China Beauty Expo

An international flavor

BW Confidential reports on what was seen and heard at China Beauty Expo, which took place in Shanghai from May 19-21

The 20th edition of China Beauty Expo proved to be its biggest yet. The show, which took place in Shanghai from May 19-21, welcomed 312,000 visitors, a 14% increase from the previous year. Some 2,120 exhibitors attended the show, up 15% from 2014.

This year’s event hosted a string of new features, including a new mobile commerce section, an Asian Brand Building Lab in partnership with creative agency Centdegrés, which was dedicated to consulting for Asian brands, as well as the show’s biggest packaging area to date.

Many said that the show had more of an international flavor this year. There were 15 international pavilions, including the show’s first Australian pavilion, and international participation increased by 24% compared with last year. “Through our joint-venture with [trade show organizer] Informa, we will become more international. We are a platform not only for Chinese brands, but also for international players,” China Beauty Expo chairman Jingmin Sang told BW Confidential.

Talking heads: industry players on China

“Everyone dreams about the fragrance market in China. We wonder if it is wishful thinking or if fragrance will really take off. The challenge is to educate Chinese customers, make them curious and seduce them, just like what was done for wine and coffee a few years ago. This will take time and we need to find the proper strategies, such as creating specific notes and fragrances just for them. We need to talk to them differently from European or American clients. We need to develop products specifically for Asian people rather than offer so-called Asian versions of products that were developed for the US or Europe. And as surprising as this can sound, men might be the ones who will help make the move, as they talk increasingly about elegance and refinement.”

Firmenich fragrance development director Luc Bernet

“The make-up category is growing well, with more young people using these products, which was not the case before. I am not talking about women only: men are starting to use make-up as well and this clearly a new opportunity for us. E-commerce is also becoming more popular. However, customers still try the product in brick-and-mortar stores, but then they shop online.”

Axiolone Shunhua sales representative Bella Yang

“‘We are a platform not only for Chinese brands, but also for international players’”

China Beauty Expo chairman Jingmin Sang

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Show review

“’The cosmetics market is still growing in China. International brands are slowing down a bit, but local Chinese brands are growing. We are therefore changing our strategy—we still work for international brands, but are developing more partnerships with local brands. In terms of trends, specific products that fight pollution are a new opportunity. Skincare brands are coming out with new anti-pollution formulas, so we have to adapt to this with the right packaging. E-commerce is growing fast and for customers of all ages. Online brands sometimes surpass traditional retail brands. Delivery is a big issue with online so you need good packaging to make sure the products remain stable and in good condition.’”

Albéa global marketing category manager foam Scarlett Jin

“E-commerce is very strong and the local market is changing. Chain stores and traditional perfumeries are now selling more imported products, whereas in the past they would focus on local brands. In e-commerce, consumers are selling to consumers mainly through Wechat. This mobile distribution channel has to be controlled otherwise it will become multi-level marketing. Since last year with Tmall Global, people can buy directly from any country in the world, most of the time at a lower price, and this will impact online sales in China.”

Fangzi Group general manager Damon Yeoh

“The challenge in China lies in the high cost of doing business, especially the cost and instability of labor. To offset this, we tend to develop more automation in our plant; this was a big part of our investment.”

SGD Asia-Pacific general manager Cyril Ruiz-Moise

“We don’t feel any slowdown in China and the cosmetics market is growing. We are seeing brands going more premium and looking for high-quality packaging.”

Toly executive director Samuel Xuereb

**Trends seen in show**

Facial masks continue to be popular and competition is becoming fiercer. Korean brands like Umask, Secret Key, Tencell and Feverlet are well represented in this segment. Chinese brands, such as MG Mask, Bovey, and My Beauty Diary are also gaining in popularity.

There is increased demand for high-end toiletries, from shampoo to body lotion, in China. Anything above $50 is considered high-end in the country.

The O2O or online-to-offline and offline-to-online trend is becoming stronger in China. Online retailers are looking more to offline retail platforms and vice-versa. Also of note is the rapid rise of brands using mobile commerce as a distribution channel and the emergence of mobile app Wechat as an important sales channel, especially for entering China. Wechat is liked for boosting popularity and brand awareness among consumers.

Asian brands with their own specificities. Many players highlighted the importance of creating special concepts for Asian products rather than simply applying Western trends to brands for these consumers.