

# Market Trends and New Business Opportunities in China

Sinomonitor International

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# Market Trends and Opportunities Perceived from Six Different Angles

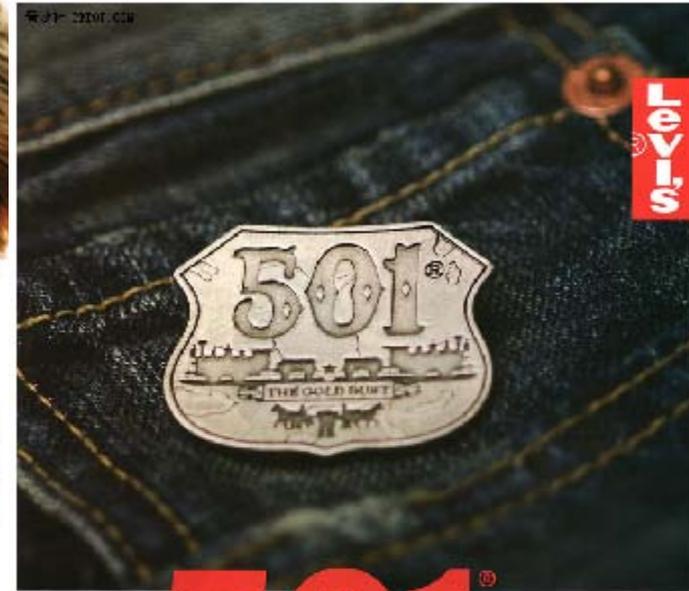
- **Commoners' Status**
- **New Forms of Technology**
- **Power of the Internet**
- **Male Beauty Market**
- **Addressing Mental and Physical Health**
- **Loneliness and Entertainment**

# 1<sup>st</sup> Angle: Commoners' Status

As commoners achieve a basic yet stable lifestyle, they begin to crave for a brand product that will help elevate their status. This forms the basis of commoners' status consumerism.



swatch<sup>®</sup>+



# 501<sup>®</sup>

5月1日周年紀念別注最新作

請大中華區代理商留意：原裝Levi's 501將於5月1日為紀念發行百年而推出。從1950年開始，每年的5月1日都是Levi's 501的慶典。這一系列的501系列牛仔褲，因此Levi's 501的體積則於5月1日推出一系列501的圖案，而Levi's 501的慶祝活動也將展開。由今年的牛仔褲系列開始，將推出1947年而重新設計501，且每一款501的慶祝活動將重新推出到Levi's 501的百年紀念。



# There are a Number of Key Components in Commoners' Status Consumerism

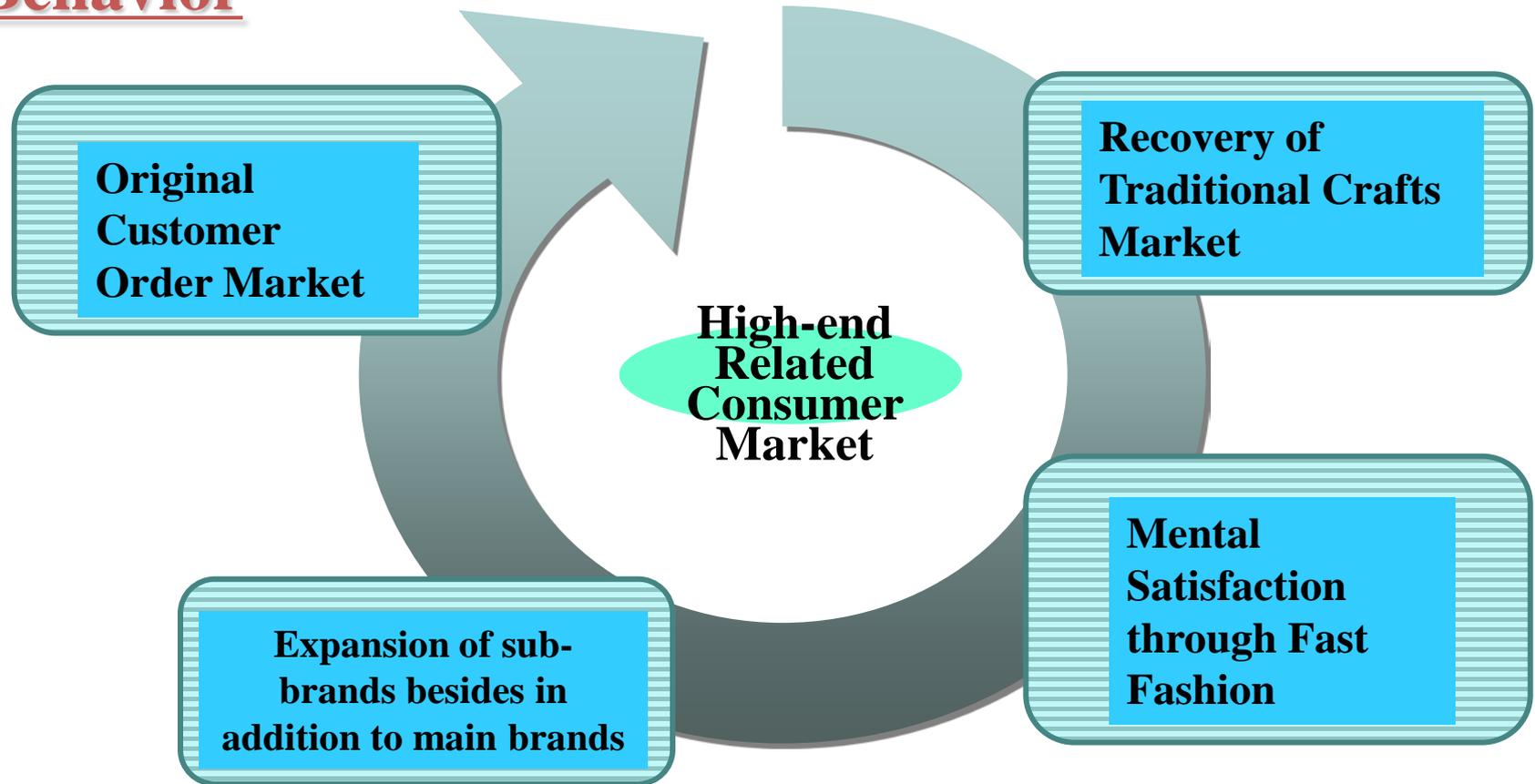
## Example: Arrival of Fast Fashion in China

The big names in fast fashion such as ZARA, H&M, and GAP are actively expanding in China. If a brand name product is promoted through a renowned model or spokesperson in a well known fashion magazine, then the ownership of such an article would provide a tremendous sense of satisfaction to a Chinese consumer.

ZARA: While most brands release new products four times a year following the change in season, ZARA rotates at a much higher speed by releasing new products every two weeks.

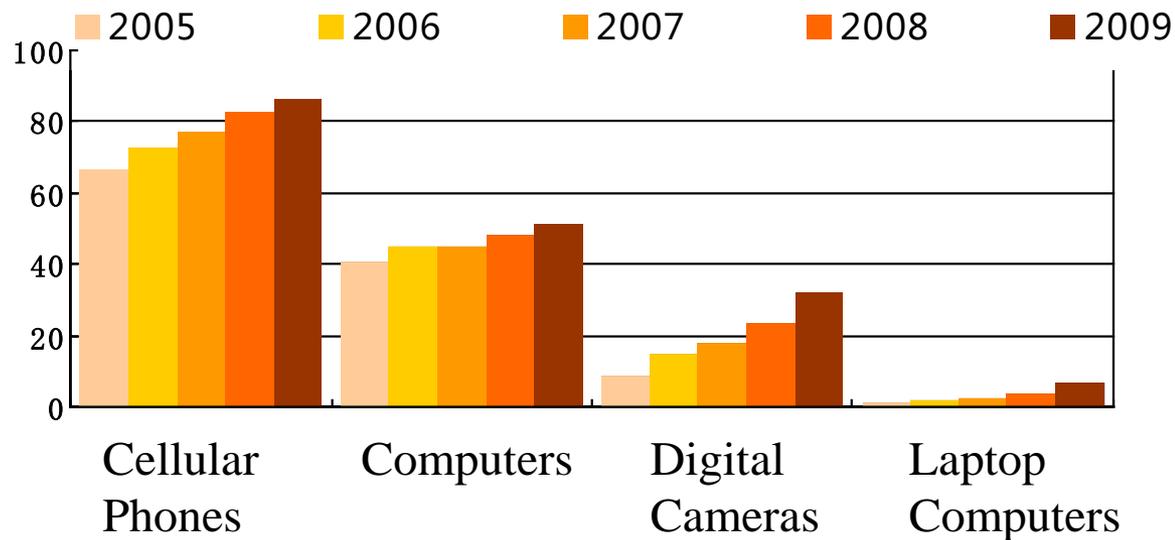


# New Business Opportunities As a Result of Commoners' Status Consuming Behavior



## 2<sup>nd</sup> Angle: New Forms of Technology

It is commonly agreed upon that scientific technology has brought convenience and great amenity to human lives. Home appliances such as televisions, refrigerators, and washers, which play a key role in our daily lifestyles, are prevalent among urban households. On the other hand, while communication or entertainment related digital products are currently far from prevalent, the ownership of these devices is growing each year, and gaining in popularity.



# Simple Features vs. Professional Features

The key lies in the ease of operation and handling of the device. This quality is preferred among all people surveyed regardless of their age, occupation, and income. There is an exception, however, if the device is part of one's hobby, as these individuals would not mind if the device was hard to operate.

**Regardless of its high-tech features,  
I would not buy if it is hard to operate**

N=1282

Neutral  
23.5%

Agree  
65.1%

Disagree  
11.5%



# The Appeal of Combo Units

Although not an entirely novel concept, the convenience of having multiple functions on one machine is what makes combo units so popular. For example, the "Breakfast Bar" comes with a coffee maker and toaster side by side each other, and a hot plate on top for frying eggs. As a machine that makes breakfast, it provides inspiration for a complete breakfast menu. The machine's compact nature not only saves space for single residence households with smaller kitchens, but makes breakfast preparation easier during the busy morning routine. It may in fact be better to have a combo unit than multiple appliances.

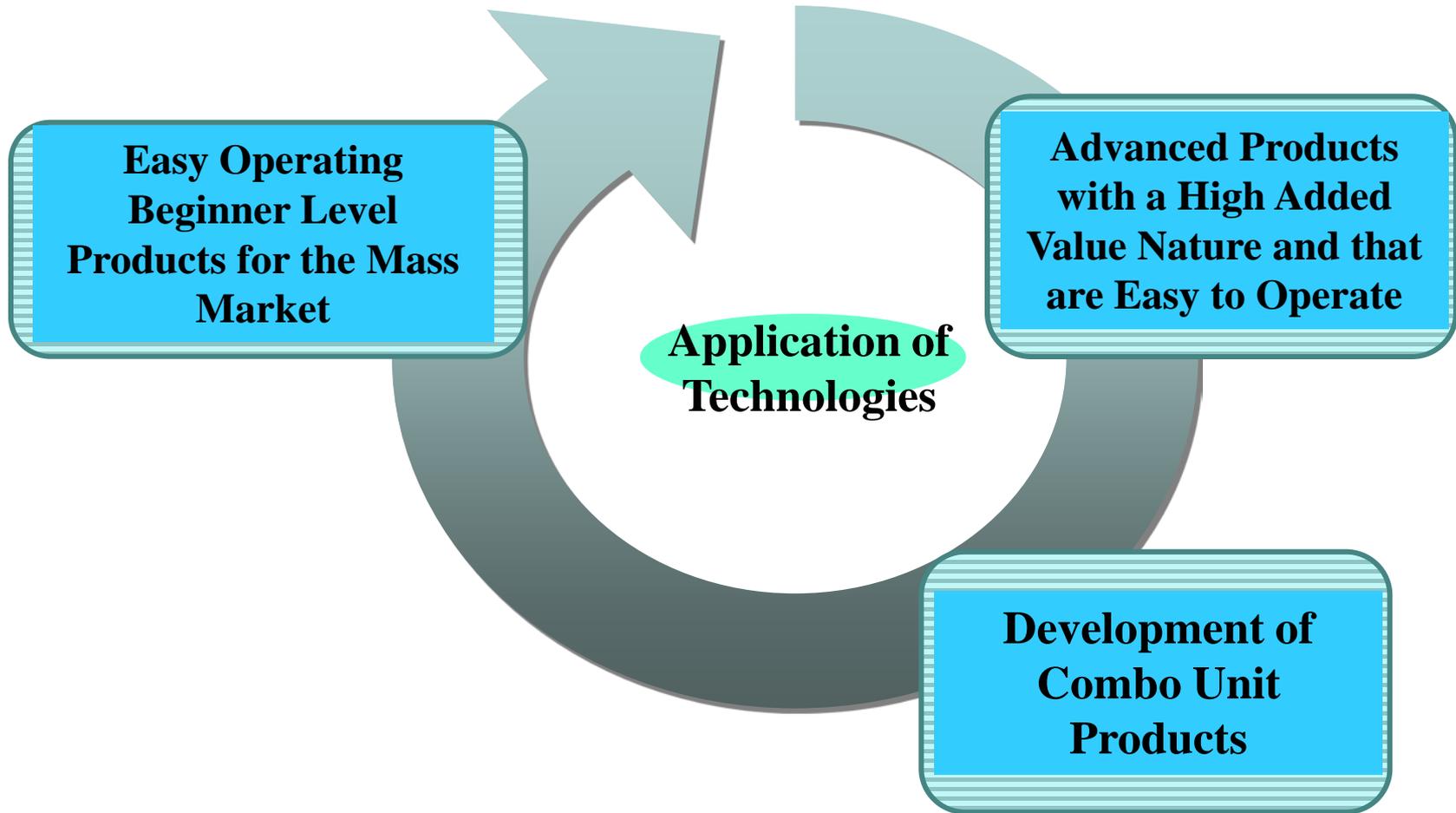


*Breakfast Bar*



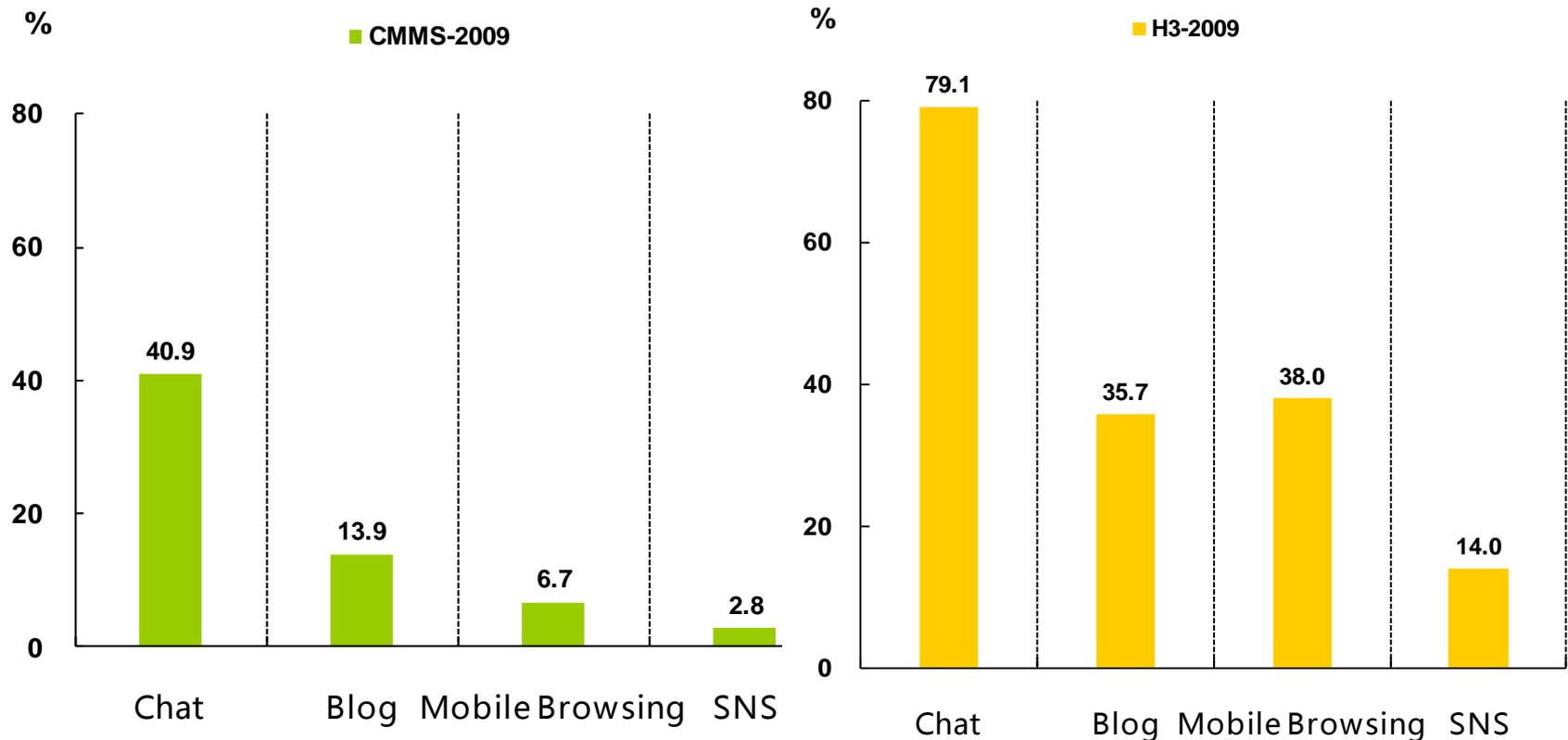
*Nike & Ipod*

# **New Business Opportunities As a Result of New Forms of Technology**

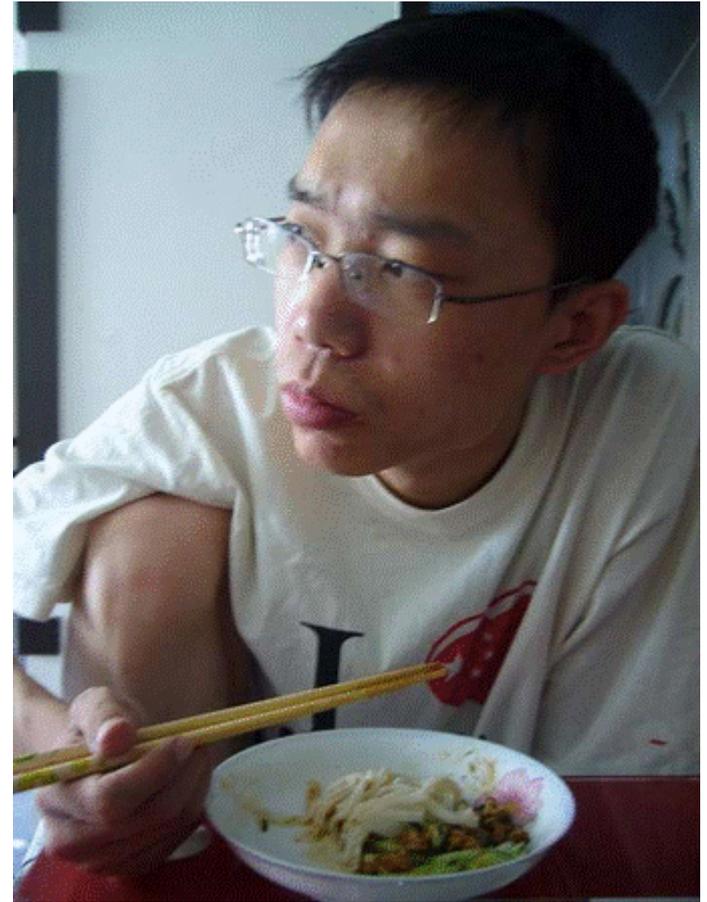


# 3<sup>rd</sup> Angle: Power of the Internet

The Internet connects 380 million people together in China. Internet users are mostly organized into groups based on their specific social network site (SNS), rather than existing standalone and unallied sites in the cyber space. In such SNS, users share information and ideas, and create an instant impact on society and their daily lives in real time.



# Anything Can Gain Popularity on the Internet



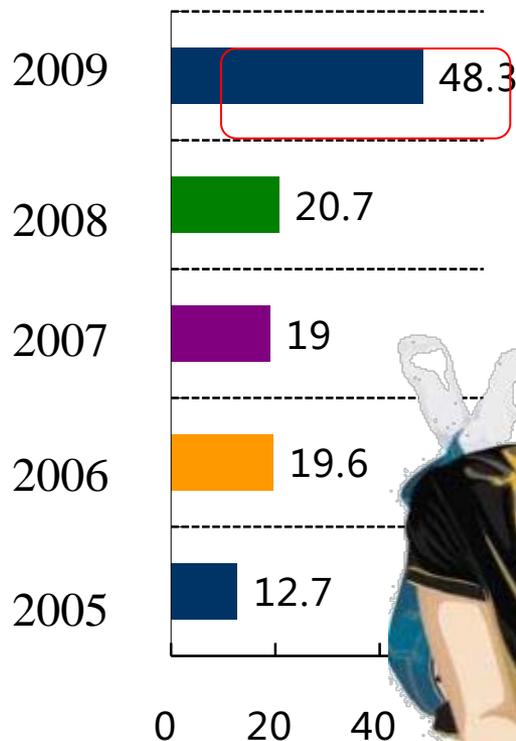
**“I am not really having noodles,  
what I am having is loneliness.”**

# The Dominance of Online Shopping

Online shopping sites are growing at a rate that has never been seen before.

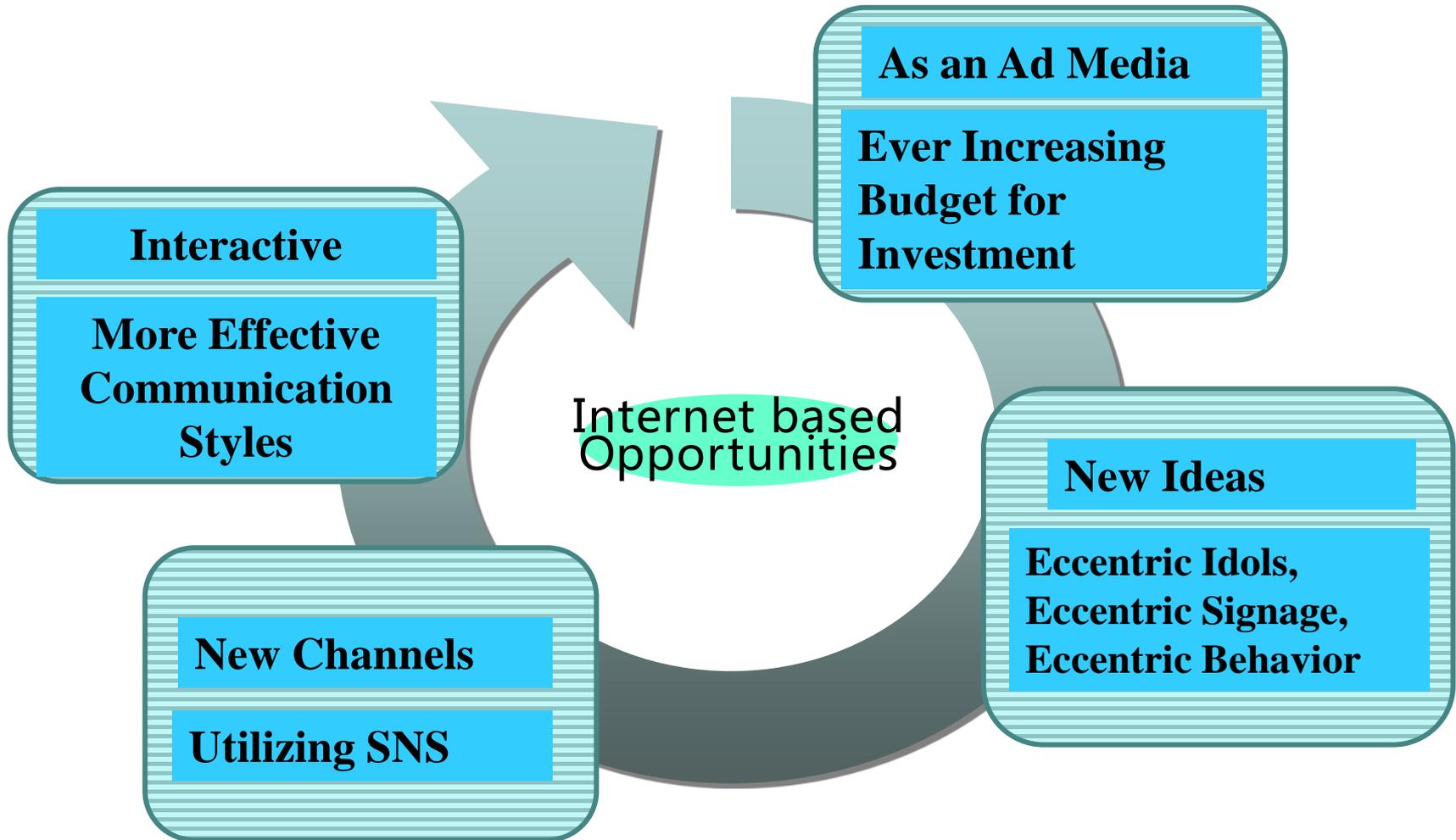
In addition, online shopping sites also serve as a search platform for user reviews and comments.

## Online Shopping



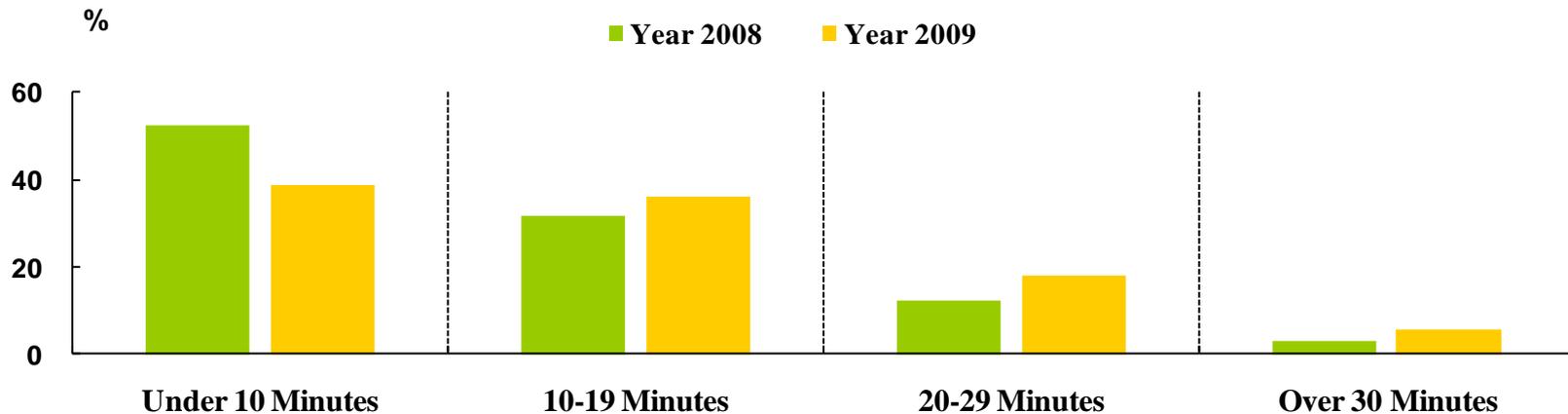
# **New Business Opportunities**

## **As a Result of the Power of the Internet**



# 4<sup>th</sup> Angle: Male Beauty Market

“How much time do you spend getting dressed and ready in the morning?” is one of the questions in H3, a survey held every year involving approximately 10,000 target participants. The average time for men to get dressed and ready in 2009 was 5 minutes longer than in 2008. Various commercial products targeting the male consumer may be what caused this 5-minute increase.



# Men's Sense of Beauty

BIOThERM was the first company in China that directed its attention to men's cosmetics. As a result of its long term efforts, the company has occupied 2/3 of the high-end market for three consecutive years. Other companies such as LOREAL, VICHY, OLAY, NIVEA, and MEHTHOLATUM also focus on this growing market.

Advertisement on cosmetics for men are seen everywhere, whether on television or at train stations. While men used to wash their face with only soap, now they are looking for specialized face cleansing products made for men. Moreover, men are also more conscious of their own skin care. Within the same population, some are even regular users of male beauty salons.



# Men's Sense of Beauty

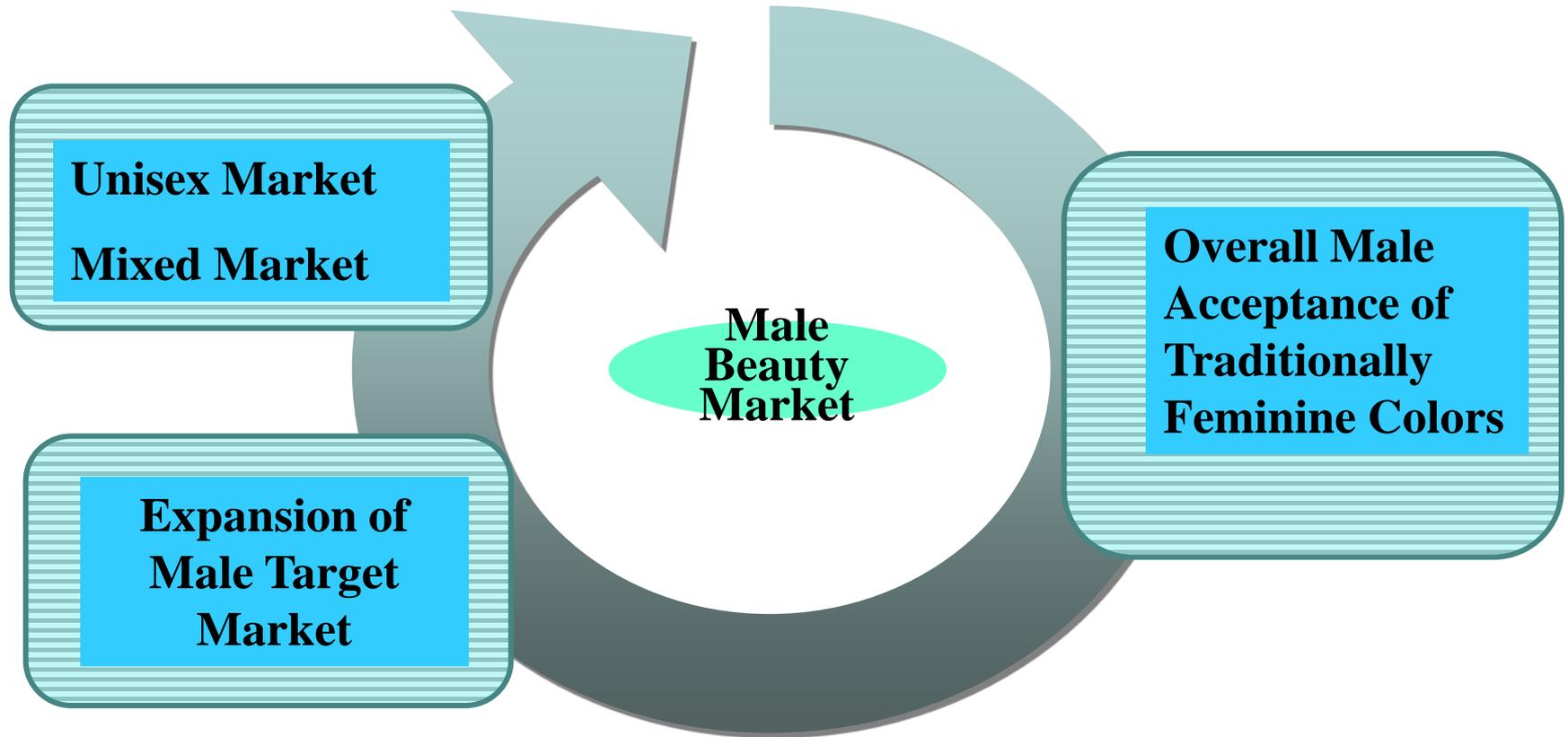
Men's sense of beauty does not apply to only their face. There is a growing focus on personal apparel and accessories among men. For instance, already there are unique wrist watches, hand bags and brief cases featuring both functionality and design, as well as accessories for men.



**Traditionally feminine colors are also popular among males**



# **New Business Opportunities As a Result of Male Beauty Market**



# 5<sup>th</sup> Angle: Addressing Mental and Physical Health

Since the melamine scandal where melamine was mixed with commercial powdered milk, the public has become very sensitive toward the safety of food during manufacturing and processing as well as the safety of raw ingredients. Instantly, the labeling of something being "natural" and "organic" has become the key in assuring food quality and safety.



# Applying a Traditional Health Philosophy to Achieve Physical Health

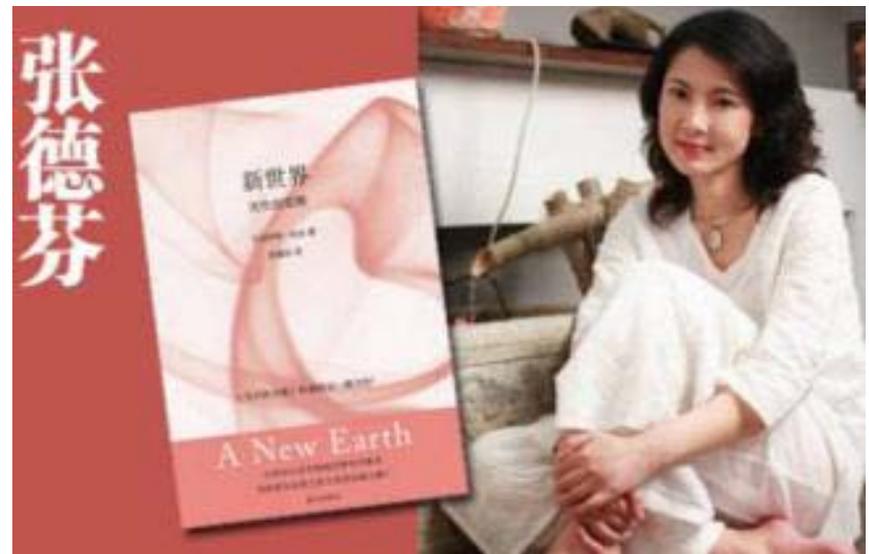
The abuse of drugs and medications has put traditional Chinese medicine under scrutiny. While easy to understand lifestyle and remedial medicine publications enjoy robust sales, drinks created and commercialized based on the same treatment principles have generated a huge market worth over RMB 100 million.

Providing a way of maintaining health for those living an unhealthy lifestyle.



# Applying the Power of Classical Philosophy (Confucianism) and Religion to Mental Health

People turn to classical philosophical ideas such as Confucianism for their words of wisdom in order to be at peace or uplift their mind. “Guoxue” denotes the long-standing traditional schools of thought, people, and history of China. Throughout China’s long history, many precepts and maxims were created. These provide keys to resolving issues faced in modern society. For example, there is a television program, “Bai Jia Jiang Tan (The Lecture Room)”, on China Central Television (CCTV), and “Guoxue” lectures are being offered at prominent universities that continue the teachings of traditional philosophy. Moreover, the practice of “spiritual (moral) improvement” originated from a religious root is also popular. In the past, people were more concerned with their career success, but now the intense urge and drive for career achievement have eased slightly.



# New Business Opportunities

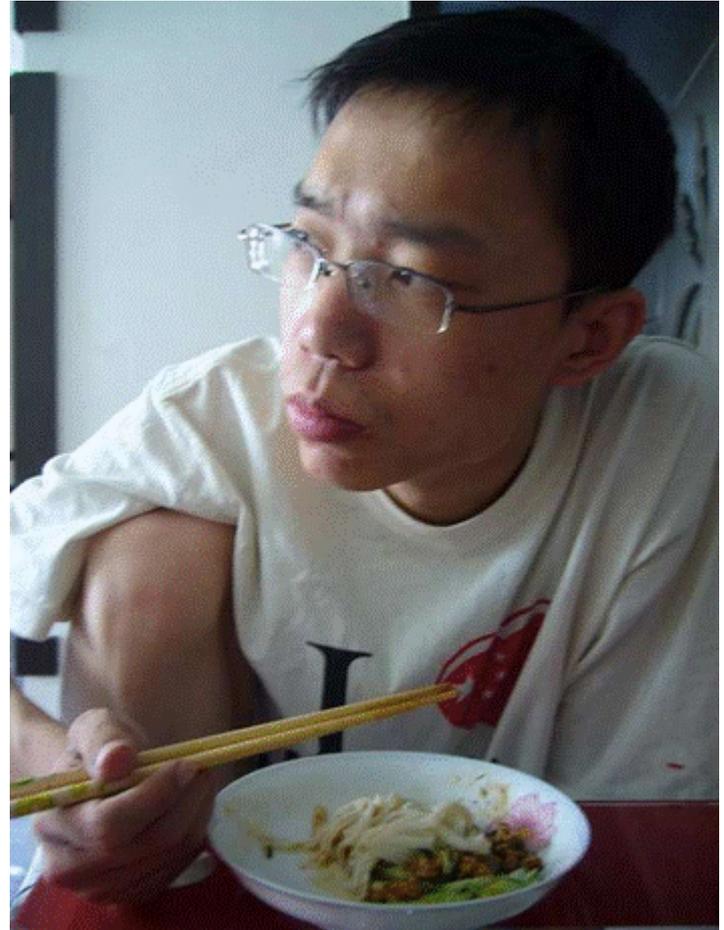
## As a Result of Attention to Mental and Physical Health



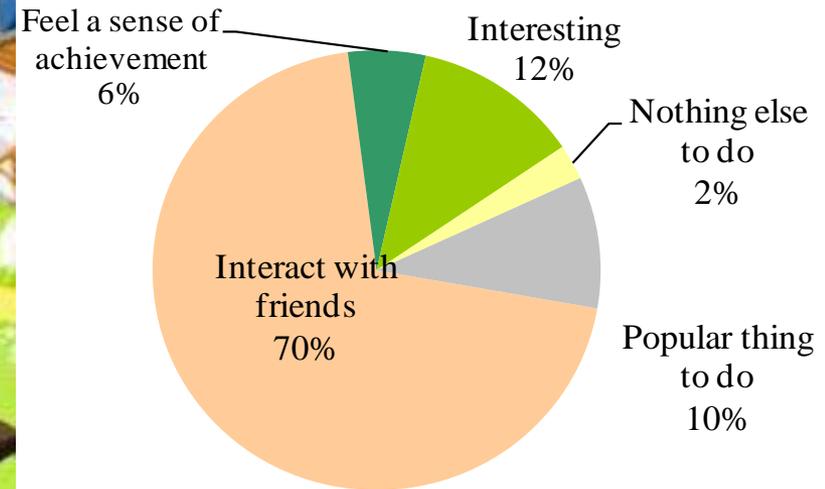
# 6<sup>th</sup> Angle: Loneliness and Entertainment

“I am not really having noodles, what I am having is loneliness.”

This Internet catch phrase aroused major public empathy, as people quickly echoed the sentiment by substituting their own versions of similar phrases: “I am not really having [anything] other than loneliness.” At one point, the sheer number of lonesome catch phrases even lent itself to the creation of the "Symphony of Loneliness" recited on the Internet. Clearly, the tremendous online responses to this statement show how commonly the sentiment is shared among people in China.



# Stealing Vegetables in the Name of Loneliness

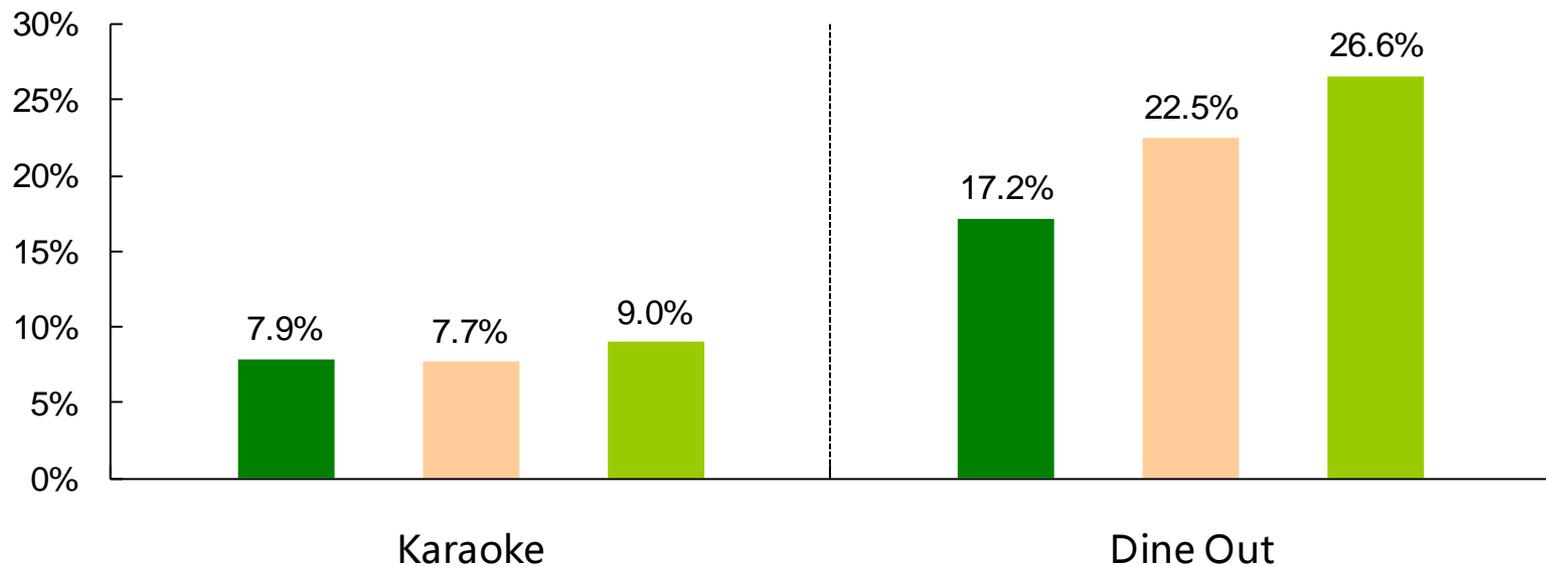


# Dining Out and Going for Karaoke Because of Loneliness

The survey reveals a growing desire to meet family and friends outside for food and karaoke. One finds consolation in these activities.



■ Started This Year ■ Increased This Year ■ Will Increase From Now



# Traveling Because of Loneliness

An overseas trip is obviously very exciting, but when it is not a viable option, people find satisfaction in mini trips over the weekend. As the weekend arrives, highways that provide a gateway from the city are usually congested. Since high speed railway began services, traveling between cities has become easier and more popular.



# New Business Opportunities As a Result of the Attempt to Eliminate Loneliness

