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Natural Skin Care Products Are Big Business in China

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Thirty years ago, fashion was a moot point in China. Young women throughout the country more or less dressed the same and wore no make-up.

Today, Chinese women are among the most emboldened fashionistas in the world. Clothes and hair are as important in China as they are anywhere else in the world, if not more, and so are cosmetics, which offer a new generation of Chinese women endless possibilities to play around with their look.

Large cosmetic brands from Europe, the United States and Japan have been established in China for a while now, and most derive a major portion of their revenue from sales in China. Estee Lauder, for example, even launched a special line only for Chinese consumers, Osiao, which generated \$500 million for the company in the 2012 fiscal year.

But Chinese consumers have also reached a stage where they're increasingly looking beyond the label for skincare and make-up lines that can deliver something new, something unique. And as much as large brands like Estee Lauder, Chanel, Christian Dior and the like are still coveted in China, name

recognition is becoming far less important to a new generation of Chinese consumers.

"Even five years ago, people would buy cosmetics only for the name, but now Chinese consumers know themselves better and they know how to look for products that suit them, regardless of brand," said Amanda Liu, vice president and creative director at Labbrand China, a leading brand consultancy and market research firm in Shanghai.

Today, natural brands like France's L'Occitane en Provence, Origins (an Estee Lauder company) and Australia's Jurlique are extremely popular with young women ages 18 to 30, who are the greatest consumers of cosmetics in China and who want specific products that can deliver specific results. These young women are smart savvy, open to trying new things out and they're also keen, said Liu, to experiment with creams, lotions and make-up made by companies they've never heard of before.

"As tastes continue to change in China, there's scope for more new brands, new trends and new opportunities in skincare and make-up," Liu said. But only so long as these brands and products are able to deliver, because when it comes to cosmetics, efficacy is top on the Chinese consumer's list, particularly when it comes to skincare, which represents about 70% of the market. Women are most keen on creams and lotions that can lighten and brighten their skin and preserve its youth, Liu said, and although there's an increased awareness about the adverse effect of chemicals in certain cosmetics and a bent that didn't exist before toward more natural and organic skincare products, these should also be able to deliver the same results.

Companies such as Restorsea, a New York-based line of skincare products, may fare well in China today. Restorsea's main ingredient is an enzyme released by salmon hatchlings that's chock-a-block with anti-aging properties that founder Patti Pao discovered quite by accident when visiting a salmon hatchery in Norway.

"The women had their hands in the water all day, herding the baby salmon, and I noticed that their hands looked at least 20 years younger than their faces," she said. The enzyme has the same benefits as glycolic acid, an ingredient used in many skincare products for its ability to reduce wrinkles, hyperpigmentation and acne marks among others, but it sloughs off dead skin without producing any of the side effects that some people can experience with glycolic acid.

"Women globally like natural products but they won't take that over efficacy," Pao, who has launched more than 400 products for lauded brands like Avon, Elizabeth Arden, Guerlain and Peter Thomas Roth, said. "Restorsea is a natural product that also has great efficacy, and in China, which is still in the discovery phase when it

comes to cosmetics, this combination is becoming as important as brand validity.” Pao intends to establish a solid base for her line in the US first, but, she says, China will probably be the first overseas market she targets when she starts expanding internationally.

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