China Cosmetics Market Report, 2014-2017

Feb. 2015

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STUDY GOAL AND OBJECTIVES

This report provides the industry executives with strategically significant competitor information, analysis, insight and projection on the competitive pattern and key companies in the industry, crucial to the development and implementation of effective business, marketing and R&D programs.

REPORT OBJECTIVES

- To establish a comprehensive, factual, annually updated and cost-effective information base on market size, competition patterns, market segments, goals and strategies of the leading players in the market, reviews and forecasts.
- To assist potential market entrants in evaluating prospective acquisition and joint venture candidates.
- To complement the organizations' internal competitor information gathering efforts with strategic analysis, data interpretation and insight.
- To suggest for concerned investors in line with the current development of this industry as well as the development tendency.
- To help company to succeed in a competitive market, and

METHODOLOGY

Both primary and secondary research methodologies were used in preparing this study. Initially, a comprehensive and exhaustive search of the literature on this industry was conducted. These sources included related books and journals, trade literature, marketing literature, other product/promotional literature, annual reports, security analyst reports, and other publications. Subsequently, telephone interviews or email correspondence was conducted with marketing executives etc. Other sources included related magazines, academics, and consulting companies.

INFORMATION SOURCES

The primary information sources include Company Reports, and National Bureau of Statistics of China etc.

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Abstract

China's cosmetics market has been booming in recent years and already become the world's second largest cosmetics consumer Market second only to America, with annual volume of retail sales approximating RMB200 billion. In 2014, influenced by such factors as the economic slowdown, China's cosmetics market registered the lowest growth rate (12.3%) since 2005; the total volume of retail sales of enterprises (each with annual revenue of above RMB20 million) dropped to RMB172.47 billion.

However, as consumers are in constant pursuit of beauty, cosmetics marketing channels are increasingly mature plus the unceasing Release of demand from second- and third-tier cities in China, the Chinese cosmetics market will continue to maintain steady growth in the future, with the total volume of retail sales of enterprises (each with annual revenue of above RMB20 million) expected to be RMB245.3 billion by 2017.

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Skin care and make-ups account for the largest share of cosmetics consumption in China, with total volume of retail sales representing a combined 61.2% in 2013, of which skin care products ranked first with a proportion of 48.0%. In addition, the change of men's skin care concept has led to a constant release of men's cosmetics market with total volume of retail sales accounting for 4.6% in 2013, and in the future the proportion will be further raised.

So far, foreign-funded enterprises still play a dominant role in China's cosmetics market, accounting for roughly 86% of the total volume of retail sales. To cater to the demand of Chinese cosmetics consumers and improve their market share in the China, L'Oreal, Estee Lauder, Procter & Gamble, Shiseido and other foreign companies have constantly adjusted brand strategies and intensified the building of channels. Meanwhile, Chinese domestic companies led by Jahwa and Marubi are also stepping up the layout of cosmetics market.

L'Oreal is the world's largest cosmetics company. In 2013 it recorded revenue of EUR21.288 billion in cosmetics business, a yr-on-yr rise of 2.3%. In recent years, L'Oreal has constantly adjusted its brand strategy in China: re-introduction of Inneov oral medical cosmetics which was withdrawn from China in early 2013; a full suspension of Garnier in China in 2014.

As one of the world's major cosmetics companies, **Estee Lauder** is engaged in skin care and make-ups. As of January 2015, it has 124 counters in 51 Chinese cities. Besides, it authorized T-mall, an e-commerce website, for the first time in May 2014 to develop China's e-commerce channel market.

Shanghai Jahwa, a major listed cosmetics company in China, has SIX GOD, MAXAM, HERBORIST, gf and other priority brands. In early 2015 it embarked on the Qingpu Base Removal Project worth a total of RMB1.355 billion, expected to be put into production in 2018; the new plant can undertake an estimated 130,000-ton configuration production and 600-million-piece filling production.

As one of China's leading cosmetics companies, **MARUBI** focuses on facial and eye skin care products, in possession of MARUBI and HARUKI brand. In July 2013, it received LCapitalAsia investment from Louis Vuitton Mo?t Hennessy (LVHM); in June 2014, it planned IPO placement and implementation of cosmetics production and construction project, which could expand the company's existing capacity by 160% once reaching designed capacity.

China Cosmetics Market Report, 2014-2017 highlights the followings:

- China's cosmetics market size, import and export, product structure, channel structure, regional structure, tariff policy, etc.;
- Development status, market size and development trend of major cosmetics channels e.g. department store, supermarket, franchised store, e-commerce, direct marketing;
- Market size, competition pattern, channel development of major cosmetics segments e.g. skin care, make-ups, perfume, men's cosmetics, infant & child care products;
- Operation and development-in-China of 4 global cosmetics companies;
- Operation, development strategy, etc. of 12 Chinese cosmetics companies.

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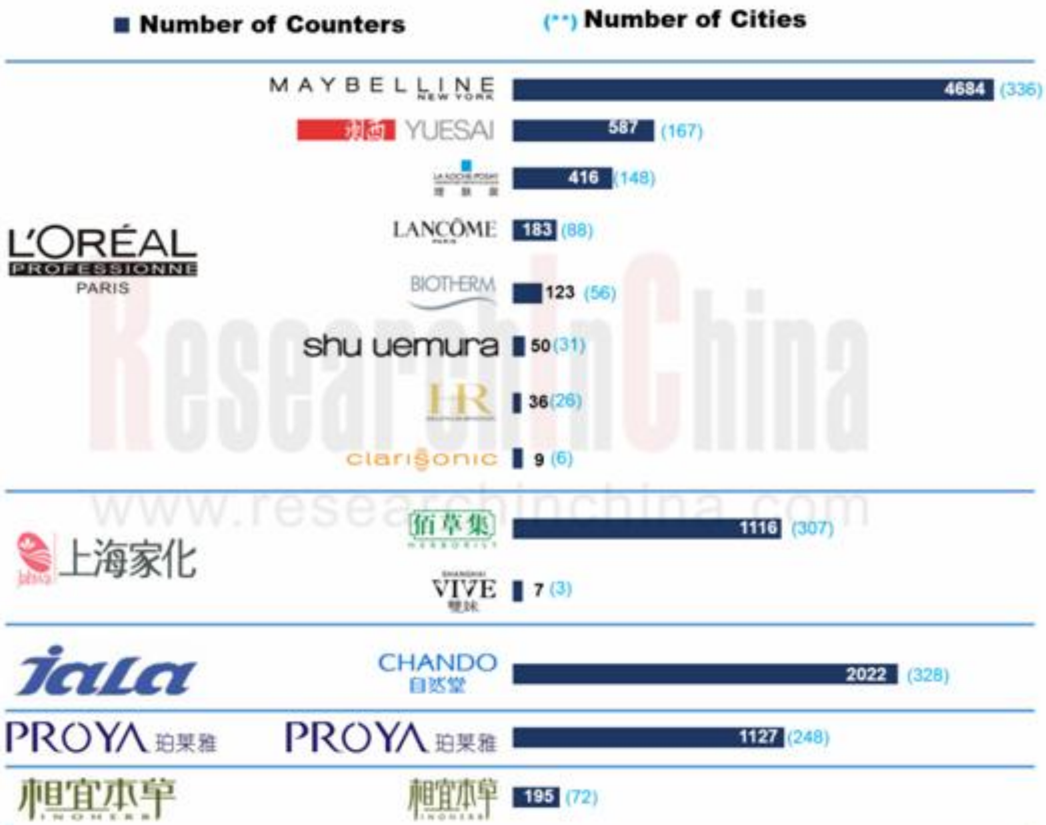
City Distribution and Number of Sales Counters of Main Cosmetic Brands in China as of Jan. 2015



Source: China Cosmetic Market Report, 2014-2017; ResearchInChina

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