010s did not produce content solely out of passion. Motivated by profits, diverse bloggers can easily cross boundaries between vertical fields and integrate beauty blogging into their business.

Though retailing cosmetics can yield decent profits, some ambitious and able bloggers go further, moving upstream in the beauty industry's value chain. They establish their own brands, taking over each of the various stages in which products are involved, from design to distribution. Their start-up companies do not usually build factories to manufacture products, for they have no need to do so: China has a large number of original equipment manufacturers (OEMs) and a wealth of experience providing outsourced manufacturing for multinational corporations (Tony Wu et al., 2008). Beauty bloggers can hire OEMs directly to produce cosmetics for their own brands. That is not to say any blogger can hire an OEM. Unlike ordering from stores, in which one can buy one or two things, orders from factories must exceed a minimum quantity of products, which is much greater than an individual can consume. Hiring OEMs requires intensive start-up capital, storage space, and sophisticated supply chain management. While bloggers with less capital and weak management teams cannot afford to hire OEMs, top bloggers can.

One of my interviewees, E01, worked for a top Chinese *wanghong*—let's call her Casey—for more than three years. This top influencer had more than 10 million overall followers on diverse Chinese social media and was judged to be one of the top *wanghongs* in terms of income and popularity. She began her career as a fashion blogger and now operates an apparel brand, making use of her considerable fan base.<sup>13</sup> E01 used to

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<sup>13</sup> Fashion bloggers were the earliest winners in China's *wanghong* economy, for they were able to cooperate with China's clothing factories to build their own brands earlier than beauty bloggers.

manage the supply chain of the clothing brand for this fashion blogger. In 2015, Casey decided to integrate beauty into her business by operating a new cosmetic brand while retaining her apparel brand. E01 was appointed to establish the new brand and manage its online marketing campaign.

E01 told me that “it is so difficult to run a cosmetic brand,” for “we know nothing about cosmetic manufacturing despite our rich experience of managing the supply chain of a clothing brand” (interview, January 2018). E01 compared running the supply chain for a beauty brand to that of a clothing brand:

The bar for running clothes brands is not high. The minimum order quantity [from factories], the effort, and the start-up capital can be easily handled ... *Wangbongs* with small fan bases can ask factories to manufacture hundreds of pieces and retail them. But beauty products are different. The minimum order quantity for one lipstick is 5,000. For ordinary fashion bloggers and beauty bloggers, this order is too big to retail ... Many factories can't even understand why *wangbongs* choose to manufacture cosmetics. Most *wangbongs* can barely reach the minimum order quantity ... In the beginning, plants were not willing to take our order at all. (Interview, January 2018)

However, these great challenges did not stop E01 and Casey. E01 continued:

It [owning a cosmetic brand] can bring huge profits. In spite of these difficulties, profits are too considerable [to be ignored]. The profits are much higher [than those for making clothes]. For example, if I produce 10,000 lipsticks, selling 40% of the goods can roughly cover all costs. But selling clothes is a different story. When you sell clothes, you tend to have excess inventory, which is quite worrisome. Cosmetic products are much

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There are fewer obstacles to face when running clothing brands and hiring clothing OEMs than when developing cosmetics brands. Although the margins involved in retailing clothes are lower than those involved in selling beauty products, taking control of the whole value chain allows fashion bloggers to make considerable profits through e-commerce.

better. The shelf life of cosmetic products is three years and they don't go out of date in a short time. Clothes go out of date quickly ... For cosmetics, you can just post content about them, deploy the marketing and seed [*zhongcao*],<sup>14</sup> which are quite effective in running the beauty business. (interview, January 2018)

Doubtlessly, the possibility of making high profits by running cosmetic brands is luring newcomers to join the game. Still, they have to prepare for fierce competition with global giants. They might be top *wanghongs* on social media, but when compared to the traditional beauty giants such as Protector & Gamble and L'Oréal, *wanghongs'* capital, resources, and experience stand for little in the business battle. Even though, E01 felt confident about their brand, she said that:

We respond to the market more quickly. For instance, when we launch new collections, we can receive the feedback within two days, three days, or one week [from social media and e-commerce stores]. I think that this is a great advantage. In a very short time you know the flaws of your products and the preferences of your customers, which will benefit new product development. We make decisions on new products in minutes. In comparison, traditional firms need rounds of discussion, meetings, and debates. The process is cumbersome there. (interview, January 2018)

The beauty brand that E01 and Casey operated has no offline counters or stores. It is a purely e-commerce-based brand. The brand's sales surpassed ¥1 million in the first 40 seconds after its store was officially launched on Tmall. The orders were already packed and sent out early in the morning that day. This scene differs markedly from the way in which big beauty firms launch new brands. The latter launches usually take place in fancy shopping malls and feature invited celebrities. This apparently requires a greater amount

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<sup>14</sup> *Zhongcao* (seed) is Chinese internet slang meaning the act of sharing a certain product and inciting others' desire to buy it. The term is widely used in beauty blogs.

of capital and more preparation time than beauty bloggers need when launching brands on e-commerce platforms.

E01 experience is not exceptional. An increasingly large group of *wangbongs*, many of whom may not have started out as beauty bloggers, are now testing the waters ahead of establishing their own beauty brands. Inspired by beauty bloggers' successes, some internet firms that own online platforms have also established e-commerce-based beauty brands. These firms include NetEase and Xiaomi. The beauty industry's high margins attract more and more people to generate content about beauty and share in the spoils.

As these examples indicate, the beauty industry's high margins and heavy reliance on marketing have played a large part in the flourishing of beauty bloggers in China. On the one hand, large marketing budgets provide beauty bloggers with substantial cash flows, motivating them to continuously create content. On the other hand, high margins lure new players from diverse backgrounds to enter the ring, leading to an increase in the number of beauty bloggers.

The supporting industries--manufacturing and marketing--do influence *wangbongs* in important ways, but their roles are sometimes less significant than that of the beauty industry. This comes into focus by way of a comparison with a counterexample: even though content about travel is popular, the travel industry does not provide viable ways in which internet celebrities can monetize their content. For this reason, some travel and other bloggers choose to integrate beauty blogging into their content creation, resulting in the number of beauty bloggers growing.

Internet celebrities are not the only group to covet the value that can be accrued by selling beauty products. Major players in the beauty industry such as L'Oréal have sensed beauty blogging's power, despite the fact that it has emerged only recently. They therefore take great interest in this business model too. Given their huge advantages in terms of capital, resources, and supply chains, they seem very capable of playing the beauty blogging game. Beauty corporations have also joined the trend. The case of a beauty blogger named Li Jiaqi shows how a beauty company has contributed to the growth of beauty influencers.

As part of an Alibaba-initiated shopping festival on 11 November 2019, beauty blogger Li Jiaqi performed livestreaming on Taobao. He had attracted more than 36.2

million viewers in the first two hours and eventually generated more than sales worth ¥1 billion in a single day (Di, 2019; Y. Lv, 2020). In 2020, Li Jiaqi became a household name in China because of his phenomenal influence on beauty product promotion. Back in 2016, however, he was just an ordinary behind-the-counter beauty adviser for Maybelline in Nanchang, a second-tier city in a landlocked province. He made ¥3,000 a month, which “could not even buy a quarter of a square meter” in Nanchang (M. Liu, 2019). Later, a project initiated by L’Oréal (Maybelline’s parent company) changed his life permanently.

Having noticed beauty bloggers’ promotion power in China, L’Oréal planned to cultivate beauty bloggers using its human and product resources. In late 2016, the Chinese branch of L’Oréal collaborated with MeiOne, a start-up MCN in which Alibaba had invested. Together, they launched a project, *BA wanghonghua* (*wanghong*ization of beauty advisers) (Cheng, 2019; C. Wu, 2018). This project selected 200 beauty advisers within the L’Oréal corporation and cultivated them into beauty *wanghongs* on Taobao Livestream. Embedded in the platform of Taobao, Taobao Livestream is designed to bridge social media (livestream) and e-commerce (Taobao). In the model held up by L’Oréal and MeiOne’s project, beauty advisers, who only serve one or two customers offline at a time, can serve thousands of consumers simultaneously on a digital platform. Qi Qiaoen, CEO of MeiOne, made the following comparison: beauty advisers “have good physical appearances, a deeper understanding of products, and better sales skills than ordinary *wanghongs*. Speaking specifically, what we are doing now is taking advantage of online technology. Through livestreaming, beauty advisors can break the offline barriers and connect products and consumers” (Eunji, 2017). Li Jiaqi was one of the selected beauty advisers who signed with MeiOne to be full-time beauty influencers. According to MeiOne, one signed beauty adviser generated tens of millions of orders within six months (Eunji, 2017). As a result, this project won the 2017 Next Innovation Award, for which it competed with L’Oréal’s other branches around the world.

By 2020, Li Jiaqi had “a net worth of between \$1 million and \$5 million”, and “made it onto the Hurun China Under the 30s To Watch 2019 list” (A. Huang, 2020). However, coverage of him usually concentrates on his overnight fame and fortune as a *wanghong* while neglecting how Li entered the field of beauty blogging. L’Oréal’s role is widely

underestimated in Li Jiaqi's wanghongization. As a powerful and resourceful corporation, L'Oréal can intervene proactively in the game of beauty blogging and cultivate beauty bloggers using its human, financial, media, and commercial resources. L'Oréal's investment, much more than immaterial labor, was decisive in making this particular influencer. Though low-profile, such commercial investment has been a crucial driving force behind the rise of beauty bloggers, undermining the idea that beauty influencers are merely a media phenomenon. L'Oréal's participation in this field has had two notable impacts. First, it has led to the appearance of more beauty bloggers. Second, beauty bloggers received more exposure in the press, as Li Jiaqi did. In important ways, identifying the role played by beauty corporations nuances the academic debate of how beauty bloggers have become a contemporary social phenomenon.

L'Oréal is not alone in transforming its employees into beauty influencers. This comes across in the case of E03, who worked for another French cosmetics corporation, whose boss encouraged her to post beauty content on Red, a female-dominated social media platform. However, this company put much less effort into nurturing beauty bloggers than L'Oréal. The encouragement that E03 and her colleagues received was informal and their company did not really expect them to be professional beauty influencers. As she explained, cultivating internet celebrities costs too much money and time. In practice, even investments made by specialized influencer incubators have a failure rate of no less than 95% (CGTV, 2016). For E03's company, collaborating with existing internet celebrities is more cost-and time-efficient. Most working beauty bloggers are not backed by beauty companies, despite the latter's advantages in human and material resources. This is because these companies are neither specialized in content production nor necessarily willing to become so. Moreover, beauty influencers' success also relies on their immaterial labor, such as performing authenticity (Abidin & Ots, 2015; Marwick, 2013); such success cannot be assured solely by having rich resources in capital, peoples, and products. Even MeiOne, which concentrates on transforming beauty advisers into beauty influencers, has signed many beauty bloggers, none of which have become high-profile beauty bloggers like Li Jiaqi in the increasingly competitive market (G. Liu & Lan, 2019).

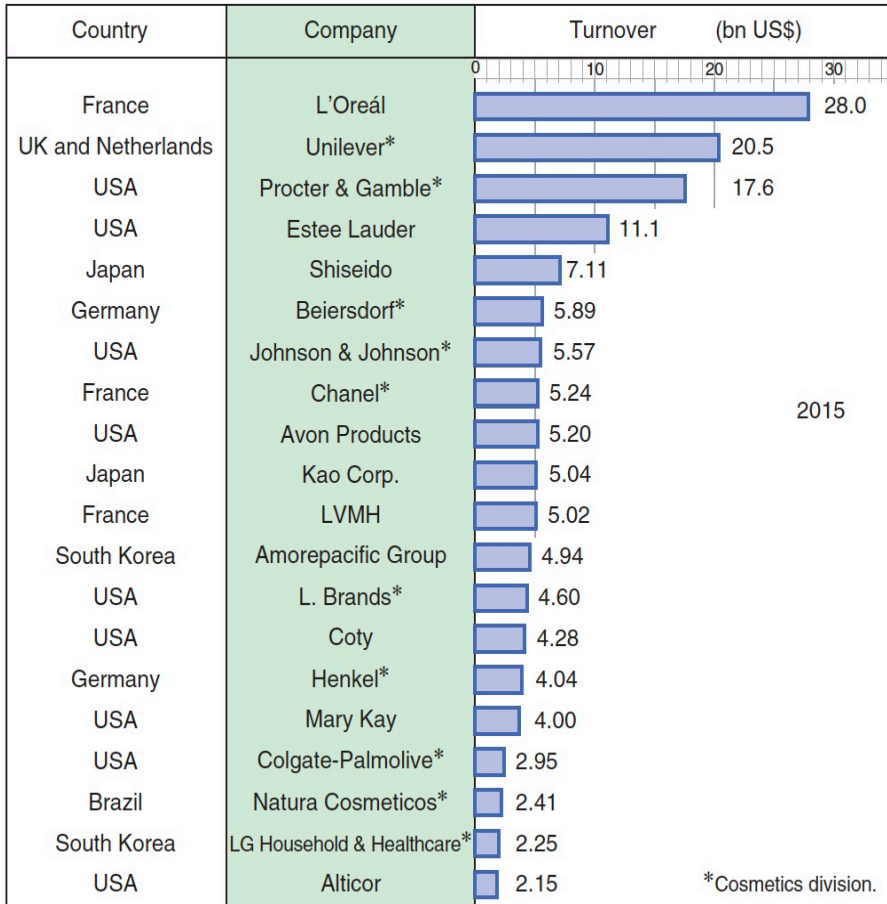
This section has discussed how cosmetic firms, especially their marketing sector in the value chain, contribute to the growth of beauty bloggers. Beauty firms' high marketing budgets allow beauty bloggers to make a living by creating beauty-related content and the beauty business's high margins attract diverse entrepreneurs to share in the spoils. Beauty firms sometimes even produce beauty bloggers. Beauty firms' investments should be understood as a material foundation, which involves money, human resources, and mass production. Without material investments, beauty bloggers would be significantly less numerous, influential, and prosperous. What is more, recognizing the role that beauty firms have played in the boom in beauty blogging helps explain why there are so many genres of *wangbongs* posting articles, blogging, vlogging, and livestreaming, for all kinds of industries need branding and marketing outlets on social media. Various *wangbongs* may share the same social media platforms, but they do not share the same industrial foundations/value chains, just like beauty bloggers and travel bloggers have different revenue streams. As such, they occupy differentiated positions in the *wanghong* economy. Therefore, by taking a close look at a specific group of *wangbongs* rather than discussing the generalized concept of *wangbongs* as such, in this chapter I reveal key nuances to the *wanghong* economy.

Assessed from a broad perspective, it would appear that some features of cosmetic firms are not exclusive to the Chinese context. In fact, cosmetic production is both highly globalized and concentrated at the same time. The world's top 20 cosmetics corporations generates around 65% of the cosmetics products used across the world (Rähse, 2020, p. 47); Europe and the United States dominate cosmetic production for global markets (see Figure 4.3). For these multinational giants, manufacturing and marketing, far from being limited to one or two countries, are implemented globally. These cosmetic corporations not only contribute to the boom in Chinese beauty blogging, but support beauty influencers wherever cosmetics are sold and social media are widely used. For instance, for L'Oréal, hiring beauty influencers is a global strategy, which is not just reserved for China (Ya Gao, 2017; Weinstein, 2018). From the vantage point of the global beauty industry, we can better understand why beauty influencers are found in such diverse societies as China, Thailand, the United States, and France, for they all rely on the marketing segment of the global beauty industry. Recognizing beauty

influencers' dependence on the beauty industry helps look beyond the specific society in question and map the structural conditions that global beauty influencers share. Granted, beauty influencers from diverse countries do not face exactly the same local contexts. After all, each society has its own industrial environment, which presents beauty influencers with particular resources and challenges. In the next section, I examine how beauty bloggers grow in the context of China's specific industrial constitution.

**Figure 4.3**

*Comparison of the turnover of the top 20 manufacturers of cosmetics in the world*



*Note.* The manufacturers are presented here along with the country/region in which their headquarters are based. From Rähse, W. (2020). *Cosmetic Creams: Development, Manufacture and Marketing of Effective Skin Care Products*. John Wiley & Sons, p.46.

#### 4.4 Dark Horses in the Game of Distribution

Chinese beauty bloggers are like their Western counterparts in that they are structurally reliant on the beauty industry. One visible difference, though, is that beauty influencers in Western societies are much less dependent on e-commerce than Chinese beauty bloggers (Abidin & Ots, 2015; Bishop, 2019; García-Rapp, 2016). Their income mainly comprises advertising fees from cosmetic manufacturers and view-based advertisement revenues from social media platforms such as YouTube. For Chinese beauty bloggers, in contrast, e-commerce represents their largest source of revenue. Indeed, the best-known Chinese beauty bloggers, from Zhang Mofan to Li Jiaqi, were swept to prominence on the back of e-commerce. This visible difference between Chinese beauty bloggers and Western beauty influencers derives from a “key aspect of the beauty industry” (Jones, 2010, p. 359): namely, distribution channels, which determine how beauty products are sold and how their value is realized. If beauty products cannot be distributed effectively, then beauty products’ value cannot be realized. Thus, in this circumstance beauty bloggers would be unable to derive revenue from beauty firms. Understanding the role of distribution emphasizes that the *wanghong* economy is not purely digital but depends on the circulation of beauty products. Again, the circulation of beauty products requires solid material foundations, involving human and non-human actors.

Producing beauty products is not the same as making value. Beauty firms must ensure that consumers can reach their products easily. Distribution channels are therefore a crucial part of the value chain. However, while cosmetic manufacturing is well developed across a range of global contexts, distribution is not. From the mid-eighteenth century onward, beauty companies in the West started to build national and international distribution outlets, including beauty and hair salons, specialty stores, shopping malls, and so forth (Jones, 2010; Peiss, 2011). These outlets still play an essential role in Western markets today. Unlike its Western counterparts, “China’s consumption of beauty products was close to zero” at the beginning of the 1980s (Jones, 2010, p. 318). National distribution networks scarcely existed in China at that time. The beauty industry’s high margins would not be possible if it could not reach its consumers.

It is necessary to build distribution channels for beauty products, in other words, for the beauty business to develop and expand.

In the 1980s and '90s, multinational beauty manufacturers were the main contributors to building distribution channels. In the early 1980s, foreign brands arrived in China seeking effective channels for getting their products into stores and thus making them available to customers. In the beginning, "large state-owned department stores were the main sales channel for cosmetics, especially high-grade cosmetic products" (Fernandez-Stembridge & Fernandez, 2007, p. 94). This single channel could only sell products to "high-income segments" on a limited scale, impeding beauty firms' attempts to reach potential consumers over wide areas (Jones, 2010, p. 322). To expand the Chinese market, big names in the global beauty industry attempted to build their own distribution networks, beginning in large cities on the coast. For instance, in 1988 Procter & Gamble built its Chinese branch in Guangzhou, a big city close to Hong Kong and with a fast-growing economy. Through setting levels of regional distributors (e.g. region-province-city distributors), Procter & Gamble sold its shampoo outside state-owned stores and enjoyed great success in the Chinese market (Jones, 2010, p. 323; F. Wang, 2005). Following Procter & Gamble's precedent, cosmetic companies sought ways of building distribution channels, leading to the rapid expansion of the Chinese beauty market. Indeed, the Chinese cosmetic market's value grew from \$25 million in 1994 to \$7.9 billion in 2004 (Li and Fung Research, 2005; Tao, 2005, as cited in Tony Wu et al., 2008).

By the mid-2000s, five major distribution channels had been constructed: department stores; hypermarkets; specialty stores; pharmacies and personal care stores; and direct sales (Tony Wu et al., 2008). The geographical distribution of these distribution channels, however, was uneven. Distribution channels built by multinational corporations favored areas with better economies. For example, in the 1990s Procter & Gamble preferred to work with major chain hypermarkets and paid little attention to rural markets and smaller distributors (F. Wang, 2005); Walmart, a key distribution channel for beauty brands, opened more than one-third of its Chinese stores in first- and second-tier cities, which represent only a small part of China in terms of geography

(Jingai Xu & Li, 2016). Interviewee E02, who worked for L'Oréal for years, emphasized the huge geographical imbalances of distribution channels in China:

The differences between regional markets are huge. The market in East China is similar to developed countries, which is very mature. It has all kinds of distribution channels for the retail business. In terms of hypermarkets, while East China had well-developed sales outlets in 2012 and 2013, there were few hypermarkets, such as RT-mart and Walmart in Central China at that time. Let alone West China. Even today, West China may not have all kinds of distribution channels. (interview, August 2018)

In addition to the imbalances between regions, notable differences also exist within the city-tier system. As E02 further explained:

First- and second-tier cities have better infrastructures and highly effective sales channels, including department stores and others. Consumers have easy access to commodities. ... For instance, Shiseido [a Japanese beauty brand] already has many stores offline, so customers do not need to buy its products online. ... You may find a Shiseido store every 500 meters or one kilometer in first-tier cities. However, that is not the case for second-, third-, and fourth-tier cities. Not every city has Shiseido stores. Probably none of the third-tier cities and below have Shiseido stores. (interview, August 2018)

Although the distribution channels described above brought multinational corporations notable success in the Chinese market, they largely neglected the regions and the majority of the Chinese population, who live in rural and non-coastal areas or third- and fourth-tier cities. This neglect presented new players such as e-commerce platforms with a

potential pathway into the market.<sup>15</sup> These dark horses, especially the e-commerce platform Alibaba, began targeting all areas of the country and moving much faster than established beauty giants. In this way, e-commerce platforms became an increasingly important driving force behind the expansion of the beauty market.

Before introducing e-commerce platforms' role in this context, I must first provide some general background on China's economy, which has grown strongly in the first two decades of the twenty-first century. From a macroeconomic perspective, the buying power of the Chinese population generally rose during this period. Despite regional imbalances, China's GDP per capita has increased from ¥7,942 in 2000 to ¥70,892 in 2019 (National Bureau of Statistics of China, 2001b, 2020). Given this, Chinese consumers are able to afford more beauty products than they could in the past. Influenced by popular culture and social media, they are also more willing to buy beauty products. A key question at this historical juncture is how many Chinese consumers can reach beauty products given that distribution channels are largely clustered in the big cities. E-commerce platforms, especially Alibaba, offered solutions to this problem.

Founded in 1999, Alibaba was initially an exportation outlet for Chinese factories. Four years later, it launched a customer-to-customer e-commerce platform, Taobao, targeting the domestic market. The key historical context here is the fact that export-oriented factories in China were seeking new markets in the 2000s, especially after the 2008 financial crisis, which led to a sharp decline in exports (L. Zhang, 2020). Against this backdrop, Chinese factories sought opportunities within China, as did e-commerce platforms. The international e-commerce platform eBay also entered China in this period, implementing its global model of charging sellers "insertion fees, final-value fees, and feature fees" (Bloomberg, 2004; L. Zhang, 2020, p. 122). Unlike eBay, Taobao does not charge sellers fees and allows both sellers and consumers to communicate through

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<sup>15</sup> The situation changed slightly in the late 2000s when growth in developed areas in China slowed. Accordingly, beauty giants started paying attention to marginalized areas in China. For example, since the late 2000s, Procter & Gamble, Shiseido, and L'Oréal implemented market penetration strategies, seeking to open up markets in second, third, and fourth-tier cities (J. Lv & Chen, 2010; W. Yu, 2017). These giants, however, were much slower than e-commerce platforms, those newcomers in the distribution game.

the platform using its instant message function. Its commercial and technical designs “not only helped establish ‘swift trust’ in an unfamiliar virtual market perceived by many Chinese at that time as risky,” but also “functioned to improve the platform’s ‘stickiness” (L. Zhang, 2020, p. 122). Taobao rapidly won out in its competition with eBay, becoming the largest e-commerce platform in China in 2006. In 2011, it was divided into two parts, Taobao and Taobaoshangcheng (known as Tmall from 2012). Whereas Taobao serves small sellers for free, Tmall serves bigger sellers but charges them registration fees.<sup>16</sup> Taobao and Tmall form a highly integrated system. Indeed, a customer can log into both sites through one account.<sup>17</sup> The number of their users grew from 30 million in 2006 to 785 million in 2019 (iteye\_7787, 2014; Q. Sun, 2019). Given China’s population of 1.43 billion people, Taobao and Tmall are used relatively widely. Because of Taobao and Tmall’s popularity, accessibility, and ubiquity, Chinese beauty bloggers can easily operate stores and retail on these platforms, even with only small amounts of start-up capital. For beauty influencers in most Western societies, in contrast, running e-stores is inconvenient.

Broadly speaking, Taobao offers a new distribution channel, not just to beauty bloggers but to all retailers. Unlike brick-and-mortar stores, which rely heavily on good locations, Taobao circumvents this geographical limitation. Through Chinese delivery networks, Taobao can penetrate farther and deeper than other channels, reaching consumers wherever they are. E-commerce presents new opportunities for cosmetic brands. E02, a former manager from L’Oréal, told me that “[s]o far, users of smartphones in China have exceeded 700 million. Technically speaking, there is no blind spot for the internet in China, so there is no blind spot for e-commerce.” He believes that “e-commerce is the best distribution channel” for beauty brands that have no foundation in third-tier cities and below (interview, August 2018).

In fact, in the 2000s e-commerce in China did not greatly benefit multinational corporations, which already had successful models for global markets and were trying

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<sup>16</sup> Whereas small beauty bloggers prefer to retail selected products from multiple (foreign) brands on Taobao, big beauty bloggers are prone to launching their own brands on Tmall.

<sup>17</sup> Although Taobao and Tmall have different sites and applications, they share the same user data and supporting infrastructure, like different companies using the same logistics system. As a result, in the Chinese context references to Taobao or Tmall often signify the Taobao-Tmall complex.

to replicate these in China. They did not see e-commerce's great potential for the beauty industry. At the global level, cosmetic companies did not pay much attention to online sales in the 2000s, although they conducted online marketing on the internet. "[T]he internet, although the iconic symbol of a flat world, continued to be used more as a marketing tool than as a retail channel. It is difficult to purchase make-up online because of the challenge of accurately choosing proper colors, and impossible to choose fragrances" (Jones, 2010, p. 339). Obviously, business experts did not foresee that beauty bloggers would be such an asset when it came to choosing colors and fragrances online. In China, business management experts treated e-commerce as a weak distribution channel of cosmetics for the following reasons:

First, most premium products sold online are counterfeited, smuggled, or bootleg products. Second, consumers are not fully protected from online fraud, even though all online sales websites are subject to government approval. Third, the logistics service industry is not well developed to support the pick-up and delivery services for online customers. As such, few known brands offer online sales services directly to customers. (Tony Wu et al., 2008, p. 216).

While the multinational cosmetic corporations adopted a conservative attitude toward online sales, beauty retail became very common and popular on e-commerce sites, especially Taobao. From the mid-2000s when middle- and upper-class beauty bloggers began recommending foreign beauty products to their audiences, they invoked the public demand for beauty products. Some of the recommended products had official sales channels in China, but they are usually more expensive than that might be in foreign sales channels, given the high duties that China levies on imported cosmetics. The duties, including a tariff, VAT, and consumption tax, amounted to 20% and 40% for ordinary and high-end cosmetics respectively (W. Wang, Wang, Hu, & Lin, 2018). The other recommended cosmetics had no distribution channels in China at all. Whereas beauty bloggers brought them overseas, it would seem that shopping abroad is not a convenient option for most blog followers desiring luxury cosmetics. The asymmetry between the

huge market demand for beauty products in China and limited, expensive supply has led to a special e-commerce genre, *daigou* (L. Zhang, 2017). Literally “substitute shopping” in Chinese, *daigou* refers to both people who buy things for others and the practices of buying things for others. Beauty *daigous* usually buy beauty products overseas and resell them in China through e-commerce sites such as Taobao. Most *daigous* circumvent customs so as to provide beauty products at lower prices than formal distribution channels. Beauty *daigous* are active on social media. Indeed, their inventories are usually decided by popular trends among beauty bloggers and on social media *daigous* can directly communicate with consumers regarding their needs. A considerable number of beauty bloggers are also beauty *daigous*. For instance, between 2008 and 2010, the top beauty blogger Zhang Mofan resold Australian essential oils on Taobao while her influencer career got going on social media (S. Sun, 2018). Retailers such as *daigous* on Taobao accounted for a large proportion of the beauty business from the mid-2000s to the mid-2010s. It is important to notice that *daigous*’ popularity results from high and rapidly increasing demand and limited supply channels. This disparity between supply and demand distinguishes China from mature markets in places such as Western Europe, North America, or China’s neighbor Japan, where longstanding distribution systems provide customers with adequate supply even without online sales. Since the mid-2010s, e-commerce platforms, having grown significantly from the proliferation of small retailers, have also begun importing foreign products. In 2014, Tmall launched *Tianmao guoji* (Tmall International) within the Tmall site, inviting big importers to resell overseas products through this channel; in 2015, JD, an e-commerce platform that resembles Amazon, launched *Jingdong quanqigou* (JD Global Shopping), encouraging retailers to sell imported products (W. Wang et al., 2018). These sites make imported cosmetics more accessible to consumers and facilitate the consumption of beauty products in China.

Multinational corporations’ conservative attitude toward online sales left an opening that e-commerce platforms exploited, allowing the latter to build its distribution channels in a loose environment. It also presented an opportunity for domestic brands, which had no advantages when using traditional distribution channels. These previously marginalized brands unhesitatingly launched their stores on e-commerce platforms and

closely cooperated with beauty bloggers, leading to a rise in their market share. Following a decade of development in e-commerce, local beauty brands' share of the Chinese market surpassed 50% in 2016 for the first time (Rähse, 2020, p. 38). This is a remarkable turnaround, for foreign brands had dominated China's beauty market since the 1980s.

By 2018, e-commerce had become the largest distribution channel for beauty products in China (K. Xu, 2019). Despite being a newcomer, it has surpassed all other channels that have been developing over four decades. In so doing, it had made beauty products accessible to many more consumers in China that could access them before. On the one hand, the accessibility of beauty products entrenches beauty bloggers' role, for their online content serves consumers who have no or limited access to offline stores. Their recommendations regarding beauty products are key to converting online browsing into real orders. For this reason, e-commerce platforms need them. On the other hand, the accessibility of diverse beauty products allows more consumers to develop into beauty bloggers. Against this backdrop, we can understand why beauty bloggers are so popular in China and why their influence keeps increasing. When beauty bloggers help the distribution sector sell commodities, distributors give them their full support (including payments and the latest beauty products). Yet again, this indicates the importance of considering materiality in analyzing beauty blogging: distribution networks, which stimulate the growth of beauty bloggers, are not fully accounted for by the concept of immaterial labor. Distribution networks, especially e-commerce platforms, send Chinese consumers beauty products from around the world. Immaterial labor is involved in the building and operation of distribution networks, not least when it comes to ICT and services. But distribution networks rely heavily on tangible actors and infrastructures, including the transportation system, organizations, and distributors. This underscores the importance of material networks for selling beauty products. From the vantage point of the beauty business, the strong tie between beauty bloggers and distributors hastens the bloggers' integration into e-commerce platforms, which I will analyze in the next section.

#### 4.5 The Social Commerce Model

The 2000s saw not only the boom of e-commerce but the advent of *wangbongs* too. The latter had demonstrated their strong influence in the former. Having observed internet celebrities' enormous and direct ability to increase online sales, e-commerce platforms began proactively cooperating with or integrating social media platforms into their operations. For instance, at the beginning of the 2010s, Taobao received a significant flow of traffic from Weibo (Y. Lv, 2019). *Wangbongs*, who were active mainly on Weibo at this time, brought content to social media and users, user activities, and online sales to Taobao. Connected by *wangbongs* in this way, Alibaba and Weibo began cooperating. In 2013, Alibaba spent \$569 million acquiring an 18% stake in Weibo, becoming the second-largest stakeholder in the company from then on (Ghosh & Ramakrishnan, 2013). The cooperation between Alibaba and Weibo has reinvented social media and e-commerce, creating a community of shared interests and a business ecosystem. This ecosystem, which was been termed "social commerce" (*shejiao dianshang*), has great advantages in terms of technology, data, finance, and logistics (H. Xu, 2019). Involving both immaterial and material factors, it provides a solid infrastructure for the circulation of beauty products and reproduction of beauty bloggers.

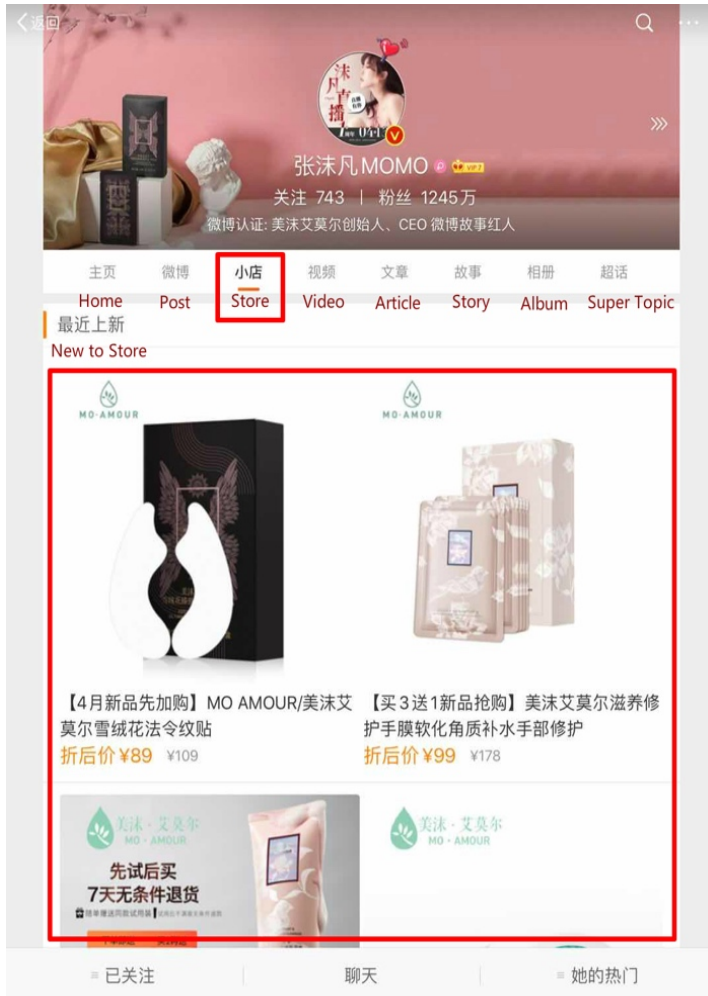
At the technological level, Alibaba and Weibo remove inter-platform barriers and ensure that users can smoothly move from Weibo to Taobao/Tmall. For example, beauty bloggers can present their inventories in Taobao/Tmall stores on Weibo. What is more, ordinary users can bind their Weibo and Taobao accounts. When users read beauty bloggers' posts on Weibo, they can easily add the products mentioned in them to their Taobao shopping carts or jump to the products' pages on Taobao. The integration of social media and e-commerce platforms allows these platforms to maximize their profits from an enlarged user pool.

For instance, when users go to beauty blogger Zhang Mofan's profile page on Weibo, they can also see her store (Figure 4.4). After clicking "Store," users can see products in Zhang Mofan's Tmall store. When users click on a certain product, the store page will automatically jump to the product's page on Weibo (see Figure 4.5). At the bottom of this page (as I indicate with the red box at the bottom of Figure 4.5), users can choose to either add this product to Taobao shopping cart and continue browsing

on Weibo or click “product detail,” which automatically opens the Taobao application and lands users on the product’s Taobao page (see Figure 4.6). There will be a Weibo icon on this page (see the red box to the left on Figure 4.6), allowing users to return to Weibo with an easy tap.

**Figure 4.4**

*The screenshot of Zhang Mofan’s Weibo profile*



*Note.* Retrieved on April 13, 2020, from Zhang Mofan’s account on Weibo. For this screenshot did not have an independent link, I could not put its link here.

Figure 4.5

A product's page on Weibo



Note. Retrieved on April 13, 2020, from Zhang Mofan's account on Weibo. For this screenshot did not have an independent link, I could not put its link here.

Figure 4.6

Screenshot of a product's page on Taobao



*Note.* Retrieved on April 13, 2020, from Zhang Mofan's store on Taobao. For this page did not have an independent link, I could not put its link here.

This interface design ensures that users can move freely between Weibo and Taobao. Through this technological connection, Weibo and Taobao can accurately monitor data flows between the two platforms, thus revealing patterns of consumer behavior as well

as beauty blogger's influence on them. It turns out that the social commerce complex, consisting of beauty bloggers, social media platforms, and e-commerce platforms, is effective and efficient: with the technical convenience between Taobao and Weibo, the gross merchandise value of one blogger's beauty store reached ¥50 million in one year (Y. Lv, 2019). Investing in Weibo has helped Alibaba reap more profit, diversify its business, and expand its territory. After the success of the Weibo-Taobao coalition, Alibaba has continued to integrate social media platforms into its business empire. In 2016, it launched Taobao Livestream, on which Li Jiaqi became famous. In 2018, Alibaba collaborated with Douyin, an emerging video-sharing platform, so as to allow users to embed links to Taobao/Tmall in their videos.

The mutual connections among *wanghong*s, social media, and e-commerce platforms are not exclusive to Weibo and Taobao. This circuit establishes a productive, profitable, and closed loop that uses internet celebrities efficiently to transform social media users into e-commerce consumers. This is a digital equivalent to a convergence of newspapers and supermarkets, but much more integrated than a simple addition of one to the other. Returning to the beauty industry's value chain, the convergence of social media and e-commerce actually integrates the marketing and distribution sectors, forming a new way of producing value. Smartphones largely collapse the spatial and temporal distance between a marketing outlet and distribution channel. When consumers of newspapers read advertisements, they are not necessarily able to go shopping immediately for the advertised commodities in brick-and-mortar stores. Using smartphones, though, they can jump straight from social media platforms to sales channels with one or two clicks. Besides, the data generated by users on both social media and e-commerce platforms provide platform owners with refined information with which they can predict user behaviors. As a result, the technical and business marriage between social media and e-commerce platforms "increases the efficiency of the marketing," "cultures new brands," and "expands consumption markets" (H. Xu, 2019). Economics commentators have presented this social commerce system, involving activities of "share, content production, and retail," as a new form of "platform economy" that is expected to "grow strong" (H. Xu, 2019).

Following Alibaba's model, other Chinese internet giants have put effort into building social-commerce loops. In 2015, NetEase Inc. launched an app named Wangyi Kaola, which features both an online forum and e-commerce. Xiaomi, a company famous for its smart devices, launched an e-commerce platform, Xiaomi YouPin, in 2017. A social-commerce circuit embedded in this smartphone application hosts an online community, in which users can share content. According to interviewee E08, who worked for JD, JD launched a content block about beauty on its shopping application so as to stoke consumers' desire for beauty consumption (interview, August 2018).

Besides technological bridges with social media and data monitoring, e-commerce giants also deploy financial tools to expand beauty markets. This is in marked contrast with beauty corporations, which rarely acquire and use financial tools. E02, who moved to an e-commerce company after working for L'Oréal for years, told me that the financial tools enrolled by e-commerce platforms largely serve to boost sales of beauty products:

[There is] a La Mer's flagship store on Tmall. A facial cream from La Mer sells for ¥1,800 (\$279) there. To our surprise, we see a high portion of below-24-year-old consumers while analyzing consumer information. How high is it? It is over 30% for the flagship store. What's more, according to our data, the majority of La Mer consumers are below 30. Young customers have an extremely strong buying power and they buy beauty products which are more high-end. One of the reasons is the popularity of online loan platforms ... such as Huabei,<sup>18</sup> which allows you to pay online shopping bills in monthly installments. It eases your burden. (interview, March 2018)

The second-largest e-commerce platform in China, JD features the internet credit product JD Baitiao, which is similar to Huabei. Launched in 2014, JD Baitiao "offers users the option to 'buy now, pay later'" (Fan, 2017). In September 2018, I visited

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<sup>18</sup> *Huabei* is a consumer credit product launched by Ant Financial, which is affiliated with Alibaba.

China's International Beauty Expo, the largest beauty industry exhibition in the country. I saw JD staff promoting their platform to beauty manufacturers. A manager from JD Finance gave a speech about JD Baitiao, which, he said, "can be understood as an online credit card":

The users of JD Baitiao make orders much more frequently than ordinary JD users. ... In the JD Beauty Department, the per-customer transaction of Baitiao users is higher than ordinary JD users. During our campaign, it has brought more than 1,200 consumers for one brand per day. It can effectively shorten the time lag between two orders, at most by 47%. We mounted a promotional campaign before. Companies who participated in this campaign saw an increase in the total order number by 33%, a rise of UV<sup>19</sup> by 10% during the campaign. (public speech, September 2018)

As we can see in the cases of Tmall and JD, online credit products from e-commerce platforms have boosted the consumption of beauty products. Beauty companies do not usually use online credit products as a part of their business, for it would not fit the strategy of integration (whether vertical or horizontal). As a result, beauty companies, even the global giants who have abundant resources and diversified business, have rarely stepped into the field of credit products. Chinese e-commerce platforms, by contrast, have proactively built online financial platforms and launched credit products. On the one hand, financial products allow these e-commerce platforms to develop their own payment channels and ensure the smooth operation of e-commerce; on the other, China's flawed and cumbersome financial infrastructure and institutions, including banks, means that Chinese e-commerce giants have been able to make an impact on the underdeveloped financial products market and build their user bases (Y. Chen, Mao, & Qiu, 2018; Chong, 2019; Plantin & de Seta, 2019). For these reasons, e-commerce platforms have used credit products whereas beauty companies have not. These credit products create an environment in which beauty bloggers' followers can move smoothly

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<sup>19</sup> UV is short for unique visitor, used here to refer to the number of IP addresses accessing one site.

from being audience members to consumers, even when they lack adequate purchasing power.

Some may wonder how these intangible factors—inter-platform integration, big data, and online credit products—provide a material base for beauty bloggers. In response, I would stress, first, that we must overcome the misunderstanding that digital products are purely immaterial. In analyzing data as a form of asset, scholar Yujie Chen (2015) argues that “[d]ata production has to be bound up with institutions also because it takes time, expertise, money, and cooperative competence” (p. 13). Her argument also applies to inter-platform integration, big data, and online credit products, all of which rely on tangible institutions and are bound up with their particular purposes. Staff, devices, capital assets, and so on each constitute material elements in institutions, which make online practices possible. Second, inter-platform integration, big data, and online credit products facilitate the material circulation of beauty products. The goal of these activities is not to build an immaterial world. Rather, they form a part of the general distribution network and work toward commerce in tangible products. To see these phenomena as purely immaterial, without understanding their role in distribution networks, is to “not see the wood for the trees.” It would also be mistaken to take them as purely material. Instead, it is necessary to see how these activities and sectors operate in both immaterial and material ways.

While the material contributions made inter-platform integration, big data, and financial systems are implicit and indirect, the material role of national logistics networks is more explicit and visible in that they lay a solid foundation for the circulation of beauty products. Interviewee A07 is a dedicated follower of beauty blogs. When I interviewed her, she lived in a small town in Central China, where there was no store or counter for renowned cosmetic brands or even drug-store brands such as Maybelline. However, she consumes imported cosmetics from Japan and France, which she can easily have delivered to her door. The scenario would have been impossible two decades ago, when Chinese logistics networks were weak and restrained.

A07's personal experience is a small footnote to China's fast-growing logistics networks. Driven by the rapid development of e-commerce, the delivery industry has penetrated further than ever before over the past two decades, going beyond major cities

to reach small cities and villages (Dianzishangwuyanjiuzhongxin, 2017; Xinping Li, 2019). Statistics illustrate that China's delivery industry sent out 1.2 billion packages in 2007 (State Post Bureau of The People's Republic of China, 2008); this number rose to 63.5 billion in 2019 (State Post Bureau of The People's Republic of China, 2021). Although e-commerce may not be the driving force behind the logistics industry in Western societies, where such networks developed long before e-commerce emerged, it plays two major roles in China. First, the e-commerce business directly increases the demand for third-party logistics companies such as the *sitongyida* group, which encompasses five private express companies: STO, YTO, ZTO, BEST, and Yunda. Established around 2000, these companies deliver a large portion of China's e-commerce orders. Given their strong presence in Chinese e-commerce, they are recognized as "typical e-commerce logistics entities" (Y. Huang, 2019). Second, e-commerce giants also strengthen the logistics infrastructure by directly building their own national logistics systems. For instance, in 2013 Alibaba launched a logistics company, Cainiao, in collaboration with four express companies and other investors. Cainiao offers logistics services at both the national and global levels. Since then, Alibaba has increased its stake in Cainiao from 41% in 2013 to 63% in 2019 (X. Chen, 2019). Through these actions, Alibaba has been able to secure not only its e-commerce business, but also a large share of the growing logistics industry. Alibaba's rival JD has also developed its logistics network. Establishing warehouses and delivery stations across China, it has built "the largest smart e-commerce logistics network in Asia" (X. Xu, 2019). Like blood vessels, these widely distributed logistics channels send beauty products to consumers in cities and villages and sustain the social commerce complex.

Cosmetics corporations and e-commerce platforms are two forces driving the ever-greater distribution of beauty products. The former has achieved huge success by developing offline distribution channels; with its powerful engine, the latter expands online beauty markets. These two forces are not necessarily in conflict, for they both seek to maximize their profits. From the mid-2010s, multinational beauty giants have begun to pay attention to online retailing in China. One after another, high-end brands have launched flagship stores on Tmall (Tingrong Wu, 2015). Renowned global brands used to see online retailing as a channel for counterfeits. However, e-commerce

platforms' wide reach, especially those under Alibaba, has enticed these big names to drop their outdated prejudice against online retailing. Further, setting up e-stores on Tmall or JD not only means one more distribution channel but also brings these beauty companies into the social commerce complex, a highly integrated business ecology that beauty manufacturers would hardly be able to build on their own. Accordingly, many beauty brands that have long operated in China, such as Estée Lauder and Lancôme, launched Tmall stores in the mid-2010s. Foreign brands such as Nars and Iope, which had not officially entered China but whose products nevertheless circulated in China through *daigous*, also seized the opportunity and launched Tmall stores.

According to informant E05, who is a manager at Tmall, "Tmall has won Grand Slam events. Basically, all the beauty brands you know have settled down with Tmall" (interview, August 2018). Thanks to beauty bloggers and *daigous*, beauty brands have been able to enter the online market smoothly. As E02, who worked for L'Oréal and e-commerce firms, commented, "a lot of *daigous* have sold these things on Taobao before. These *daigou* stores have built a good consumer base, so it is quite easy for these brands to officially enter the (China) market" (interview, March 2018).

In becoming the biggest sales channel for beauty products, e-commerce has brought beauty bloggers further opportunities and fueled *wangbongs*' development. The Weibo-based beauty blogger B02 was once invited to share content on the new social commerce platform Wangyi Kaola. To motivate B02, the platform's editors promised that B02's account and content would be featured on the Wangyi Kaola forum, which could bring greater visibility (interview, August 2018). Xiaomi YouPin platform invited beauty blogger B15, who initially established her fan base on Red, to share content in its online community (interview, August 2019). She also received a similar invitation from a new social-e-commerce platform, Guodao. E08, a manager at JD, told me that JD had signed contracts with MCNs and asked beauty bloggers affiliated with these MCNs to regularly provide content about beauty. In this way, JD can stoke users' desire for consumption and facilitate its business (interview, August 2018). As these examples indicate, e-commerce platforms are eager to collaborate with beauty bloggers to boost the circulation of beauty commodities. It turns out that the social commerce model works

well in China. Between 2015 and 2020, the Chinese social-commerce market grew by 60% and reached more than 500 million consumers (H. Xu, 2019).

During the 2010s, China had the highest beauty market growth rate in the world (CBNData, 2019). This rapid expansion occurred largely—though not solely—thanks to the social commerce ecology. This ecology allows for the circulation of beauty products. In this context, beauty bloggers demonstrate their value by boosting sales. Outside China, the global beauty industry badly needs a fast-growing market, for mature markets in the West have little potential for fast growth. Whereas cosmetics sales grew slightly in the United States and United Kingdom between 2009 and 2018, they declined in other markets, such as Japan, France, and Italy (X. Wu, 2019). Against that backdrop, not only Alibaba, but global beauty giants are eager to see beauty products circulating more widely in China. With the global beauty industry seeking a new market, Chinese beauty bloggers are urgently needed.

Overall, I have demonstrated that beauty bloggers have not sprung up in such massive numbers in an ahistorical vacuum. This section has emphasized how the increase of beauty bloggers has been stimulated by the social commerce complex. From the perspective of value chains, the social commerce complex entails the convergence of marketing and distribution. Beauty bloggers are important in both sectors. The social commerce complex has a material basis: human resources that build inter-platform infrastructures and analyze big data; entities that set up online credit platforms; transport networks and delivery people that operate logistics networks; and the material circulation of beauty products. These human and non-human actors never show up in beauty bloggers' tutorials but play a crucial role in maintaining and facilitating beauty commerce, upon which beauty bloggers rely. Looking beyond the immaterial labor of beauty bloggers, we see that they are closely bound up with the global circulation of beauty products. Behind them stand beauty firms, both large and small, as well as powerful distribution networks. Beauty bloggers can make revenue from the beauty industry because they facilitate the convergence of marketing and distribution, and boost the circulation of beauty products. Because of beauty bloggers' influence, the beauty industry is willing to engage an increasing number of beauty bloggers in their business,

further stimulating the development of beauty blogging. Beauty bloggers and the beauty industry mutually facilitate each other.

Beauty bloggers have also participated in a shift in China's role in the beauty industry: at the beginning of the twenty-first century, foreign corporations dominated China's market and domestic manufacturing firms were constrained; by the end of the 2010s, domestic firms make up half of the market. That said, China has enhanced its position in the GVC for it participates more in high value-added sectors, like branding and marketing, than before. Although it would be too much to conclude that beauty bloggers have precipitated this shift, it is fair to say that they have contributed to it by promoting a lifestyle that involves consuming beauty products and establishing domestic brands. Although the *wanghong* economy has not fundamentally transformed China from being the world's factory into a branding or marketing center, it has undoubtedly complicated China's role in the GVC.

#### 4.6 Conclusion

This chapter has focused on the material underpinnings and historical foundations of the recent boom of Chinese beauty blogging by examining the beauty industry's value chain. I have stressed beauty bloggers' influence in promoting cosmetics and how corporations and distributors have driven and facilitated the proliferation of Chinese beauty bloggers in the first two decades of their growing role in the industry. In emphasizing beauty bloggers' material contributions I do not aim to reject the importance of immaterial labor. Rather, in this chapter I have meant to explain this social media phenomenon by situating it in a long history of global capitalism. Beauty bloggers help beauty firms and distributors reap more values from the beauty trade; in return, they are encouraged and supported by beauty firms and distributors. Posting personal consumption experiences online is not profitable in itself. Beauty blogging becomes lucrative only when it boosts the beauty industry's capacity to realize value. This perspective helps us understand how and why the beauty industry has taken pains to further the proliferation of beauty bloggers.

Seen in relation to the GVC, the *wanghong* economy is not solely about internet celebrities. Although it involves sales of beauty products from the Global North, it also

entails the growth of domestic firms. I have found that through beauty bloggers and e-commerce, domestic firms are able to leverage the extent system and participate in high value-added sectors. In their received account of the global production system, Hopkins and Wallerstein (1977) conclude that “unequal exchange operating through a set of mechanisms ... continually reproduces the basic core-periphery division of labor itself” (p.117). In contrast, I have indicated that actually China has not continually reproduced its periphery position in the GVC. Beauty bloggers and Chinese firms are taking steps toward positioning themselves in the high value-added segment of the chain, such as building local brands and marketing. The increasing market share of domestic beauty brands is proof of this: China can go beyond the role of the world’s factory, participate in high value-added sectors in the beauty industry, and gain a greater share of the value system. Still, Western Europe, the United States, and Japan remain central in the global beauty industry, for Chinese firms have only increased their share of China’s domestic market, not the global market. But the case of China still shows that a peripheral country in the GVC can avoid being stuck in the perpetual loop of peripherality and improve its position in the global production system.

The commercial success of beauty bloggers provides us with one place to start unpacking the *wanghong* economy in China. This chapter has emphasized that the high margins of beauty products has allowed beauty bloggers to achieve early and salient successes in the *wanghong* economy. This does not mean they are the only beneficiaries in the *wanghong* economy. Other types of *wanghong* are also proactively seeking opportunities in the market. Although travel and food bloggers were not considered profitable by social media platforms, they explore alternative approaches to monetization. One Chinese food blogger, for example, has shared recipes since 2010, but this has brought her audiences rather than profits. In 2016, she launched a Taobao store selling kitchenware. Besides selling selected products from multiple brands, she has established her own kitchenware brand, for which she orders customized products from Chinese factories. This suggests that, by building brands, food bloggers, as well as other bloggers, can participate in the growth of the *wanghong* economy. Although not all *wanghongs* can take part in the highly lucrative beauty industry, they do share the benefits of China being the world’s factory and can target Chinese consumers. A wide range of

*wangbongs* are therefore able to integrate brand-making and supply chain management into their influencer business. The *wanghong* economy should not be understood solely as a result of the prosperity of Chinese social media. Indeed, it is supported by domestic factories, which are bound up with China's long-term role in the global production system. The *wanghong* economy integrates diverse domestic actors, including *wangbongs*, e-commerce platforms, and factories, and expands the domestic market. It allows China to explore high value-added sectors rather than limit itself to value-added manufacturing. Above all, as an ongoing process, the *wanghong* economy is giving China a new meaning, whereby it is no longer been seen as merely the world's factory.

The economics of internet celebrities unfold differently in different societies, whether developed or developing. The *wanghong* economy is the outgrowth of particular conditions in China. To be sure, I would not essentialize the *wanghong* economy as a Chinese phenomenon. Rather than being an outgrowth of an essential Chinese culture, it is driven by the widespread use of social media, enormously popular influencers, growing consumer markets, and sufficient suppliers. Based on my research, I contend the *wanghong* economy has developed successfully in China because all of these factors have been present there in the first two decades of the twenty-first century.

In identifying the material foundation of beauty blogging, I have also noticed a material challenge: although beauty bloggers reap profits from the circulation of beauty products, this also creates problems. Specifically, it leads to damage being done to the natural environment. Indeed, the beauty industry uses toxic ingredients. Scientists have found that benzophenone-2 (BP-2), which is commonly used as a sunscreen additive, can pollute seawater through human activity on coastlines and eventually endanger coral reefs (Downs et al., 2014). BP-2 is used widely, appearing in “over 380 different product lines of soap, laundry detergents, cosmetics and body fragrances” (Udasin, 2014). Plastic microbeads are commonly used in rise-off facewash and shower gel. Through household drains, they make their way into rivers, lakes, and oceans, where they harm marine life from zooplankton to whales (Browne et al., 2011; Dauvergne, 2018; Desforges, Galbraith, & Ross, 2015). Another of the beauty industry's problems is waste packaging. The beauty industry pays huge attention to producing exquisite bottles and packaging, which are associated with quality and thus lure consumers to pay. Globally, the

packaging industry for beauty and personal care products, makes \$25 billion in sales (Borunda, 2019). However, the main material used in packaging, namely plastic, is unrecyclable. Most plastic packaging ends up in landfill sites. The beauty industry's devastating effects on nature go beyond toxicity and waste: consider its overdependence on palm oil, a raw material that is widely used in cosmetic manufacturing, leads to massive deforestation, destruction of wildlife habitats, and carbon emissions (Tullis, 2019), or use of volatile organic compounds in hair products, which contribute to air pollution in urban areas (Coggon, 2018). For all the beauty industry's glowing rhetoric and visual culture, its material effects on the environment are far from beautiful.

From a perspective informed by GVCs, it is certainly worth growing China's beauty industry, for it has great potential for this developing country. Given its ecological effects, though, does the growth of China's beauty industry (and indeed the global beauty industry) benefit humans in the long run? Should the *wanghong* economy consider not only the business ecology it creates but also its impact on the environment? Actors in the *wanghong* economy rarely put these questions on the table, let alone offer satisfying answers. Only when we see the materiality at stake in beauty blogging and the *wanghong* economy can we identify their footprints in the material world and address these material problems as part of the academic discussion in this field.

Overall, in adopting a material approach I have mapped beauty bloggers' position in the global beauty industry's value chain, examined beauty bloggers at both the transnational level and in the particular context of China, and revealing the complex relations among beauty bloggers, manufacturers, and distributors. Ultimately, my aim in this chapter has been to show how the social media phenomenon of beauty blogging functions as part of the entrenched capitalist system.