

RETAIL

BEAUTY and the EAST



Girls just want to have fun: Women in China have plenty of cash to spend on cosmetics.

*The beauty business is booming in Asia,
especially in China, where millions of newly-affluent young
women are flocking to cosmetics counters*

By Marc Redvers



A MERE GENERATION AGO the beauty business did not exist in China. During the nation's recent past, women were discouraged from expressions of individuality, whether it was with clothing, hairstyle or make-up.

How times change. Today, Chinese women are desperately keen to celebrate their beauty. They want to look pretty, have fun, be flirtatious and, for the first time, they have plenty of cash to splash at cosmetics counters.

The beauty business can barely keep up with the demand. Walk around any store in any major city such as Beijing or Shanghai on a weekend and the brightly-lit cosmetics counters will be besieged by twenty-somethings anxious to sample the latest products. Other developing nations in Asia are enjoying a similar surge of beauty-related consumerism but nothing on the scale of China. The figures are simply staggering.

China has 1.3 billion people, the majority of them living in the countryside, still many years away from spending their hard-earned money on such non-essentials as cosmetics. Along the coastal regions, in a north-south band from Dalian down to Guangzhou, it is a different story; young women who have well-paid jobs and minimal outgoings (most live at home) are not shy about spending money on cosmetics, clothing, jewellery and dining out.

This is why respected retailers such as Watsons are doing such a booming business. Watsons China, the flagship retail chain of A S Watson in China, was named "Top Ten Most Favourite Shopping Places" by Nanfang Metropolis News and "The Most Influential Brand" by the Beijing Shopping Guide, and has won the confidence of consumers and created an enjoyable, value-for-money shopping environment. "We have grown in China with the customers and they trust Watsons," says Andrew Miles, CEO Health and Beauty Asia for A S Watson. "We have built our success and reputation on quality and innovation. Watsons has become a good reference point for leading fashion styles."

Even modestly-paid white-collar workers can now afford to buy entry-level cosmetics and indulge in the fun of trying different brands. They are not set in their consumer-spending ways, as women might be in the West, and are likely to shop around before settling on a favourite.

All of which is music to the ears of executives from L'Oréal, Lancôme, Estée Lauder, Shu Uemura, Guerlain, Sisley and Clinique. In theory, a market leader should be able to measure customers in the tens of millions. Beijing alone has 16 million citizens, Shanghai is nudging close to 20 million and scores of second-tier cities boast populations of two, three, four, five and six million.

It goes some way to explaining why *Vogue China*, launched two years ago with an initial sellout run of 300,000 copies, generates so many beauty ads. The magazine sees a major part of its role as educating the young women of China, leading them slowly but surely down the road to sophistication.

"In *Vogue China* there is probably the biggest portion of beauty coverage of any other *Vogue* in the world," says editorial director Angelica Cheung. "We devote a lot more pages, around 50 out of 500, to beauty education, to introduce the ingredients of products and the basic skincare routine. You don't see that in *Vogues* in more advanced markets as supposedly, after generations of education, women already know.

"For years, women were not encouraged to wear any make-up at all. You can still see the shyness towards cosmetics





By the end of the year, there will be some 300 Watsons stores
in 40 different cities in Mainland China

PHOTOS FROM LEFT: ZHANG HEPING/MAGINE CHINA; GETTY IMAGES; LIU JIANMIN/MAGINE CHINA

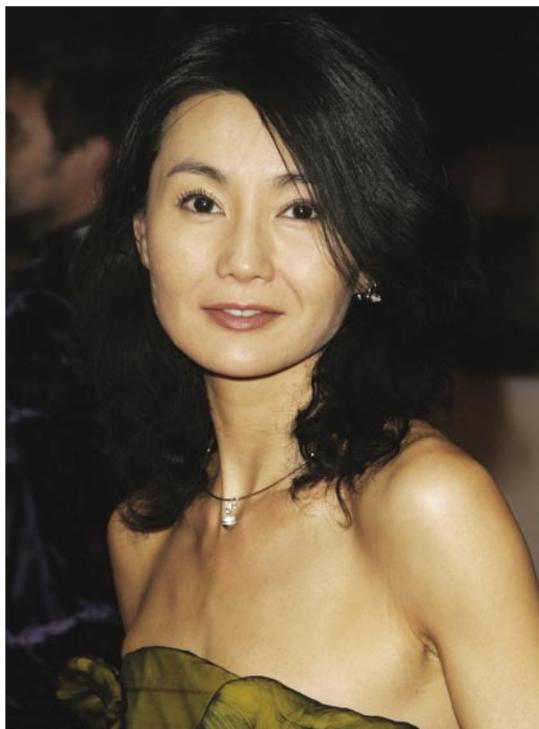


as a result of all these decades of women being without. Now it is the other way round, where mothers are learning from their daughters about make-up and skincare routines.”

The editor says consumers are still lured by special offers, with brands spending heavily on advertising campaigns and aggressive promotions. “The brands willing to invest in getting their message across always benefit,” says Ms Cheung. “The market is very promotion driven. Freebies, discounts, or special promotions go down well. People do look at the prices compared to elsewhere. Because it is still developing, the brand loyalty is not as strong as elsewhere. Young women tend to go for the best offer, or the best promotion.”

The pioneer in the domestic beauty market is former television presenter Yue-Sai Kan, who established her brand more than a decade ago. The main selling point of Yue-Sai cosmetics is that they are manufactured with ingredients, tones and textures that flatter Asian skin tones. “She was the first in China to come up with a beauty brand designed by Asians for Asians,” says Ms Cheung. “She believed that a lot of the beauty products available on the market were designed for westerners and wanted to have a brand that was truly for Asians and be flattering to Asian skin.”

Supermodel Du Juan was signed up to act as the face of Yue-Sai and appeal to China’s ever-increasing legions of big-spending young women. Shanghai-born Ms Du, a drop-out at ballet school, today shoots for major European labels such as Louis Vuitton, Yves Saint Laurent and Roberto Cavalli. At the age of just 20, her record includes gracing the cover of *Vogue China*’s launch edition, being the first Chinese to make the cover of French *Vogue* and fashion shoots with legends such as Karl Lagerfeld.



Cosmetics are big sellers in a country where Maggie Cheung (centre photo) is regarded as the epitome of Chinese beauty.

Among the products that she will endorse will be a range of skin whiteners, a popular item with cosmetics brands in all parts of Asia. It is a popularity that puzzles people unfamiliar with the market, especially those from Europe and the United States, where women want to look bronzed.

The explanation is quite simple – pale skin is a status symbol and a sign of affluence. In Thailand and China, for example, women are likely to have dark skin from labouring in the fields, while those with more delicate complexions have the option of staying out of the sun.

There is also reluctance among younger women to use too much make-up. The rationale in China is that delicate, light skin needs only a smattering of help, in the shape of foundation; thicker make-up is traditionally the preserve of more mature women who need to disguise wrinkles and the inevitable by-products of ageing.

One recent trend that is something of a surprise, particularly in China, is the popularity of products such as face masks, more a luxury item than a cosmetics staple. It is partially a result of the market maturing at such a fast rate – consumers are now confident enough, knowledgeable enough and affluent enough, to buy such products.

“Basic products will always be the real heroes for us but niche areas are where we have had big success recently,” says Mr Miles of A S Watson. “People are willing to experiment and try other products. In the area of facial care we have had some real winners. For women in China, looks are incredibly important and there is a lot of peer pressure to look like movie stars and famous people.”

Again, the concept of what constitutes beauty is different from the Western world. The iconic figure for young Chinese is British-raised actress Maggie Cheung, who is attractive, confident, worldly and independent, rather than someone like Gong Li, whose sultry, alluring looks tend towards the Western concept of classic Chinese beauty.

Watsons also benefits from its long presence in China and its executives’ awareness of the beat of the street. And because Watsons is such a renowned name, consumers are happy to try its own labels, which are pitched at more affordable prices than the heavyweight international names.

Meanwhile, the pace of growth in China continues to stagger even retail-industry veterans. Watsons stores are opening here, there and everywhere: by the end of the year, there will be some 300 stores in 40 different cities in Mainland China. In the so-called second- and third-tier cities, the opening of a Watsons store can be a major event, the first chance locals have to encounter a wide range of elaborately-displayed beauty products, with the option of seeking advice from well-trained and knowledgeable staff.

Mr Miles sees no sign of a slowdown as China continues its relentless economic surge. Even he occasionally blinks with disbelief at the pace of change – and the speed of sales. “What Europe and the rest of the world went through in 50 years, they have done in five years in terms of catching up,” he says. “China is growing so fast...” 

SERVING UP SUCCESS

THE Watsons Health, Wellness and Beauty Awards is an important annual event for the beauty industry in China. This year, more than 500 suppliers and 50 media representatives were invited to the award ceremony where 107 awards were handed out to leading health and beauty brands. Apart from rewarding the industry leaders, the ceremony was also a fun event. The highlight of the evening saw Watsons China’s Managing Director Christian Nothhaft and Merchandising Director Peter Davies, along with the whole merchandising team, dress as chefs and serve the first dish to the guests. A key part of the evolving China beauty market, Watsons was named Most Influential Brand 2007 by the Beijing Shopping Guide. Watsons’ own label today carries more than 700 products in China.

