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Revisiting China's Cosmetics Market

China's cosmetics market, the second largest in Asia Pacific after Japan and the eighth largest in the world, is a booming goldmine for companies around the world. For the past few years, retail sales of the cosmetics in the country has registered impressive double-digit growth. Lured by the rosy prospect, international cosmetics giants such as L'Oréal, Shiseido, Proctor and Gamble and Estee Lauder have made major commitments in this thriving market, bringing exciting changes to the competitive landscape. Today, the cosmetics market is one of a few consumer goods sectors in China that foreign players receive significant recognition unmatched by their homegrown counterparts.

In the report, we will first of all offer you quick snapshots of China's cosmetics market; we will then address its latest developments, new trends in major distribution channels, and movements of key players. Finally, a brief review of different product segments will be provided to give you a deeper understanding of the market.

For the purpose of this study, our analysis of China's cosmetics market will include hair care products, skin care products, color cosmetics and fragrances. Oral hygiene products, deodorant, sun care and depilatory products shall be excluded.

I. Market overview

China is now the second largest cosmetics market in Asia. The total retail sales of cosmetics in the country is estimated to top RMB 70 billion in 2006, delivering huge promises for both global and local cosmetics players.

Not only is China's cosmetics market ever expanding, it is also becoming more sophisticated. Fuelled by rising affluence, enhanced product exposure and knowledge, and desire for better lifestyle, Chinese consumers are keen to trade up for cosmetics products with added value. Urbanites, in particular, are far more sophisticated and fashion-forward and become the major driving force for growth.

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To cater to the increasingly discerning consumers, cosmetics players now cram the retail shelves in Chinese cities with a wider portfolio of brands and a more diversified product range. More specialized products are offered by cosmetics players and their product life cycles are shorter nowadays.

China's cosmetics market has been flourishing in recent years; yet, there is still huge room for further growth. Per capita annual expenditure on cosmetics today is well below global average. But as consumers continue to unleash their spending power, the cosmetics sector presents a rosy prospect. The China National Commercial Information Centre (CNCIC) predicts that cosmetics retail sales in China to hit 100 billion yuan by 2008. The Economic Intelligence Unit, on the other hand, anticipates China's cosmetics market to double and overtake France, Europe's biggest cosmetics buying country, by 2012.

The boom times in the cosmetics market are likely to keep rolling. According to the National Bureau of Statistics (NBS), China's middleclass household is expected to grow from 5% in 2005 to 45% in 2020. The cosmetics market is set to benefit enormously with the middle class, particularly the high-income office ladies, being the major spender of cosmetics. To further their opportunities, major cosmetics players now look nationwide and have increased their marketing efforts in lower-tier cities and even the hugely untapped rural market. The face of China is rapidly changing.

II. Market highlights and development prospects

Let us now go through some latest developments of the cosmetics market in China.

1. Skin care products are the biggest contributors for China's cosmetics sales; and color cosmetics expected to be the next prominent driver

Skin care products are the biggest contributors for China's cosmetics sales. According to the Euromonitor, the skin care sector grew by 15% year on year (yoy) to reach 34.2 billion yuan in 2006. The growth was mainly attributable to the increasing popularity of anti-ageing and nourishing facial products; and there is significant potential for further expansion. Meanwhile, hair care products constitute the second largest sub-sector; sales of hair care products reached 19.6 billion yuan in 2006.

The color cosmetics and the fragrances sectors, on the other hand, are relatively small. In 2006, the sales of color cosmetics and fragrances in China reached 9.5 and 2.3 billion yuan respectively. Despite the relatively small size, industry watchers believe that the two sub-sectors demonstrate huge potential for future growth. This is especially true for the color cosmetics sector—with increasing market sophistication, it is widely expected that the sector will become the major growth engine. With growing exposure to fashion trends, color cosmetics such as foundation, mascara, eye shadow and concealer, etc., in addition to the more traditional lipsticks are fast growing in popularity.

2. Natural and organic is chic

With growing health awareness among Chinese consumers, cosmetics with natural ingredients are current keywords in the cosmetics market in China. Industry experts believe that the orientation of new cosmetics product development will concentrate on "bio-active" extracts and natural plant additives. Indeed, with the long tradition of taking Chinese herbs in the country, Chinese consumers are even more receptive of cosmetics with natural and herbal ingredients than their foreign counterparts. The use of traditional Chinese medicines in cosmetics is gaining attention.

More and more players, both domestic and foreign, now position their herbal and natural ingredients and mild chemical formulae as major trump cards; and are enjoying huge success in China. Herborist of the Shanghai Jahwa Group, which claimed itself to be “the Body Shop of China”, launched its first series of natural beauty-care products using indigenous Chinese herbs in China in 1998. In the past five years, sales have grown by 50 times. Meanwhile, Rejoice of the Procter and Gamble Group (P&G) has launched its nourishing shampoos series with herbal ingredients such as Shouwu (首烏) and Ginseng; whereas Lux of Unilever has launched its Oriental Ideal shampoos series using traditional Chinese herbal ingredients such as Danggui (當歸), Gingko (銀杏) and Bai Hao Yinzhen (白毫銀針).

3. Men’s cosmetics market is gaining more attention

Women are thus far the major consumers for cosmetics products in China. But more and more players are also exploring growth opportunities in other relatively uncrowded segments such as men’s, children and babies’ cosmetics. Take the men’s cosmetics segment as an example, although sales of men’s cosmetics are relatively small in China and confine mainly to the most developed Chinese cities such as Beijing, Shanghai and Hangzhou, many anticipate that the demand will increase significantly in the years ahead with increasing awareness of western fashion trends and the gradually shifting gender roles (as Chinese women are increasingly independent and become more selective when choosing their mates, a rising number of Chinese men now pay more attention on personal grooming).

Today, players such as Nivea, L’Oréal, Estee Lauder, Laboratoire Bioderma, Biotherm, Clinique, Bioré and Gf (高夫) have launched male-specific lines on the mainland. In China, gift giving is a major culture with gifts being given not only on special occasions but also as a social duty or obligation. Many players believe that cosmetics products will soon become popular gift items and they start offering various types of men’s cosmetics gift packs. Nivea for Men, among other players, has been working its way up to become the undisputed leader in this segment.

4. Series of safety issues put authorities and consumers on alert

Chinese consumers are now paying growing attention to product safety after the continual revelation of quality problems of cosmetics products on the market. A typical example was the temporary suspension of P&G’s SK-II skin care products in China last year after the country’s quality and inspection authorities discovered banned substances in its popular skin care range, which drew wide media attention.

In light of growing safety concerns, the Mainland authorities have stepped up their efforts to improve the regulations and safety assessments of the cosmetics sector in China. Recent examples include:

- *The Hygiene Standard for Cosmetics (2007 Edition)* 《化妝品衛生規範(2007年版)》 launched by the Ministry of Health (MOH). In order to align the Chinese standards with international standards, the MOH launched the standard last year. The standard has revised the list of prohibited and restricted substances used in cosmetics. An additional 790 substances have been included in the prohibited list based on the Cosmetics Directive of the European Union, bringing the total number of prohibited substances to 1,286. The substances on the List of Hair Dye Agent Ingredients issued by the MOH in 2005 have also been added to the restricted list. On the other hand, rules restricting the use of certain ingredients contained in preservatives, sunscreen agent, coloring agent and hair dye agent have been removed, added or modified. The standard took effect on 1 July 2007.

- *The Hygiene Standard for Cosmetics Manufacturers (2007 Edition)* 《化妝品生產企業衛生規範（2007年版）》 launched by the MOH. Effective on 1 January 2008, the standard sets out a list of hygienic criteria that cosmetics manufacturers in China must meet, such as the location of their manufacturing plants, the production process, the facilities and the quality control, etc.
- *The Regulation on the Management of Cosmetics Labels* 《化粧品標籤標識管理規範》 had been drafted by the MOH and had sought public comments. The final version has yet been released but it is expected that China will soon tighten its labeling regulations on cosmetics products and prohibit the use of exaggerated or misleading labels and wordings, especially those claiming medical advantages or curative effects.

Besides, the Guangdong Drug and Food Authority is currently conducting a feasibility study on the possible implementation of Good Manufacturing Practice (GMP) standard for the cosmetics industry. It is widely envisaged that GMP certification will become a mandatory requirement for Chinese cosmetics manufacturers in the long run. Enhanced regulatory controls are expected to raise the entry threshold for cosmetics production in China and accelerate market realignment and consolidation.

5. Consumption tax reform brings differential impacts for cosmetics businesses in China

China revised its consumption tax on cosmetics products last April. Consumption taxes on mass market skin care products and hair care products, which previously stood at 8%, were scrapped. Meanwhile, tax rate for high-end skin care products has increased substantially from 8% to 30%, equivalent to that of color cosmetics.

In the face of raw material price hikes, the elimination of consumption tax has not brought any significant price reduction in mass market cosmetics products. For many companies, the tax savings are being used to ease their mounting price pressures; while others prefer to use the tax savings to improve their brand portfolio and product innovation, thus reducing their reliance on price competition.

On the other hand, high-end skin care products have witnessed a general price increase. To minimize the potential shock of one-off price increase and to retain the less loyal consumers, many high-end players had in fact adjusted their price gradually prior to April 2006. Nonetheless, the impact of price increase is limited as high-end consumers are more brand loyal and less price-sensitive.

A point to note here is that prices of premium cosmetics in China are higher than those in other Asian markets such as Hong Kong due to the imposition of import tariffs (which will drop to 6.5% in 2008 from about 10-15% at the beginning of 2005 under the country's commitment to the World Trade Organization) and consumption tax.

III. Distribution channels

Cosmetics products are sold through diverse distribution channels in China including department stores, supermarkets and hypermarkets, specialty stores, pharmacies, direct sales and online sales; of which, department stores, supermarkets and hypermarkets take the lion's share in cosmetics retail sales.

1. Department stores

Long perceived by Chinese consumers to be the right place for genuine, reliable and quality products, department stores are the major retail channel for skin care products, color cosmetics and fragrances in China. For many

cosmetics players, department stores are the key platforms to build their brands. For instance, L'Oréal currently sells most of its products in China through department stores and its products are available at over 500 department stores in the country.

Today, competition for counter space in department stores is fierce. Many smaller and less reputable brands, particularly the domestic ones, are forced to move out. This is especially true for department stores positioned at the up market—domestic cosmetics brands are virtually absent.

But as an increasing number of cosmetics players unveil plans to expand retail presences in other channels, department stores as the major cosmetics retail channel are not without challenges. Some department stores have strived to differentiate themselves through offering more personalized services. The yearlong strategic partnership between Beijing Wangfujing Department Store (Group) and L'Oréal formed this April is a case in point. Until the end of September, L'Oréal will provide beauty services for VIP members of Wangfujing Department Store's flagship stores in Beijing, Chengdu, Changsha and Wuhan. It is hoped that the offering of more personalized services can cultivate customer preference and loyalty.

2. Supermarkets and hypermarkets

Supermarkets and hypermarkets have long been important sales channels for lower-priced cosmetics products such as shampoo and hair conditioners, which mainly serve the basic needs of consumers. However, this scenario is slowly changing with broadening product range in these retail chains. To reach a wider audience, L'Oréal has announced plans to bring 4 middle-range brands including L'Oréal Paris, Mininurse, Garnier and Maybelline to hypermarkets and supermarkets in China over the next few years. The products will initially be test-marketed in foreign-owned hypermarkets and supermarkets such as Carrefour and Wal-mart, before extending to locals such as Lianhua and Hualian. P&G, on the other hand, has signed a cooperation memorandum with the Ministry of Commerce (MOFCOM) earlier this year to better utilize the retailing platform of the *Rural Retailing Network Project*¹. Through working more closely with the rural supermarket chains, P&G hopes to reduce the number of sub-distributors needed to penetrate the rural market and better understand the rural consumers.

Nonetheless, these two types of retail formats will continue to target primarily the mass consumer segments. Top-graded products are unlikely to be sold in these channels.

3. Specialty stores

To achieve autonomy over store operation, more and more cosmetics players now set up their own specialty stores to sell their products. Indeed, with the mushrooming of shopping complexes across the country in recent years, we expect specialty stores to become another important retail channel for cosmetics.

4. Professional stores

Professional stores in China target a spectrum of consumers with a wide range of cosmetics brands and products—from less well-known or anonymous brands to famous foreign brands. Many professional stores in China are standalone stores and are small in scale. And prices of cosmetics products in professional stores are generally lower than those of department stores and specialty stores. However, quality is less assured with the prevalence of the substandard parallel imports and even counterfeit products.

¹ In view that rudimentary rural retail infrastructure has hampered distribution efficiency and rural consumption in China, the Ministry of Commerce launched the *Rural Retailing Network Project* in 2005. Preferential treatment and financial and operational support will be provided to retail enterprises to encourage them to conduct chain operation in the rural market.

Yet, some foreign-chained professional stores are striving to change the picture. These players mostly target at the mid- to high-end segments. Prominent examples include:

- Watsons, a cosmetics retailing brand under A.S. Watson & Co Ltd, a subsidiary of Hutchison Whampoa Ltd, has given top priority to Mainland expansion since 2005. It has set a target of opening a new store everyday in Asia; of which, one third would be located in China. The company hopes to have 1,000 professional stores in China by 2010; and most of them will be located in second and third tier Chinese cities.
- Hong Kong-based SaSa International Holdings Limited (SaSa), a cosmetics retailing and beauty services provider, also set foot in the market in 2005. It plans to have around 100 stores across China by 2011. As they do so in Hong Kong, beauty consultants are stationed in each store to offer beauty advices to customers. Testers and trial products are provided as part of its value-added service commitment, and there are in-store beauty salons that offer free-of-charge beauty services.
- Sephora, owned by Louis Vuitton Moët Hennessy Group, first arrived in Shanghai in April 2005. Sephora has formed a joint venture with Shanghai Jahwa United Co Ltd to set up professional stores in China. It currently has 19 stores in China; most of them are located in Beijing and the Yangtze River Delta region. The company is now expanding its outlet network fairly rapidly—at a pace of opening at least one store a month. It hopes to have 100 outlets by 2010.

Same as many other retailers, rising retail rental and scarcity of quality retail space are the biggest concern for professional store operators. According to SaSa, the rental prices for some of their stores in major cities like Shanghai and Beijing are rising at a rate of around 30% a year. To cope with the problem, the retailer has opted for smaller shops in China and is considering opening their shops in lower-tier cities where rents are more affordable.

5. Pharmacies

A growing number of cosmetics brands are experimenting with pharmacies as one of their retail channels. Though buying cosmetics through pharmacies is relatively new to Chinese consumers, it is showing signs of strong growth from a rather small base. Among all the cosmetics products, cosmetics with medicated functions such as acne- and derma-cosmetics are mostly sold. Selling in pharmacies facilitates repeat purchase. On the other hand, many pharmacies in China are keen to introduce cosmetics as the products offer better profit margins.

Today, more branded cosmetics are sold through this channel. Vichy is one of the most successful skin care brands employing the pharmacy channel in China. Some other examples include China's Longliqi and Cortry, the French Eau Thermale Avène and La Roche-Posay, and Japan's Kanebo Freeplus and Shiseido Ferzea. French beauty brand Nuxe also plans to launch its products in pharmacies through a distributor in China by the beginning of 2008.

6. Direct sales

China lifted its ban on direct sales in 2005. Direct selling was previously banned in 1998 to prevent practitioners from engaging in pyramid selling; foreign-funded enterprises were permitted only on a restricted single-layer direct sales model, i.e., enterprises must tie their direct sales personnel in their own specialty stores, instead of employing the traditional multi-level marketing model employed worldwide.

The lifting of direct sales ban would definitely facilitate the penetration of direct sales players in China. Today, Avon (China), Nu Skin (China), Oriflame Cosmetics (China), MaryKay Cosmetics (China) and Amway (China) are some prominent players which have obtained licenses to sell in the Chinese market. According to market information provider TNS, the share of spending from the direct sales channel in China has shot up, rising 82% in 2006 over the previous year for skin care products, and 92% for make-up products.

7. Online sales

Though online sales currently represents a small share in overall cosmetics sales, its potential cannot be ignored. According to the China Internet Network Information Centre, 70% of the 162 million Internet population are aged under 30 in the first half of 2007. The Internet can be a powerful channel to reach the younger audience.

To capture the huge potential, cosmetics players such as DHC from Japan, SaSa and Sephora have already launched their online sales platform in China.

IV. Competitive landscape of the cosmetics market in China: the “two brands-tier structure”

It is right to say that there are essentially two brand tiers in China’s cosmetics market: the foreign brands and the domestic brands. As foreign cosmetics players set foot in the Chinese market a decade or two ago, they mostly targeted the country’s well-offs. Today, foreign players have dominated the mid-high and high-end segments. Meanwhile, their domestic counterparts mainly focus on the low- to mid-priced segments.

Things are changing fast. After establishing firm positions in the higher end segments, foreign players are shifting their attention to the mass market. The mid- to low-range consumers segments, which domestic firms draw most of their income, are on their radar screen.

We shall now briefly study some major foreign and domestic players in China and track their latest moves.

1. Foreign players

International cosmetics giants such as L’Oréal, Shiseido, P&G and Estee Lauder have already made major commitments in China; and their efforts pay off. Today, China is the largest market of L’Oréal in Asia, while Estee Lauder anticipates the country to become its second largest market in Asia by 2010.

With considerable edge over their local counterparts in many aspects, multinational cosmetics companies have won the hearts of many Chinese consumers. In the minds of many, foreign-branded cosmetics stand for quality, reliability and reputation.

Excellent brand building and management

The expertise in brand building and management is first to be mentioned for foreign brands driving their way to success. Today, major foreign cosmetics groups have developed strong brand portfolio with distinctive market positioning to cater to the tastes of specific consumer segments in China. For instance, P&G has grabbed significant sales share in the shampoos and conditioners sector with a number of familiar brands such as Rejoice, Pantene Pro-V, Head & Shoulders, Vidal Sassoon and Clairol Herbal Essences; L’Oréal, on the other hand, has introduced four product groups including generic products, professional products, luxury products and medicated products. Exhibit 1 demonstrates the major cosmetics groups and their respective brand portfolio in China.

Exhibit 1: Foreign cosmetics groups and their major brands in China

| L'Oréal | P&G | Shiseido | Unilever | Johnson & Johnson | Estee Lauder |
|----------------|----------------|----------------|----------|-------------------|----------------|
| | Head & | | | | |
| L'Oréal Paris | Shoulders | | Vaseline | Clean & Clear | Estee Lauder |
| 巴黎歐萊雅 | 海飛絲 | Shiseido | 凡士林 | 可伶可俐 | 雅詩蘭黛 |
| Garnier | Rejoice | | Lux | Neutrogena | Aramis |
| 卡尼爾 | 飄柔 | Revital | 力士 | 露得清 | 雅男士 |
| Maybelline | | | | | |
| New York | | | Dove | | Clinique |
| 美寶蓮紐約 | SK-II | UV White | 多芬 | | 倩碧 |
| L'Oréal | | | | | |
| Professional | Covergirl | Aupres | Hazeline | | MAC |
| 歐萊雅專業美髮 | 封面女郎 | 歐珀萊 | 夏士蓮 | | 魅可 |
| Kérastase | Pantene | Supreme Aupres | Pond's | | La Mer |
| 卡詩 | 潘婷 | 思魅歐珀萊 | 旁士 | | 海藍之謎 |
| Lancome | Olay | Urara | Clear | | Bobbi Brown |
| 蘭蔻 | 玉蘭油 | 悠萊 | 清揚 | | 芭比波朗 |
| Biotherm | Vidal Sasson | Elixir | | | Tommy Hilfiger |
| 碧歐泉 | 沙宣 | 怡麗絲爾 | | | 唐美希緋格 |
| Helena | Clairol Herbal | | | | |
| Rubinstein | Essences | Melanreduce | | | Donna Karan |
| HR 赫蓮娜 | 伊卡璐 | 臻白無瑕 | | | 唐娜凱倫 |
| shu uemura | Illume | Asplir | | | Darphin |
| 植村秀 | 伊奈美 | 愛泊麗 | | | 迪梵 |
| Giorgio Armani | | Whitir | | | |
| 喬治·阿瑪尼 | | 白娣顏 | | | Missoni |
| La Roche Posay | | Selfit | | | |
| 理膚泉 | | 珊妃 | | | |
| Mininurse | | Pure & Mild | | | |
| 小護士 | | 泊美 | | | |
| Yue-sai | | Aquair | | | |
| 羽西 | | 水之密語 | | | |
| | | Perfect | | | |
| | | 洗顏專科 | | | |
| | | Super Mild | | | |
| | | 惠潤 | | | |
| | | Tessera | | | |
| | | 欣香 | | | |
| | | Fersea | | | |
| | | 菲璐澤 | | | |

Source: Li & Fung Research Centre and respective company websites

Massive advertising efforts

Foreign cosmetics players have also spent huge sums of money on advertising in China, which local players can seldom afford. For the past few years, P&G has been the biggest spender at the annual auction for prime time advertising slots of the China Central Television (CCTV). Advertising on China's largest national television network enables P&G to promote brand awareness in the less developed areas in China. And celebrity endorsement is thus far one of the most popular tools for various cosmetics brands to create noise in the market. For instance, Hollywood superstar Zhang Ziyi is the spokesperson for Maybelline and Garnier, while renowned Chinese film star Gong Li and Hong Kong actress Michele Monique Reis are the spokespersons for L'Oréal. On the other hand, superstar Maggie Cheung is the face of Olay Regenerist to win mature consumers, and Hong Kong star Daniel Wu markets for L'Oréal's Men Expert.

Leading research and development capability

More importantly, foreign cosmetics players generally have very strong global research and development capability. Leading in product innovation, foreign players are pioneers in launching different lines of cosmetics with value-added formulations. Olay, for instance, has added several well-received high-tech line extensions including Olay Regenerist and Olay Total Effects in its anti-ageing line, Olay Nature Science in its natural product line and Olay Clarity in its oil control line. L'Oréal, on the other hand, has launched double-action Revitalift with a unique double-pump design that combines two exclusive formulas, an intense re-tightening gel and an anti-wrinkle treatment, in just one application.

(1) Recent movements of foreign cosmetics players in China

i) Foreign players expand beyond the high end of the cosmetics market

After gaining a firm foothold in the higher-end segments, a growing number of foreign players are vying for bigger share in the mass market. Many indeed view the lower-tier Chinese cities and the largely untapped rural market as the next growth engines and are extending their footprints.

As mentioned, P&G has signed a cooperation memorandum with the MOFCOM earlier this year to better utilize the *Rural Retailing Network Project*. It is hoped that through the campaign, the company can reduce its distribution costs by cutting the number of sub-distributors needed to penetrate the rural market. To adapt to the local tastes, P&G will also launch tailor-made products for the rural consumers.

L'Oréal is also launching more mass-market brands—its Garnier and Mininurse products are positioned to tap the lower-end segments. Priced between 10 and 30 yuan, the Mininurse products target the rural consumers; on the other hand, the Garnier products mainly target the young, low-income female consumers in the cities. L'Oréal has also been actively seeking to use the supermarket and hypermarket channels to reach a wider audience in the mass segment.

Nonetheless, the retail scene of the lower-tier cities and the rural market is vastly different from that of developed cities in China. Apart from lower purchasing power of the consumers, huge diversity in their buying habits and higher logistics costs, foreign cosmetics players also face the serious problem of counterfeit cosmetics. As consumer goods products often need to go through several layers of sub-distributors to reach the hands of consumers in these areas, operations control is much more difficult and proliferation of counterfeit products is common. Since many customers in the less developed markets tend to use price to differentiate between genuine and counterfeit

products, some retailers selling counterfeit products even price their products similar to that of genuine products, say, at a slight discount of 2-3%. The proliferation of counterfeit products has resulted in substantial financial loss for some foreign players. P&G, for instance, claimed that its revenue has been gone down by 10% as a result of the strong presence of counterfeit P&G products on the market.

ii) Foreign players seek to buy out established domestic firms

Hoping to quickly acquire resources such as brand equity, local connection and distribution channels, a number of foreign cosmetics players have been actively seeking to buy out established domestic firms. The acquisitions of Mininurse and Yue-sai by L'Oréal in 2004 are some most commonly cited examples; and the potential sale of Dabao has also drawn much discussion over the past year. As one of the best-known low- and middle- range cosmetics brands especially popular in lower-tier cities, Dabao has received huge interests from foreign cosmetics giants. Its potential bidders are said to include Johnson & Johnson, Avon and Unilever. Besides posting 41.7 million yuan in net profit in 2006, Dabao has an extensive sales network of over 3,000 sales points in China which is highly valued by foreign cosmetics firms.

Indeed, acquiring established domestic firms is often seen as the most effective way for foreign brands to complement their existing portfolio and win a broader appeal. Germany-based Beiersdorf AG, the brand owner of Nivea, is reportedly to be in talks with the C-Bons Groups to acquire four of its cleansing brands.

High-profile acquisitions of well-known domestic brands, however, have also sparked calls to protect domestic brands. Some people are concerned that the acquisitions will result in the “fading” and disappearance of well-known Chinese brands, which is detrimental for domestic players to move up the value chain.

2. Domestic players

According to market estimates, there are around 3,500 domestic cosmetics brands in China and most of them are small in scale. When compared to their foreign counterparts, domestic players are generally far less competitive. While foreign cosmetics players have gained significant market shares in higher end segments, domestic players draw most of their revenue from the more fragmented and disorganized lower-tier cities as well as the rural market. And their ability to cope with growing competitive pressures is increasingly questioned.

Lagging behind in brand management

First of all, domestic players are much weaker in branding; even the most competitive ones have far less extensive brand portfolio than their foreign rivals (See Exhibit 2).

Exhibit 2: Domestic cosmetics groups and their major brands in China

| | Shanghai | Jiangsu | | Arche | Sichuan | Zhuhai |
|--|--|---|---|---|---|--|
| Beijing Sanlu Factory 北京市三露廠 | Jahwa Co Ltd 上海家化集團 | Longliqi Group Co.,Ltd 江蘇隆力奇集團 | C-Bons Group 絲寶集團 | Cosmetics Co., Ltd 廣東雅倩化妝品有限公司 | Cortry Industrial Co Ltd 四川可采實業有限公司 | Sunrana Cosmetics Co. Ltd 珠海姍拉娜化妝品有限公司 |
| Dabao 大寶 | Maxam 美加淨 Chinfié 清妃 Herborist 佰草集 Soft Sense 舒欣 Gf 高夫 Liushen 六神 | Longliqi 隆力奇 Yuzhibao 浴之寶 YaFei 婭妃 Dragon Beauty 龍美人 | Slek 舒雷 Sdew 風影 Hairsong 順爽 Maestro 美濤 | BNS 繽麗 Ariar 清逸 Cathy 佳雪 Effi 玉麗 Mero 名蘭 | Cortry 可采 Leenchie 伶采 | Sunrana 姍拉娜 |

Source: Li & Fung Research Centre and respective company websites

Limited spending on research and development

With slim profit margins, domestic players have less capital to spend on research and development; lagging product innovation thus imposes a major constraint for them to move up the value chain. Take Dabao as an example, the mass market player has failed to develop attractive product collections and has for years relied heavily on its SOD facial milk cream as the major category killer. However, each bottle of SOD cream is sold at just around 10 yuan and the line accounted for 60% of Dabao's total sales. As Chinese consumers trade up and demand specialized products with more value-added attributes, Dabao's appeal has declined quickly—its market share has reportedly dropped from 17.79% in 2003 to about 1% today. Domestic players must step up their innovative capability or risk losing further share.

Huge room of improvement in operations management

Operations management also poses another challenge for China's homegrown cosmetics players. Let us look at the example of Dabao again. Although it has built one of the most extensive distribution networks in lower-tier cities and the rural market, there is huge room for Dabao to improve its supply chain management. It is reported that poor logistics management has resulted in long lead-time, high inventory and capital tie-up, placing heavy burden on the enterprise.

(1) Recent movements of domestic cosmetics players**i) Some domestic players strive to improve core competencies**

Domestic players are feeling the impact of the rapid expansion of their foreign rivals. It is reported that the number of domestic cosmetics manufacturers has reduced from over 5,000 two years ago to 3,300 today. To survive the intense competition, some domestic players have strived to improve their competitive edge. The

Jiangsu Longliqi Group, for instance, has been working very hard to improve its research and development capability. The group established a bioscience research institute with the renowned Qinghua University in 2005; and in late 2006, it set up a cosmetics and healthcare research institute in New York.

ii) Brand-building becomes a new focal point

Some domestic players are also paying more attention on their branding strategies. “Go Abroad” is perceived by some as beneficial for brand building. The success of Sewame (雪完美) is a case in point. As Chinese consumers tend to show more trust for brands available on the retail shelves overseas, Sewame was first marketed in Hong Kong before launching in China. The strategy proves to be successful. Sales revenue of Sewame has witnessed a five-fold increase over the past five years and the brand is now also available in Macau, Taiwan, Malaysia, Singapore, Thailand, Indonesia, Philippines, Vietnam, Korea, Japan, Brunei, Canada and the United States.

iii) New advertising efforts

Last but not least, some domestic players are increasing their advertising efforts. Longliqi, for instance, has spent handsomely on prime time advertisement on the CCTV. Sewame, on the other hand, has sought to enhance its brand recognition through event sponsorship. It has been one of the sponsors of Miss Pageant Hong Kong for four consecutive years.

V. Performance by product sectors

To grasp a better picture of China’s cosmetics sector, we shall briefly review the performance of its different sub-sectors including hair care products, skin care products, color cosmetics and fragrances. As shall be seen later, China’s cosmetics market is relatively concentrated when compared to other consumer goods sectors in the country, reflecting generally higher brand loyalty.

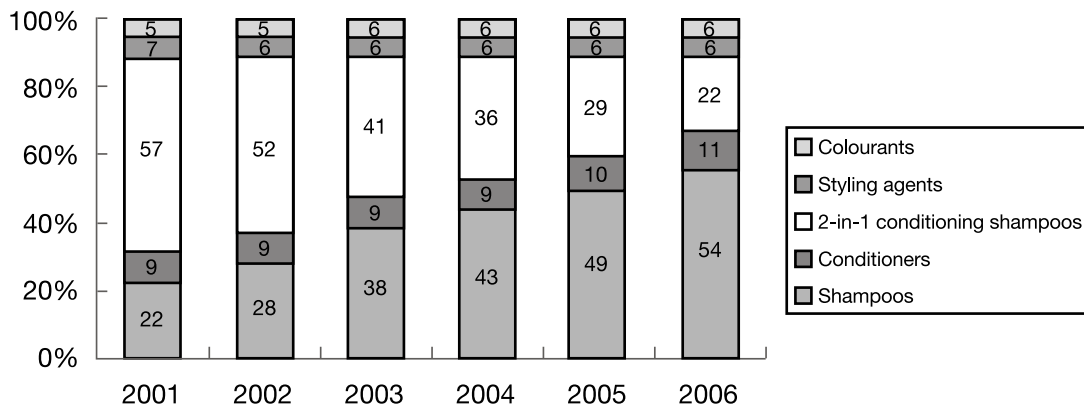
1. Hair care products

(1) Backed by high penetration, growth of the hair care sector moderates

Hair care products (including shampoos, conditioners, 2-in-1 conditioning shampoos, colorants, hair masks and styling agents) make up the second largest sub-sector in China’s cosmetics industry. According to the Euromonitor, sales of hair care products reached 19.6 billion yuan in 2006, increasing by 44% from 2001. Backed by high penetration, though, growth of hair care products has become slower in recent years—the hair care sector grew by slightly over 9% in 2006 over the previous year.

(2) Basic hair care products account for significant share; and 2-in-1 conditioning shampoos are losing appeal

Exhibit 3 demonstrates the respective share of hair care products by sub-sector between 2001 and 2006. Basic hair care products (shampoos, conditioners and 2-in-1 conditioning shampoos) accounted for almost 90% of retail sales share of hair care products in 2006; meanwhile, consumption of colorants and styling agents was still relatively low.

Exhibit 3: Retail sales share of hair care products by sub-sector, 2001-2006, %

Source: Euromonitor

One of the most significant changes observed in the hair care sector is the rapidly shrinking sales share of 2-in-1 conditioning shampoos across the years. 2-in-1 conditioning shampoos were once very popular in China among the price-sensitive consumers and male consumers who place huge emphasis on convenience. However, with continuous marketing and consumer education efforts from market players, demand for specialized hair care products has been growing steadily. 2-in-1 products are gradually losing share to specialized shampoos and conditioners, say shampoos with additional moisturizing, repairing, dandruff treatment or straightening effects.

(3) Brand performance: shampoos, conditioners and 2-in-1 conditioning shampoos

i) Foreign players take significant share with P&G as prominent leader

According to the CNCIC, which conducts monthly survey to over 260 major department stores and supermarkets to study the brand performance of different consumer products, the top 10 players accounted for over 95% of shampoos and conditioners retail sales in 2006, of which foreign players took the lion's share. In 2006, 7 out of the top 10 were foreign brands (see Exhibit 4).

With a strong brand portfolio including Rejoice, Pantene Pro-V, Head & Shoulders, Vidal Sassoon and Clairol Herbal Essences, P&G continued to hold a strong lead in the market and accounted for nearly 80% of retail sales share in shampoos and conditioners in 2006.

Nonetheless, a few domestic players are striving hard to regain the lost market share through a good deal of propaganda campaigns such as massive advertising. SleK, Bee & Flower, laFane (拉芳), Houdy (好迪) are some prominent examples.

Exhibit 4: Brand performance of shampoos, conditioners and 2-in-1 conditioning shampoos: share of total sales, 2005-06

| 2006 | | | 2005 | | |
|-----------------------------------|-------------------------------------|--------------------------|-----------------------------------|-------------------------------------|--------------------------|
| Brand | Company name | Share of total sales (%) | Brand | Company name | Share of total sales (%) |
| Rejoice 飄柔 | Procter & Gamble (Guangzhou) Ltd | 26.83 | Rejoice 飄柔 | Procter & Gamble (Guangzhou) Ltd | 35.79 |
| Pantene Pro-V 潘婷 | Procter & Gamble (Guangzhou) Ltd | 24.95 | Head & Shoulders 海飛絲 | Procter & Gamble (Guangzhou) Ltd | 19.04 |
| Head & Shoulders 海飛絲 | Procter & Gamble (Guangzhou) Ltd | 22.59 | Pantene Pro-V 潘婷 | Procter & Gamble (Guangzhou) Ltd | 18.73 |
| Slek 舒蕾 | C-Bons Group | 9.79 | Slek 舒蕾 | C-Bons Group | 9.90 |
| Lux 力士 | Unilever China Ltd | 4.40 | Vidal Sassoon 沙宣 | Procter & Gamble (Guangzhou) Ltd | 3.33 |
| BaWang 霸王 | Ba Wang (Guangzhou) Group Ltd | 3.10 | Lux 力士 | Unilever China Ltd | 2.98 |
| Vidal Sassoon 沙宣 | Procter & Gamble (Guangzhou) Ltd | 2.15 | Hazeline 夏士蓮 | Unilever China Ltd | 2.19 |
| Hazeline 夏士蓮 | Unilever China Ltd | 0.66 | Bee & Flower 蜂花 | Shanghai Soap Co Ltd | 1.98 |
| Clairol Herbal Essences 伊卡璐 | Procter & Gamble (Guangzhou) Ltd | 0.60 | Clairol Herbal Essences 伊卡璐 | Procter & Gamble (Guangzhou) Ltd | 1.45 |
| Bee & Flower 蜂花 | Shanghai Soap Co Ltd | 0.47 | Shiseido 資生堂 | Shiseido Liyuan Cosmetics Co Ltd | 0.31 |
| Others | | 4.47 | Others | | 4.30 |

Source: China National Commercial Information Center (CNCIC)

(4) Brand performance: other hair care products (colorants, hair mask & styling agents)

Meanwhile, the market for other hair care products is relatively small and less mature. But with the growing pursuit of self-expression and self-satisfaction, there is lots of room for further growth, especially for colorants.

Exhibit 5 demonstrates the brand performance of other hair care products in 2005 and 2006.

Exhibit 5: Brand performance of other hair care products (colorants, hair mask & styling agents): share of total sales, 2005-06

| 2006 | | | 2005 | | |
|---------------|--------------------|--------------------------|-------------|---------------------------|--------------------------|
| Brand | Company name | Share of total sales (%) | Brand | Company name | Share of total sales (%) |
| Youngrace | Youngrace | 18.19 | Youngrace | Youngrace | 14.87 |
| 溫雅 | Cosmetics Group | | 溫雅 | Cosmetics Group | |
| Decolor | Guangzhou Decolor | 15.53 | Maestro | C-Bons Group | 14.48 |
| 迪彩 | Cosmetics Co Ltd | | 美濤 | | |
| Maestro | C-Bons Group | 14.05 | Decolor | Guangzhou Decolor | 8.12 |
| 美濤 | | | 迪彩 | Cosmetics Co Ltd | |
| L'Oréal | L'Oréal China | 9.44 | Houdy | Guangzhou Houdy | 6.90 |
| 歐萊雅 | | | 好迪 | Cosmetics Co Ltd | |
| Vidal Sassoon | Procter & Gamble | 3.70 | Artisan | Artisan Company Ltd | 6.01 |
| 沙宣 | (Guangzhou) Ltd | | 匠人 | | |
| Houdy | Guangzhou Houdy | 2.92 | L'Oréal | L'Oréal China | 5.50 |
| 好迪 | Cosmetics Co Ltd | | 歐萊雅 | | |
| Arche | Arche Group Co Ltd | 2.12 | Shine & Joy | Beijing Cai Yuan Co. Ltd | 4.30 |
| 雅倩 | | | 彩蘊 | | |
| Garnier | L'Oréal China | 1.50 | Arche | Arche Group Co Ltd | 1.94 |
| 卡尼爾 | | | 雅倩 | | |
| Bigen | Hoyu Co. Ltd | 1.43 | Guang Ming | Henkel China Ltd | 1.75 |
| 美源 | | | 光明 | | |
| Guang Ming | Henkel China Ltd | 1.24 | Xian Dai | Foshan Shunde Modern | 1.51 |
| 光明 | | | 現代 | Hair Care Products Co Ltd | |
| Others | | 29.87 | Others | | 34.63 |

Source: China National Commercial Information Center (CNCIC)

i) Domestic players fare better in this segment, but are under growing pressures from foreign players

Compared to other cosmetics sectors, domestic players fare quite well in this segment. In 2006, 6 of the top 10 were domestic brands (see Exhibit 5). However, competition in this sector has been intensifying in recent years. Foreign brands such as Vidal Sassoon and Garnier are now placing more emphasis on marketing and promoting their products. Domestic players are under growing pressures. Indeed, 3 domestic brands including Artisan, Shine & Joy and Xian Dai were dropped from the top 10 list in 2006.

ii) Consumers place huge emphasis on product safety

Many Chinese consumers are worried about the potential damaging effects of hairstyling and attach huge importance to product safety. So apart from product effect and durability, product safety such as non-allergic formula has become another major selling point for many hair care products on the market today.

2. Skin care products

(1) The largest cosmetics sub-sector continues to demonstrate healthy growth

Skin care constitutes the largest cosmetics sub-sector in China. According to the CNCIC, skin care products accounted for 40% of cosmetics retail sales in 2006.

Underpinned by increasing purchasing power and growing product exposure and knowledge, Chinese consumers are expanding their skin care routines from basic cleansing and moisturizing to other steps such as toning, nourishing and other specialized care. This presents huge opportunities for skin care players. According to the Euromonitor, the skin care sector enjoyed an impressive growth rate of 134% between 2001 and 2006; and it grew by 15% yoy to reach 34.2 billion yuan in 2006.

(2) New products head towards further segmentation

The growingly discerning Chinese consumers are showing more diverse demand for skin care functions. To cater to the needs of different consumer segments, skin care players are launching new products with various added functionalities, such as whitening, sunscreen, oil-control, anti-freckle and anti-wrinkle effects. Prominent skin care player Olay, for instance, has launched line extensions including anti-ageing Olay Regenerist and Olay Total Effects, oil control Olay Clarity and natural-formula moisturizer Olay Nature Science.

Thus far, skin care products that serve basic hydration purpose are the bestsellers in China. According to the Euromonitor, facial moisturizers accounted for 46% of overall value sales in skin care products in 2006. Nonetheless, toners, whitening and anti-ageing skin care products are also well received by Chinese consumers and have shown impressive growth.

(3) Brand performance: skin care products

i) Foreign skin care brands demonstrate overwhelming success

As shown in Exhibit 6, the top 10 brands accounted for nearly 80% of skin care retail sales in 2006, of which foreign players had a lion's share. In 2005, 6 out of the top 10 were foreign brands; the number increased to 8 in 2006.

Besides, top foreign skin care brands now take up significant share in the mid-high and high-end segments. As prominent players such as P&G and L'Oréal step up their efforts on the mass market, domestic players may see their sales share shrink further.

Exhibit 6 demonstrates the brand performance of skin care products in 2005 and 2006.

Exhibit 6: Skin care brands: share of total sales, 2005-06

| 2006 | | | 2005 | | |
|----------|----------------------------------|--------------------------|-----------|----------------------------------|--------------------------|
| Brand | Company name | Share of total sales (%) | Brand | Company name | Share of total sales (%) |
| Olay | Procter & Gamble (Guangzhou) Ltd | 29.71 | Olay | Procter & Gamble (Guangzhou) Ltd | 34.20 |
| 玉蘭油 | | | 玉蘭油 | | |
| Aupres | Shiseido Liyuan | 18.94 | Aupres | Shiseido Liyuan | 13.91 |
| 歐珀萊 | Cosmetics Co Ltd | | 歐珀萊 | Cosmetics Co Ltd | |
| L'Oréal | L'Oréal China | 11.83 | L'Oréal | L'Oréal China | 8.36 |
| 歐萊雅 | | | 歐萊雅 | | |
| Lancome | L'Oréal China | 7.60 | Dabao | Beijing San Lu Factory | 5.74 |
| 蘭蔻 | | | 大寶 | | |
| Shiseido | Shiseido Liyuan | 3.47 | Longliqi | Jiangsu Longliqi Group | 3.61 |
| 資生堂 | Cosmetics Co Ltd | | 隆力奇 | Co Ltd | |
| Yue-Sai | L'Oréal China | 2.52 | TJOY | Nanjing Jianong | 2.58 |
| 羽西 | | | 丁家宜 | Chemical Co. Ltd | |
| DeBon | LG Household & Health Care Ltd | 1.32 | Yue-Sai | L'Oréal China | 2.33 |
| 蝶妝 | | | 羽西 | | |
| TJOY | Nanjing Jianong | 1.11 | Avon | Avon (China) Co Ltd | 1.36 |
| 丁家宜 | Chemical Co. Ltd | | 雅芳 | | |
| Dabao | Beijing San Lu Factory | 0.61 | Mininurse | L'Oréal China | 1.08 |
| 大寶 | | | 小護士 | | |
| Pond's | Unilever China Ltd | 0.61 | Pond's | Unilever China Ltd | 1.01 |
| 旁氏 | | | 旁氏 | | |
| Others | | 22.29 | Others | | 25.82 |

Source: China National Commercial Information Center (CNCIC)

3. Color cosmetics

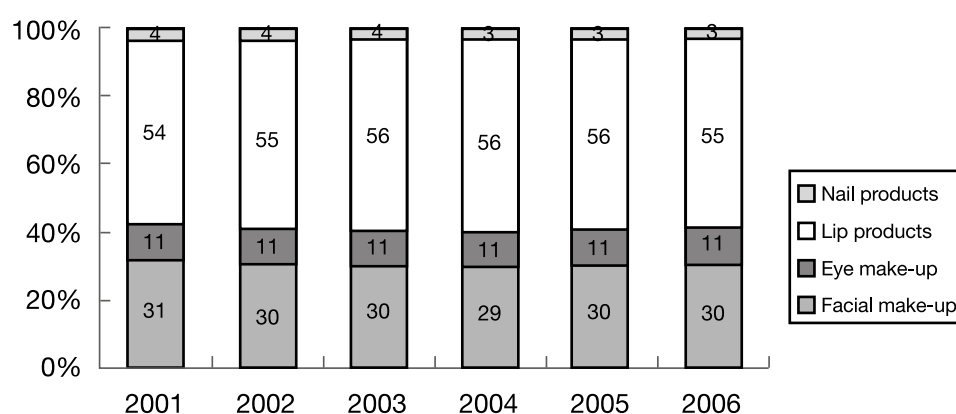
(1) Color cosmetics set to deliver huge promise

Sales of color cosmetics were much lower than that of skin care products in China. According to the Euromonitor, the sector grew by slightly over 11% yoy to reach 9.5 billion yuan in 2006.

While there is wide acceptance for skin care, wearing make-up is yet a mature concept in China. Nonetheless, Chinese consumers, in particular, the burgeoning group of working women in cities, are very receptive to color cosmetics. Meanwhile, greater affordability and availability of a wider variety of brands and products shall also stimulate the consumption of color cosmetics. It is widely expected that color cosmetics can become an important growth driver for China's cosmetics sector.

(2) Lip products have a dominant share

Exhibit 7 demonstrates the retail sales share of color cosmetics by its sub-sectors. In recent years, the consumption mix in the sector has been fairly stable with lip products accounting for over half of the retail sales share in color cosmetics.

Exhibit 7: Retail sales share of color cosmetics by sub-sector, 2001-2006, %

Source: Euromonitor

It is likely that lip products will continue to hold its dominant place in the color cosmetics sector for the coming years. Nonetheless, its share may fall gradually as the growingly fashion-forward consumers try out other products such as eye make-up and facial make-up. Indeed, according to the Euromonitor, the retail sales of both facial make-up and eye make-up grew by 14% in 2006; faster than the 9% growth of lip products and 6% growth of nail products.

(3) Color cosmetics with more varieties and value-added attributes are well received by Chinese consumers

Similar to other cosmetics sub-sectors, Chinese consumers are demanding color cosmetics with greater varieties and added value. The more mature consumers in cities, in particular, are more adventurous today and are receptive to a wider range of variants. For instance, Maybelline's Water Shine 3D Color Pearls lipsticks, which will give a 3D contour for lips, have caught consumers' interests. There is also an increasing demand for multi-functional color cosmetics. More women now demand value-added attributes such as anti-ageing or soothing formulation for their color cosmetics. New launches such as Revlon's anti-ageing facial make-up line and Olay's White Radiance are some prominent examples.

(4) Brand performance: color cosmetics

i) Maybelline is the distinct leader but the gap between different players is closing

Exhibit 8 demonstrates the brand performance of color cosmetics in 2005 and 2006. Foreign brands have dominated the sales of color cosmetics. In 2006, 9 out of the top 10 were foreign brands; and L'Oréal obtained over half of the retail share with its rich portfolio including Maybelline, L'Oréal, Yue-Sai and Lancome.

Maybelline, one of L'Oréal's leading brands, topped the list with 37% of the retail sales share of color cosmetics. Nonetheless, the number one position of Maybelline is increasingly being challenged. As shown in Exhibit 8, sales of Maybelline dropped by 15% between 2005 and 2006. The gap between different color cosmetics players was closing.

Exhibit 8: Color cosmetics brands: share of total sales, 2005-06

| 2006 | | | 2005 | | |
|---------------------------|--|--------------------------|---------------------------|--|--------------------------|
| Brand | Company name | Share of total sales (%) | Brand | Company name | Share of total sales (%) |
| Maybelline 美寶蓮 | L'Oréal China | 37.48 | Maybelline 美寶蓮 | L'Oréal China | 53.72 |
| L'Oréal 歐萊雅 | L'Oréal China | 9.34 | L'Oréal 歐萊雅 | L'Oréal China | 6.81 |
| Aupres 歐珀萊 | Shiseido Liyuan Cosmetics Co Ltd | 9.20 | Aupres 歐珀萊 | Shiseido Liyuan Cosmetics Co Ltd | 5.64 |
| Yue-Sai 羽西 | L'Oréal China | 5.21 | Mentholatum 曼秀雷敦 | Mentholatum (Zhongshan) Pharmaceuticals Co Ltd | 4.14 |
| Christian Dior 迪奧 | Christian Dior (China) Fragrance & Cosmetics Co | 4.72 | Yue-Sai 羽西 | L'Oréal China | 3.80 |
| Lancome 蘭蔻 | L'Oréal China | 3.46 | Avon 雅芳 | Avon (China) Co Ltd | 2.19 |
| Cheng Ming Ming 鄭明明 | Cheng Ming Ming Cosmetics Co Ltd | 2.80 | Revlon 露華濃 | Revlon (China) Co Ltd | 1.70 |
| Opera 娥佩蘭 | Opera | 2.05 | Opera 娥佩蘭 | Opera | 1.62 |
| DeBon 蝶妝 | LG Household & Health Care Ltd | 1.70 | DeBon 蝶妝 | LG Household & Health Care Ltd | 0.67 |
| Color Zone 色彩地帶 | Beauty China Holdings Ltd | 1.24 | Cheng Ming Ming 鄭明明 | Cheng Ming Ming Cosmetics Co Ltd | 0.45 |
| Others | | 22.81 | Others | | 19.26 |

Source: China National Commercial Information Center (CNCIC)

4. Fragrances

(1) The fragrances sector is in infancy

Fragrances are generally perceived to be luxury products in the Chinese market. Today, consumption of fragrances in China is limited. Wearing fragrance is confined to a very small group of consumers, including the wealthy "Tai-Tais" and some white collar-workers.

(2) Premium fragrances will continue to outperform mass fragrances

According to the Euromonitor, the sales of fragrances in China amounted to 2.3 billion yuan in 2006, up by nearly 20% yoy. Premium fragrances contributed much of the growth.

With robust growth in the higher-income consumer segment and the lowering of import tariffs, it is believed that premium fragrances will continue to outperform mass fragrances in the coming years. The Euromonitor estimated the sales of premium fragrances to grow by 135% between 2005 and 2010; in contrast, the growth of mass fragrances would be less than 51%.

(3) Consumers of fragrances in China are expected to become younger; and men's consumption of fragrances shall also increase

With growing affluence and increasing product awareness, fragrances consumption in China shall further increase. The consumers of fragrances in China are expected to become younger with office ladies aged 18-30 as the major consumer group of fragrances in China.

On the other hand, men's consumption of fragrances lags far behind and wearing fragrance is not yet very common among Chinese men. According to the Euromonitor, men's premium fragrances accounted for about 19% of the retail value of premium fragrances in 2005. Many Chinese men consider wearing fragrances as feminine and typically shy away from doing so. Currently, the male consumers for fragrances in China are mainly those younger-aged white collars who are more open to western cultures.

Yet, starting from a small base, sales of premium men's fragrances are growing fast. Wider acceptance among younger men is one of the major reasons; and market watchers believe that women's purchase of fragrances as gifts for their boyfriends or spouses is another important growth driver.

(4) Brand performance: fragrances

Exhibit 9 demonstrates the brand performance of fragrances in 2006. Foreign players gained a strong foothold in the fragrances sector. In 2006, 9 out of the top 10 were foreign brands; Christian Dior and Chanel were the prominent leaders and jointly accounted for over 40% of the market share.

Exhibit 9: Fragrances brands: share of total sales, 2006

| 2006 | | |
|-------------------|---|--------------------------|
| Brand | Company name | Share of total sales (%) |
| Christian Dior 迪奧 | Christian Dior (China) Fragrance & Cosmetics Co | 21.52 |
| Chanel 香奈兒 | Chanel SA | 19.36 |
| BOSS | Hugo Boss AG | 6.48 |
| Lancome 蘭蔻 | L'Oréal China | 6.45 |
| Prestige 貝麗絲 | Nanjing Paris Prestige Perfume Co Ltd | 5.85 |
| Burberry 博柏莉 | Inter Parfums | 4.39 |
| Adidas 阿迪達斯 | Shanghai Jahwa United Co Ltd | 4.31 |
| Dupont 都彭 | Dupont de Nemour | 1.67 |
| Estee Lauder 雅詩蘭黛 | Estée Lauder Cos Inc | 1.64 |
| Avon 雅芳 | Avon (China) Co Ltd | 0.64 |
| Others | | 27.70 |

Source: China National Commercial Information Center (CNCIC)

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