



LOREAL CHINA STRATEGIC INFORMATION RESEARCH

2010.3.1-3.7 WEEKLY REPORT

(Service Sample)

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Objective

- Monitoring the key news and event reports of L'Oreal and its Competitors
- Monitoring the macro-economic indicators, including movements of national economy, commodity price, population and employment
- Monitoring the major information of the cosmetics industry and distribution

1 L'OREAL

1.1 Corporate

Attractions at Beauty Expo: L'Oreal PK TIGI

NEWS.C2CC.CN 2010-03-04

L'Oreal Professionel hair beauty line is penetrating daily chemical line and eyeing small sized cities to promote its low-end brands. However, Unilever's TIGI will neither change its channels, nor plan to march into rural market via cutting price or launching low-end brands currently.

Link: <http://news.c2cc.cn/rihua/data/201003/469140.htm>

L'Oreal China Donates RMB 0.5mil to 200 Mothers in Quake-hit Beichuan County

WWW.MRHZP.CN 2010-03-03

"L'Oreal Donation Ceremony for Mothers in Quake-hit Beichuan County" was held in Beichuan Qiang Autonomous County on Mar. 2. Themed "Caring-Futre", it is one of the campaigns launched by L'Oreal to assist "May 12 Quake" post-disaster reconstruction. Totally, 200 poor mothers stricken in the earthquake received donations, worth RMB 0.5mil. The Group will continue to contribute to the area in this May and September.

Link: <http://www.mrhzp.cn/look.asp?id=93605&Page=2>

1.2 Product

HR Feline Blacks Eye Pencil into the Market

WWW.ELLECHINA.COM 2010-03-05

HR Feline Blacks Eye Pencil came into the market.

Link: http://www.ellechina.com/beauty/news/hr_20100305

L'oreal White Prefect Transparent Rosy Whitening Face Cream into the Market

WWW.ONLYLADY.COM 2010-02-26

L'oreal White Prefect Transparent Rosy Whitening Face Cream came into the market.

Link: <http://www.onlylady.com/beauty/qingbao-xinping-140273-2.html>

2 Macro Environment

2.1 Politics

Third Plenary Session of the 11th CPPCC to Open at 3:00 p.m. on Mar. 3

WWW.SINA.COM.CN 2010-03-03

The Press Conference for the third session of the 11th National Committee of the Chinese People's Political Consultative Conference was taken place in the Great Hall of the People. The session's spokesman, Zhao Qizheng provided information about the session and answered questions from the media. The 3rd plenary session of the 11th CPPCC will be open at 3:00p.m on Mar. 3 in Beijing and closed in the morning of Mar. 13, lasting for ten days.

Link: <http://news.sina.com.cn/c/2010-03-03/091919778510.shtml>

2.2 Economy

2.2.1 Economy

China Aims for 8% GDP Growth in 2010: Wen Jiabao

WWW.SINA.COM.CN 2010-03-05

Premier Wen Jiabao, in his annual policy speech to the opening session of the NPC, said China is targeting 8% growth in gross domestic product this year. One of the country's main targets was to create jobs for more than 9mil people expected to enter the urban workforce and keep urban unemployment at no higher than 4.6%. The rise in the consumer price index, the main gauge of inflation, is targeted at 3%. Balance of payments will be improved. Major works will be focused on transformation of economic development and adjustment to economic structure.

Link: <http://news.sina.com.cn/c/2010-03-05/094719795942.shtml>

Distribution of National Income in Deep Adjustment

NEWS.XINHUANET.COM 2010-03-03

To adjust income distribution has become one of the major tasks faced by Chinese government. China should help all the people to share the achievements of reform and development through a reasonable income distribution system. Besides, it should speed up the adjustment to income distribution structure, gradually increasing the proportion of residents' income in the distribution of national income.

Link: http://news.xinhuanet.com/fortune/2010-03/03/content_13085768.htm

Optimizing Income Distribution – Way to Increase Percentage of Consumption vs. GDP

NEWS.HEXUN.COM 2010-03-02

The most effective way to increase the percentage of consumption vs. GDP is to adjust the income structure and the percentage of residents' income vs. national income. The shortage of consumption is due to the unbalance of income distribution. If no surplus laborer was employed by formal sectors, the percentage of residents' income vs. national income will not be increased substantially. Thus, what the government should do is to open the door of medium and small-sized enterprises especially service industry to laborers and reform household registration system, letting more laborers employed and transferred to urban areas.

Link: <http://news.hexun.com/2010-03-02/122821342.html>

2.2.2 Price

Official of NBS: Commodity Price to Rise Slowly This Year

WWW.BJBUSINESS.COM.CN 2010-02-23

The Director-general of the Department of Urban & Social Economic Survey under the National Bureau of Statistics said on Feb.22 that the per-capita disposable income of urban people was RMB 17,175 in 2009, up 8.8% from a year earlier. The consumer price index (CPI) rose both on the year-on-year and month-by-month basis since last December; however, the commodity price in 2010 will go up slowly and modestly as restricted by the oversupply.

Link: <http://www.bbtnews.com.cn/nbbtnews/zj/channel/zj86562.shtml>

2.2.3 Employment and Population

Large Labor Shortage Occurred in Coastal Area

NEWS.QQ.COM 2010-02-21

Due to the global financial crisis in early 2009, the economic development of eastern coastal area slowed and a large number of migrant workers lost their jobs and had to back their home. Unexpectedly, the economy rapidly recovered this year, leading to the serious labor shortage in the inland and coastal area. They employment demand in Shenzhen has back to the pre-crisis level.

Link: http://news.qq.com/a/20100221/000890_1.htm

6.3 Million Students Graduate from Universities in 2010

BIZ.XINMIN.CN 2010-02-20

According to the latest figures released by the Ministry of Human Resources and Social Security, 6.3 million students graduated from universities nationwide in 2010, 190,000 more than 6.11 million in 2009.

Therefore, employment pressure for university graduates is tremendous. Total supply and demand of

labor force is out-of-balance, industrial structure is imbalance and underdeveloped tertiary industry cannot provide plenty of employments for new labor force including alumna.

Link: <http://biz.xinmin.cn/zhengquan/2010/02/17/3675885.html>

Rural Population May Drop to 400 million in 30 Years

WWW.CHINAPOPOP.GOV.CN 2010-02-24

Currently, the total rural population includes 720-million living in the countryside and 180-million living in cities. With the constant urbanization in China, the rural population is estimated to drop to 400-million from the current 900-million in the next three decades.

Link: http://www.chinapop.gov.cn/xwzx/rkxw/201002/t20100224_189191.html

2.3 Consumption

China Expected to Become World's Largest Luxury Market over Next 5-7 Years

WWW.LINKSHOP.COM.CN 2010-03-05

China is expected to become the world's biggest luxury market over next 5 to 7 years. Currently, China's consumption market is upgrading and the consumption structure is changing. Besides, rich consumers are increasing rapidly in developed cities such as Beijing, Shanghai, Guangzhou and Chengdu, so that global luxury brands are swarming into China in recent years.

Link: <http://www.linkshop.com.cn/web/archives/2010/129801.shtml>

College Students Become Major Consumers of Skin Care Products

WWW.MRHZP.CN 2010-03-03

There are more than 50mil college students in China. They generate RMB 240bn consumption every year, of which RMB 40bn is spent on cosmetics. At present, over 400mil people are suffering acne in China and about 133mil are college students. Thus, college students mean a big market for acne treatment.

Link: <http://www.mrhzp.cn/look.asp?id=93606>

3 Cosmetics Industry

3.1 Makeup

Cosmetics Specialty Stores to Adopt Double Operation Pattern

NEWS.C2CC.CN 2010-03-03

Shiseido's Pure & Mild is adopting the strategy of entering department stores and supermarkets on the basis of special stores. It unveils a new era of "double operation", followed by Chcedo and Marubi.

However, mixed with both advantages and disadvantages, the new operating pattern needs to be further integrated.

Link: <http://news.c2cc.cn/store/data/201003/469004.htm>

China Becomes the Third Largest Cosmetics Market

MONEY.163.COM 2010-03-01

China has taken up the mantle of the third largest cosmetics market following the U.S. and Japan, recording RMB 140bn-plus sales in 2009, 400 times more than 1980. Besides, there was a remarkable result in revising cosmetics standards.

Link: <http://money.163.com/10/0301/09/60M9EQ3D002526O3.html>

3.2 Skincare

Guangdong Shampoo Producers March towards Middle- and High-end Cosmetics Market

WWW.DAYOO.COM 2010-01-13

The shampoo manufacture Bawang Group announced the official launching of "Herborn" in Dec., 2009, claiming to be the No. 1 Chinese traditional herbal cosmetics brand. Subsequently, another shampoo producer Puyen upgraded its brand "Mazito" for targeting high-end market. Meanwhile, Lafang's "Bettrue", Mingcheng's "Wemon" and Decolor were trying to occupy the high-end market with new products or brands.

Link: http://informationtimes.dayoo.com/html/2010-01/13/content_834497.htm

3.3 Haircare

Foreign, Domestic Daily Chemical Enterprises Eyes High-end Market

WWW.CHINANNEWS.COM.CN 2010-02-09

Is it a fact that a bottle of shampoo of 200ml shampoo is sold for more than RMB 100? The rumor that P&G will introduce its high-end shampoo is spreading in the industry. Meanwhile, domestic company Bawang also announced to release a Chinese Shampoo Package for RMB 168. The main members in Guangdong province "Shampoo Group" such as Ausnow, Decolor and Puyen, introduced some products in the daily chemical high-end market too.

Link: <http://www.chinanews.com.cn/cj-cyzh/news/2010/02-08/2114075.shtml>

4 Competition

4.1 Shiseido

Shiseido Perfume for World Expo to Be Available in Za and P&M

WWW.ELLECHINA.COM 2010-03-04

Shiseido will launch a limited edition perfume –“Shanghai Bouquet” specially for World Expo from Mar. 8, 2010. During the World Expo, the product will be available in Za special counters, as well as P&M special counters and around 100 exclusive stores.

Link: <http://www.ellechina.com/beauty/news/shanghaibouquet>

4.2 Estee Lauder

Estee Lauder Jumps 43% in Its 2009 Sales in China

WWW.MRHZP.CN 2010-02-27

Estee Lauder witnessed a strong growth of 43% in its 2009 sales in China over the previous year, becoming one of the fastest developing brands in Chinese high-end cosmetics market. The north region performed slightly worse with 31% increase.

Link: <http://www.mrhzp.cn/look.asp?id=93464>

4.3 LVMH

Guerlain Releases Its Color Cosmetics for Spring 2010 in Shanghai

NEWS.XINMIN.CN 2010-03-03

Guerlain held a news release conference on color cosmetics for spring 2010 at the Four Seasons Hotel Shanghai. The new arrivals including Rouge G de Guerlain Le Brillant, Le 2 de Guerlain, Eye-liner Guerlain and Success Future Mask will be on the market in April.

Link: <http://news.xinmin.cn/rollnews/2010/03/03/3835753.html>

5 Distribution

Chengshang Group Net Profit Rises 25% to RMB 128mil in 2009

SX.NEWS.163.COM 2010-03-05

Chengshang Group reported revenue grew 20.82% to RMB 1.72bn in 2009, while net profit rose 24.91% to RMB 128mil. Sales revenue generated by the Group's general merchandise retail business increased 21% to RMB 1.27bn. "Maoye Department Store" and "Renmin Emporium" are the two brands promoted by the Group with great efforts. The Maoye Center project initiated last year by the Group is being propelled as scheduled.

Link: <http://money.163.com/10/0305/06/6108CMLL00251LJJ.html>

Aeon to Open 10-15 Suburban Shopping Plazas in China

WWW.CAIXUN.COM 2010-03-04

Having seen the great growth potential of shopping plazas in China's suburban areas, Japan-based Aeon Co. is about to invest more than JPY 20bn in opening 10 to 15 shopping plazas in China by the end of 2015 fiscal year. The new plazas will include 100 shops and facilities.

Link: <http://content.caixun.com/NE/01/sh/NE01shr7.shtm>

6 New Product Launch (Competitors)

Missha Launches Near Skin Bio White Series

WWW.RAYLI.COM.CN 2010-03-04

Missha launches Near Skin Bio White Series.

Link: http://beauty.rayli.com.cn/0003/2010-03-04/L0003014_673463_5.html

DHC Camu Camu White Essence into the Market

TECH.QQ.COM 2010-03-03

DHC Camu Camu White Essence is available on the market.

Link: <http://lady.qq.com/a/20100303/000192.htm>