

Market Trends and New Business Opportunities in China

Sinomonitor International
Hong Huo

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

1st 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.



501®

5月1日周年紀念別注最新作

In Agency: Dentsu Inc. Photo: Coach Japan, Inc. / Ando

諸大等花革先頭御祝賀花。諸大等花革5月1日周年紀念別注最新作
上第2。翌年は2003年6月、最初の5月1日周年記念別注最新作二番出
店總517件同様大等花。因此Levi's便強調5月1日周年紀念別注最新作
是向來501的經典及尊榮的繼承者。如今年的5月1日周年紀念別注最新
作由長1947年所宣示的別注501。且日一501公認無懈無爭能及
大將501的無懈之功。



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.

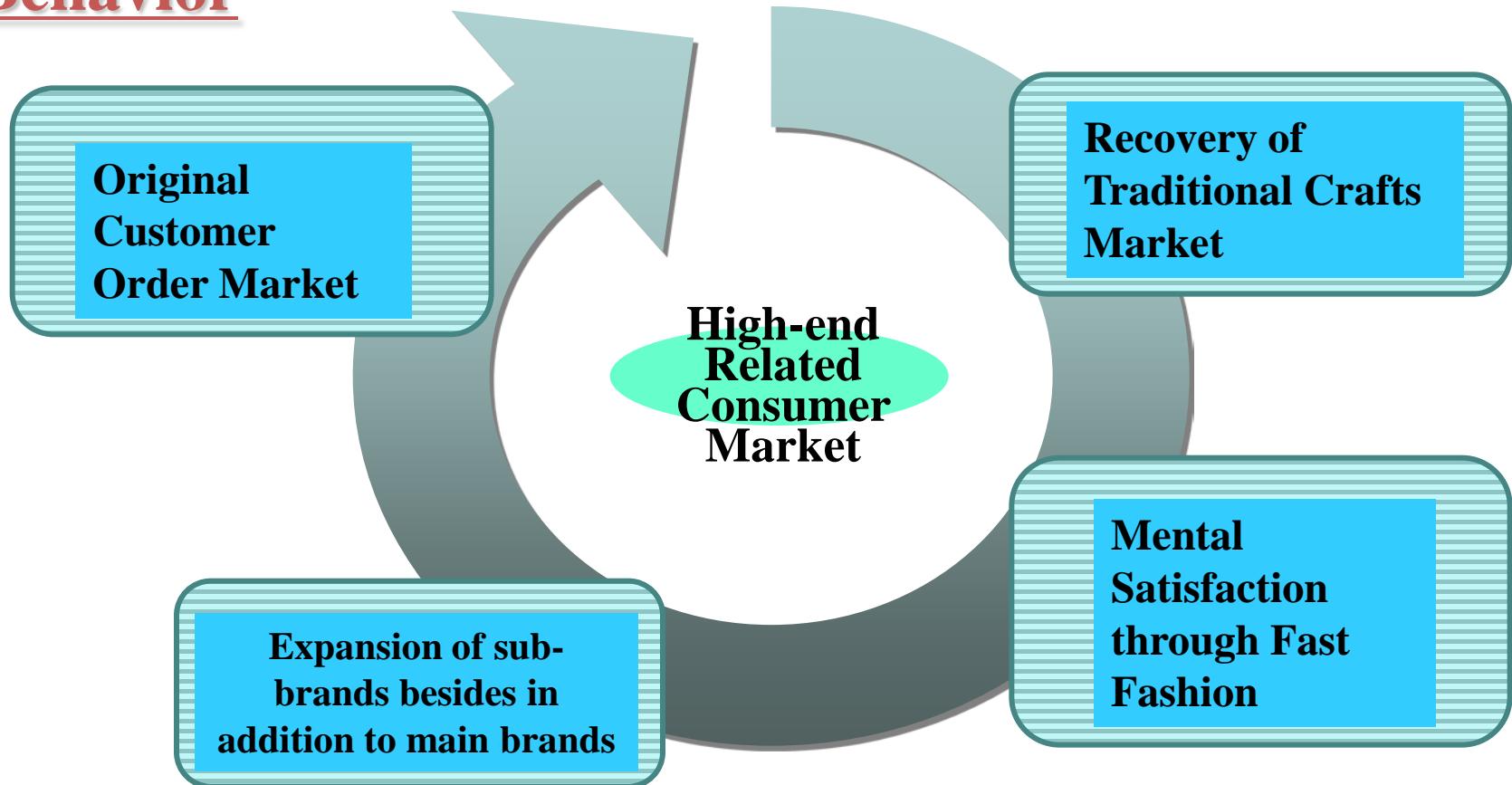


ZARA: While most brands release new products four times a year following the change in season, ZARA rotates at a much higher speed by releasing new products every two weeks.



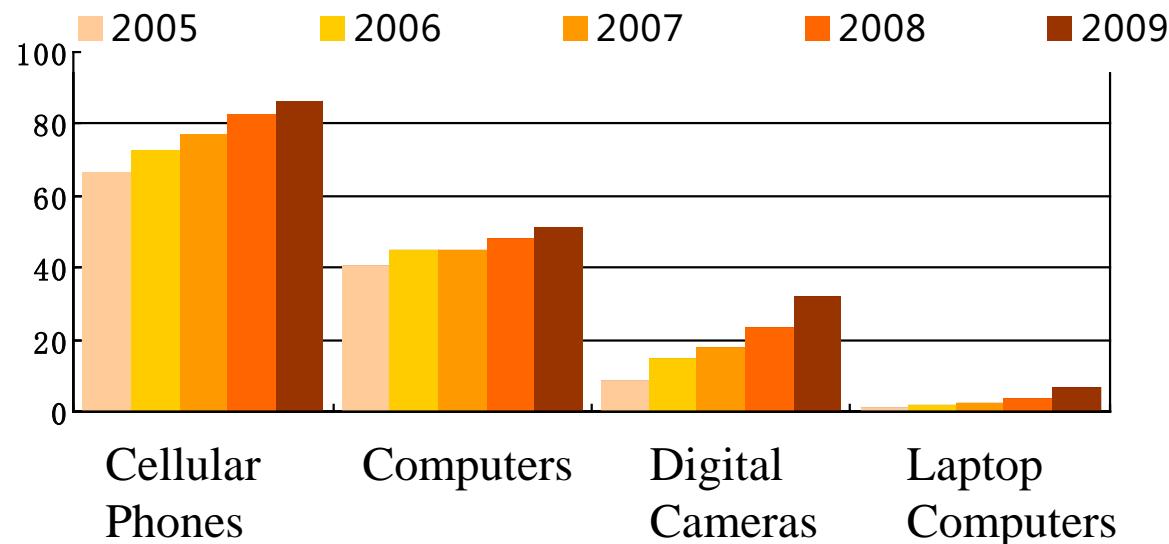
New Business Opportunities

As a Result of Commoners' Status Consuming Behavior



2nd 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

Agree
65.1%

Neutral
23.5%

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.



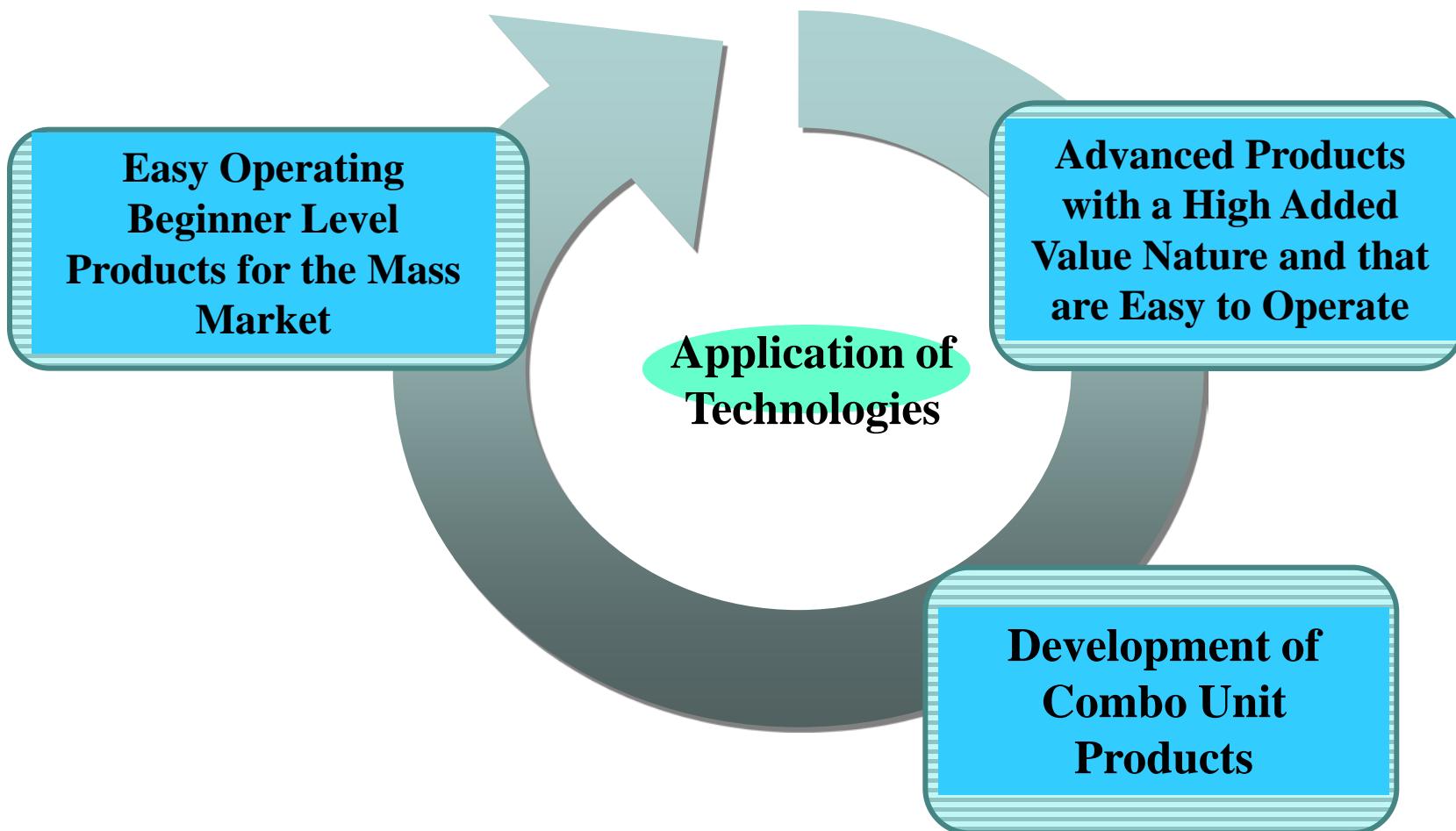
Breakfast Bar



Nike & Ipod

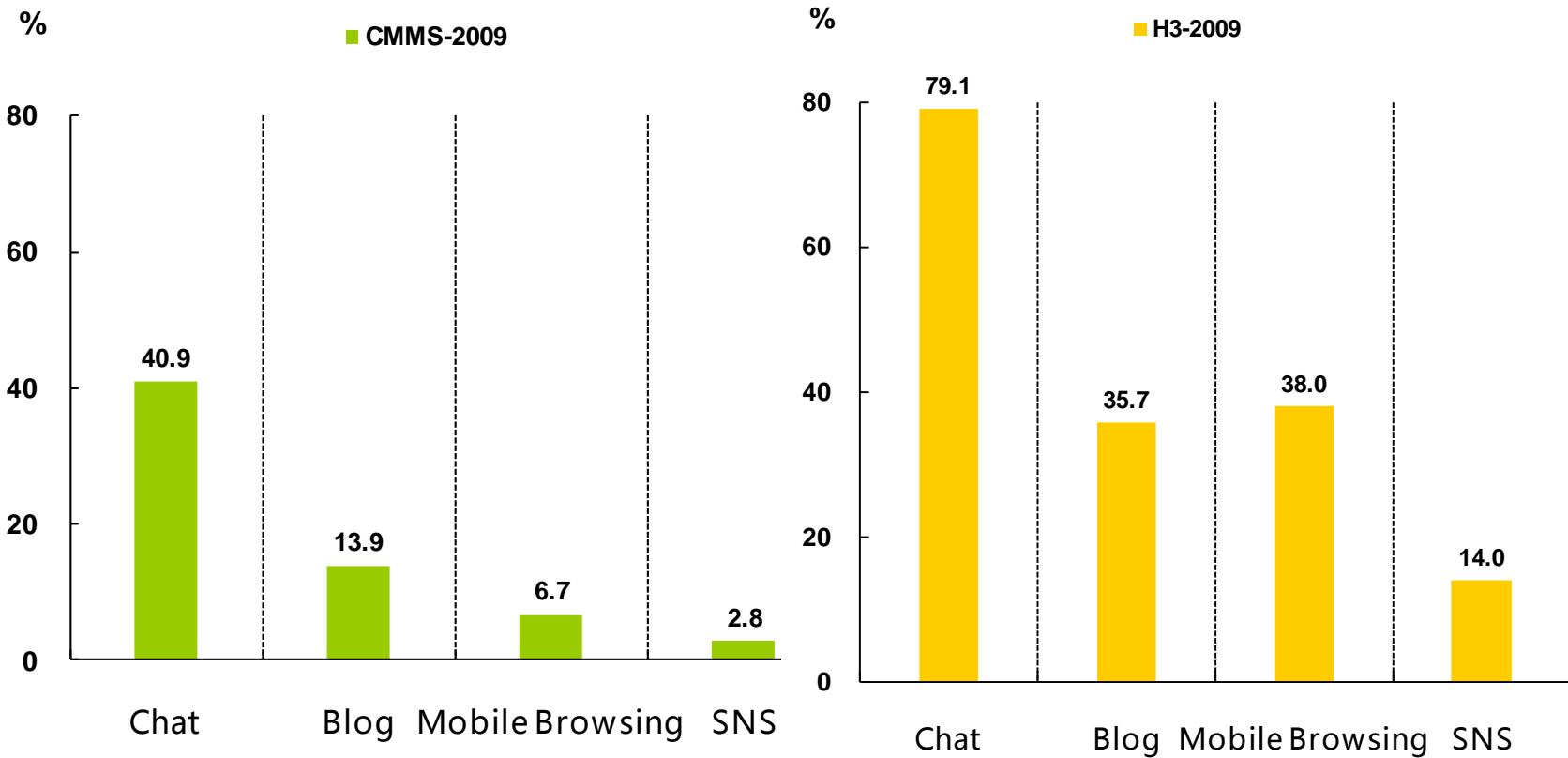
New Business Opportunities

As a Result of New Forms of Technology



3rd 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

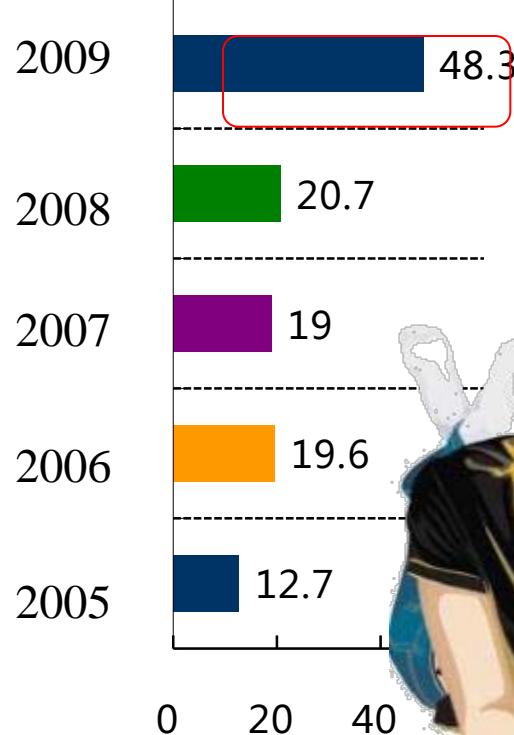


**"I am not really having noodles,
what I am having is loneliness."**

The Dominance of Online Shopping

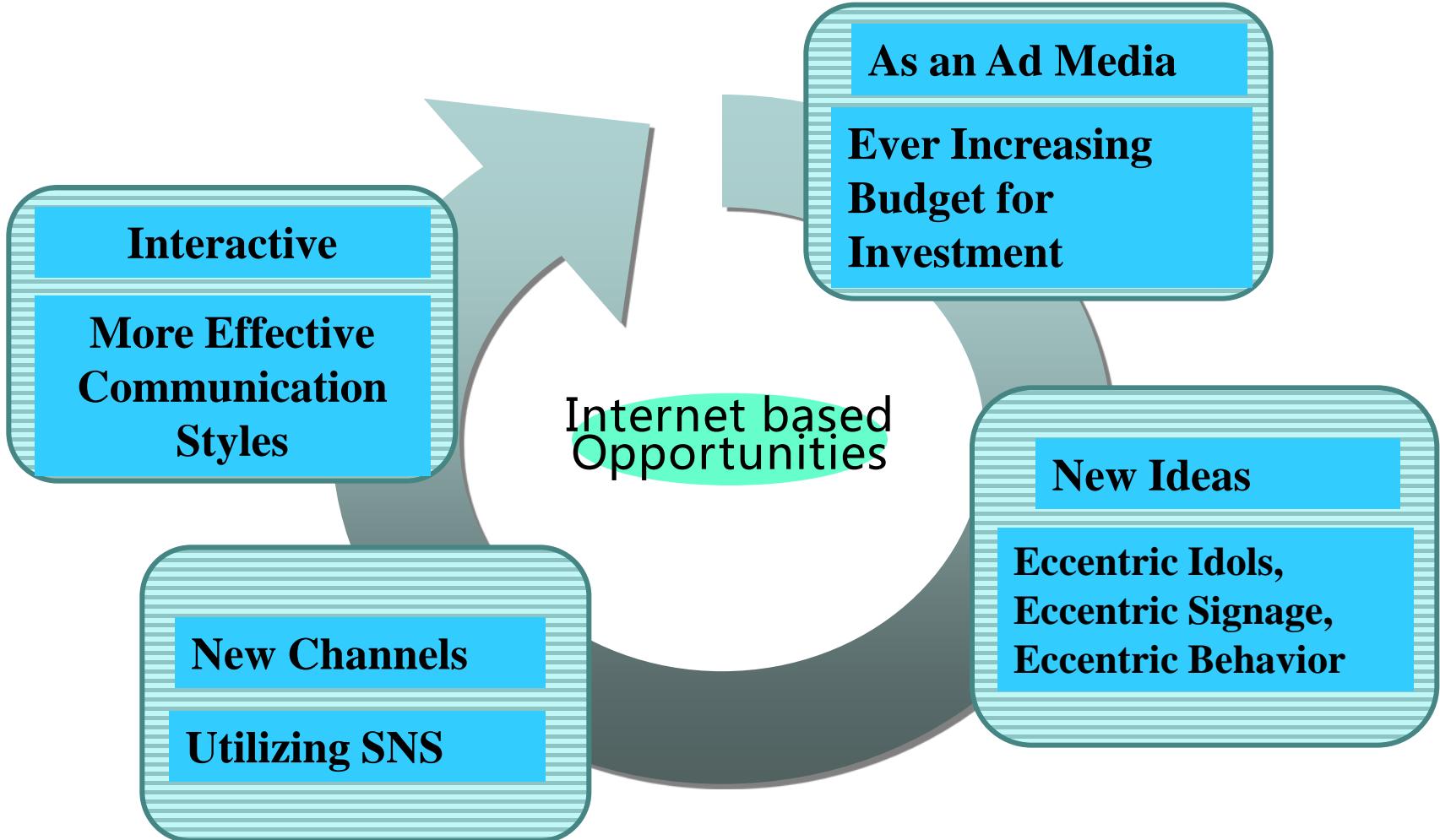
Online shopping sites are growing at a rate that has never been seen before.
In addition, online shopping sites also serve as a search platform for user reviews and comments.

Online Shopping



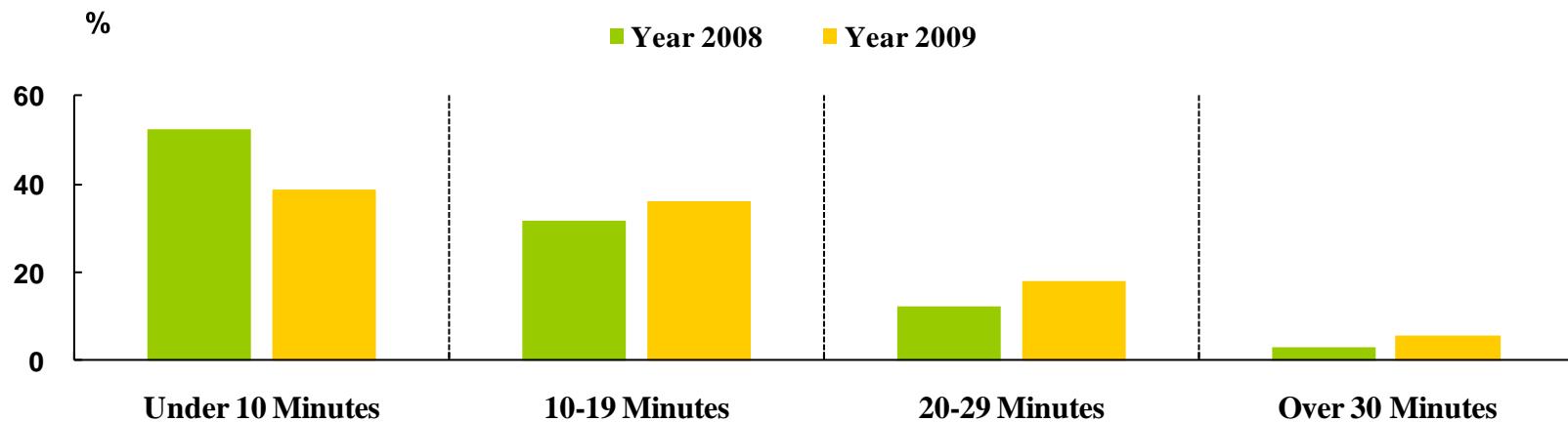
New Business Opportunities

As a Result of the Power of the Internet



4th 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

BIOETHERM 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

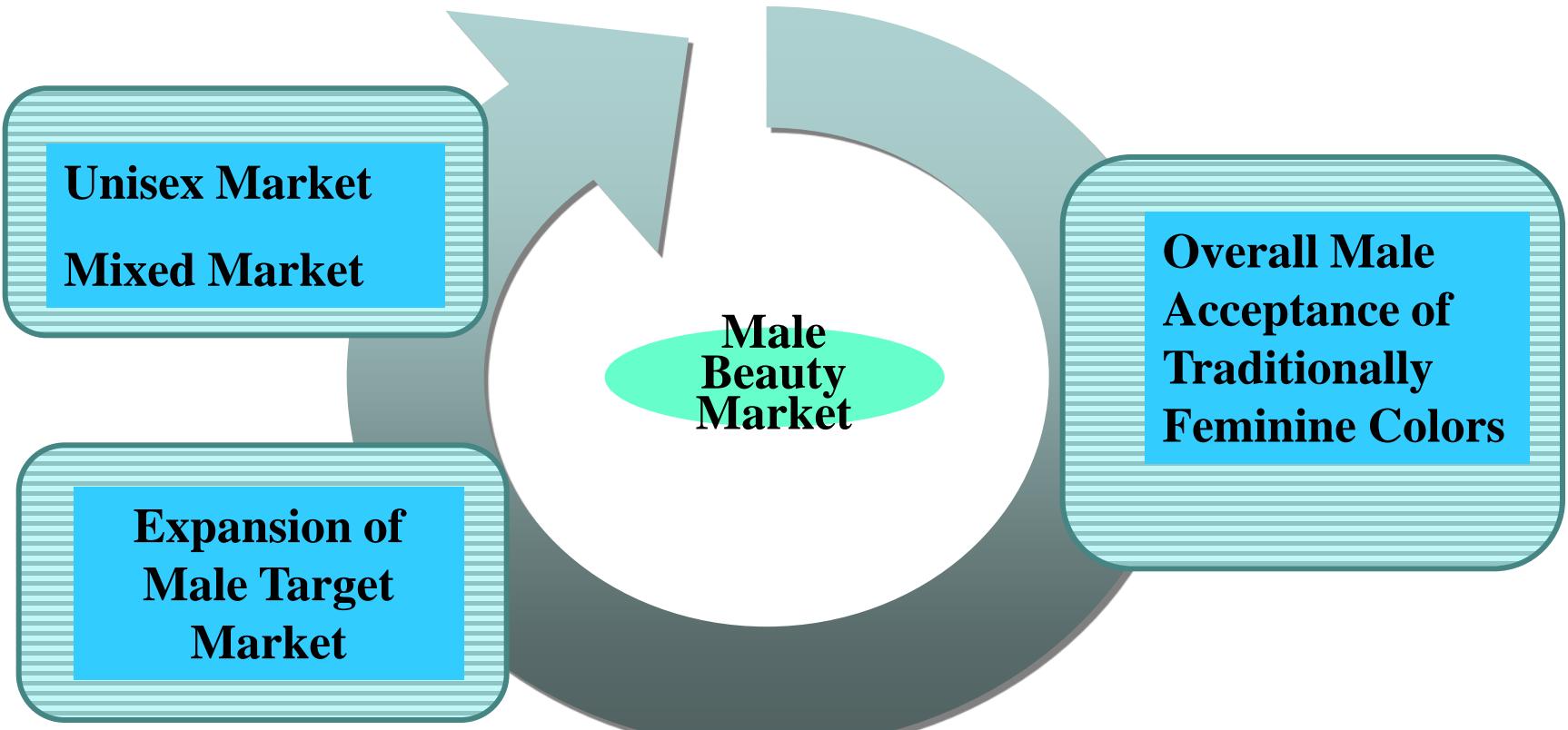
Men's sense of beauty does not apply to only their face. There is a growing focus on personal apparel and accessories among men. For instance, already there are unique wrist watches, hand bags and brief cases featuring both functionality and design, as well as accessories for men.



Traditionally feminine colors are also popular among males



New Business Opportunities As a Result of Male Beauty Market

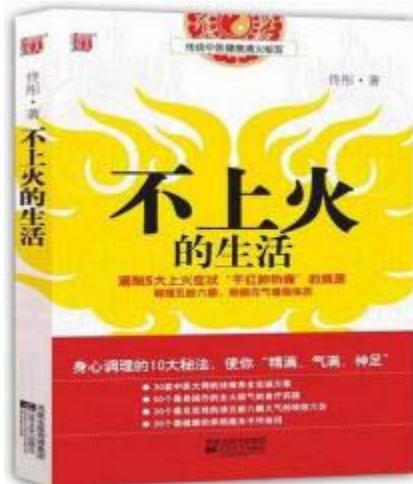


5th Angle: Addressing Mental and Physical Health

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.



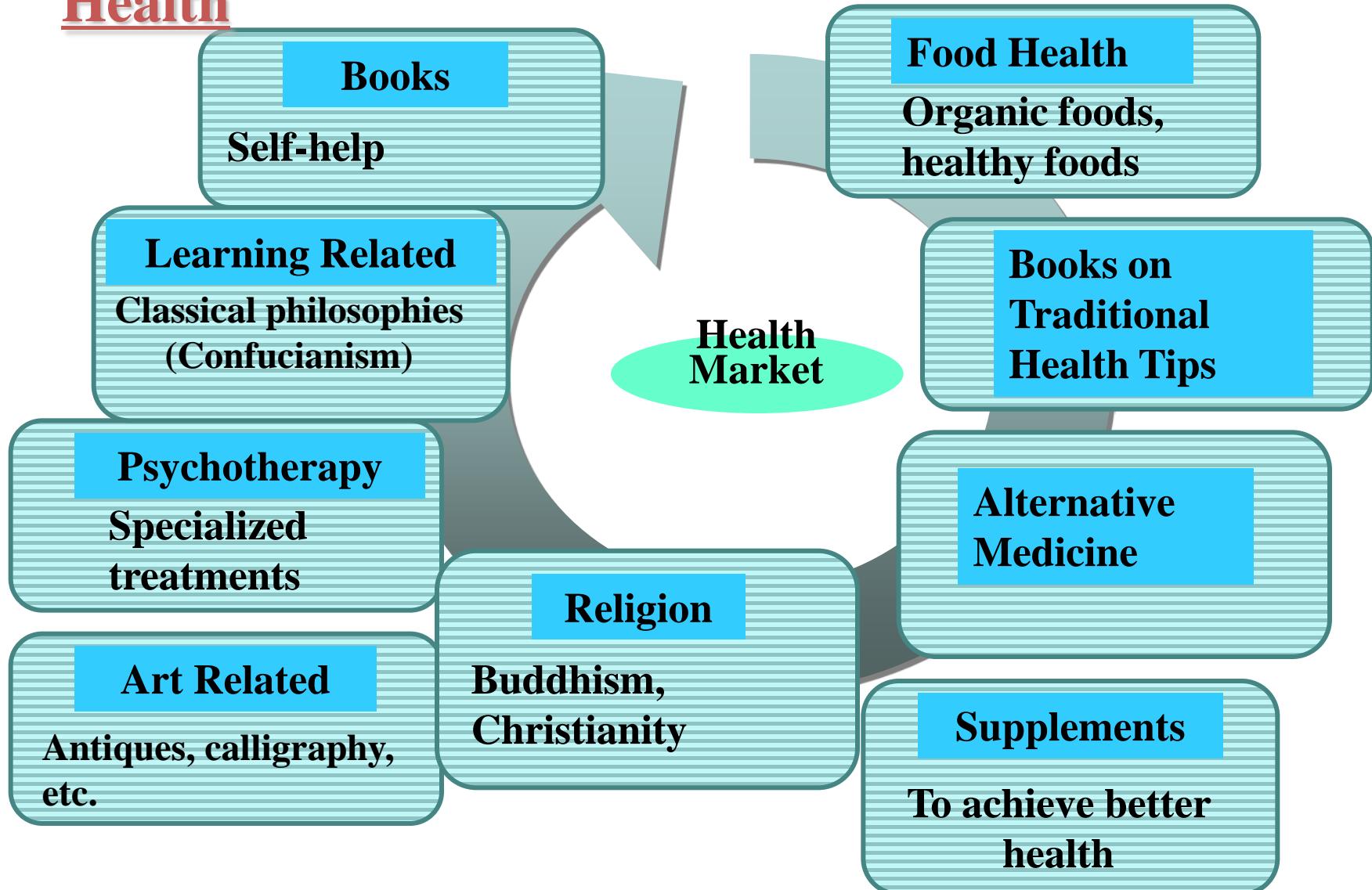
Applying the Power of Classical Philosophy (Confucianism) and Religion to Mental Health

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



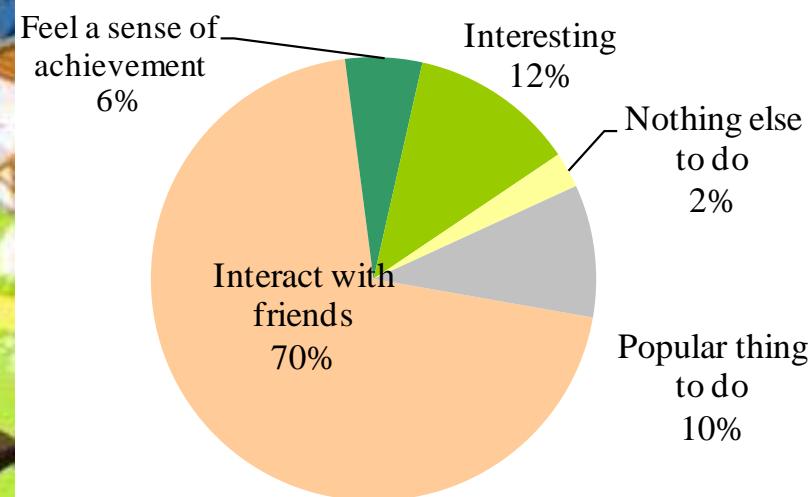
6th Angle: Loneliness and Entertainment

"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.

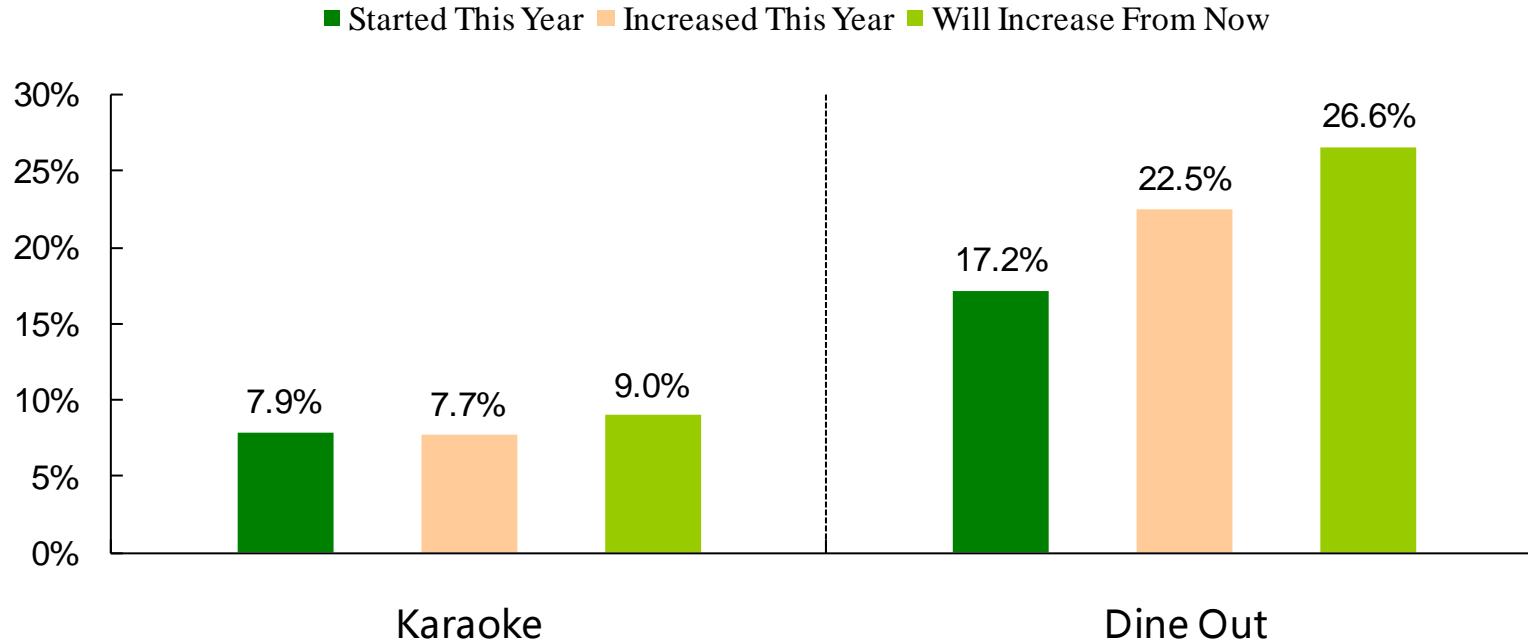


Stealing Vegetables in the Name of Loneliness



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.



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

