

+-----+
-----+
China's 'City Jade Men' Indulge in Mud Masks, L'Oreal Creams
2010-12-12 16:00:00.0 GMT

By Frederik Balfour

Dec. 13 (Bloomberg) -- Every morning Shane Zhang applies face scrub, toner and moisturizer; at night he uses Lancome anti-aging cream. Twice a month he treats himself to a facial using mud from the Dead Sea.

"People say I look younger than my age," says Zhang, 28, who sells advertising for lifestyle magazine Men's Uno China in Shanghai and spends about 1000 yuan (\$150) a month on his appearance. "Since I'm a sales person it definitely helps."

Daily rituals like Zhang's have prompted L'Oreal SA, the world's biggest cosmetics company, Nivea maker Beiersdorf AG and Japan's Shiseido Co. to target men in China, the only country where Procter & Gamble sells Olay for Men. Sales of men's health and beauty merchandise in China are set to overtake North America this year and will probably grow about five times faster until 2014, according to data from Euromonitor International.

"All the major cosmetics companies are focusing on this segment," said Lynn Zhou, a Shanghai-based retail analyst at CLSA Ltd. "China is starting from a small base; it has huge potential."

Growing disposable income, fashion magazines such as Chinese editions of Esquire and GQ and the desire to find a competitive edge at work are driving demand for men's skincare products. Men who use cosmetics are called "Du Shi Yu Nan" or City Jade Men, the local language term that translates to "metrosexuals."

"Chinese men are now more concerned with appearances and projecting an image of success," said Shaun Rein, managing director of Shanghai-based China Market Research Group. "First, they were spending on watches and pens and shoes as a status symbol, then five years ago they were focusing more on apparel, and in the last three years there is a real upsurge in male cosmetics."

Bigger Than Razors

Spending by Chinese men on all kinds of face creams, anti-aging gels and cleansing lotions already exceeds spending on razors and blades by a factor of 4:3 and the gap will keep widening, said Damon Jones, a Boston-based spokesman for Procter & Gamble. "If we don't win in skincare, we can't be No. 1 in China," Jones said.

The Chinese men's skin-care market may reach \$269.6 million this year, compared with \$227.4 million for North America, according to Euromonitor. The research company forecast annual growth of 29 percent from last year to 2014, compared with 5.7 percent for North America and 7.9 percent in Europe.

China's growth potential is helped by a lack of cultural resistance to men using the items, said Jean-Michel Ripoll, L'Oreal's Shanghai-based general manager for market research.

"In the U.S. or Mediterranean countries, when we tried to tell men to use cosmetics they would say: 'Come on. I'm a man and creams are for girls,'" said Ripoll. "In China we don't have to fight against that."

'You Get Confidence'

Liang Guang, a 29-year-old architect for a property company in Beijing, began buying cosmetics after seeing a television commercial for L'Oreal men's products featuring Hong Kong action star Daniel Wu.

"I think men and women are equal in terms of making themselves look good," said Liang, while picking up a 100 milliliter (3.4 fluid-ounce) bottle of Shiseido Men's Moisturizing Emulsion costing \$42 at a department store.

"Although you don't automatically get a girlfriend or get praised by your boss with this, the truth is, every morning when you wake up and use the stuff you get confidence you need for the day," he said.

While China is set to overtake Japan this year as the world's second-biggest economy, 2009 per capita income in the most-populous nation was \$3,744, compared with \$46,436 in the U.S. and \$39,727 in Japan, according to the World Bank.

Still, sales of men's skin-care merchandise, at about 1 percent of the total beauty and health-care market in China, are growing at more than double the pace for women's, according to estimates by CLSA Ltd.

What Men Want

Domestic companies are also participating in the burgeoning market. Shanghai Jahwa United Co. in 1992 started marketing its gf line, which it says uses ingredients from desert plants that protect the skin. Gf, pronounced gao er fu, meaning golf, ranked fourth in market share last year, according to Euromonitor, ahead of Nivea at No.5. CLSA estimates the gf brand grew 45 percent last year.

Shiseido began selling its Aupres JS brand in 2001 and introduced its Shiseido Men line in 2005. The Chinese men's cosmetics market is more than one third the size of Japan's \$1.42 billion market, company spokeswoman Megumi Kinukawa said.

Chinese men crave advice on how to improve what they see in the mirror, said Zou Wen, an editor at GQ China, which started publishing last year.

"We run one feature story about men's cosmetics every issue," said Zou. "Reader feedback from the internet tells us they want two to three such articles."

Status Symbols

L'Oreal had 32 percent of the Chinese market in 2009, driven by sales of premium items such as L'Oreal Men Expert, on sale since 2006 and the No. 1 brand, and Biotherm Homme, introduced in 2003, said Euromonitor. They are aimed at professional urban males willing to spend as much as \$110 for a 50 millimeter container of moisturizing cream.

China's growth looks so promising the company is expanding outside of the major cities of Shanghai, Beijing and Guangzhou, said Paolo Gasparini, L'Oreal's China chief executive officer.

The country's economy will probably grow 9 percent in 2011, according to the median estimate of 18 analysts surveyed by Bloomberg.

L'Oreal in 2008 introduced its Vichy line in China, and late last year started selling Garnier, a brand aimed at entry-level cosmetics users, especially in third- and fourth-tier cities. An unexpected bonus was that women account for about 50 percent of purchases at L'Oreal's China stores for their husbands and boyfriends, said Gasparini.

"This surprised me for I am Italian and Latins are more macho and only use products they buy for themselves," Gasparini said. "Chinese men don't have any problem using products bought for them by women."

For Related News and Information:

China consumer-product news: TNI CHINA HOU <GO> Per-capita disposable income of Chinese urban households:

CHINURBN <Index> HP <GO>

L'Oreal revenue breakdown: OR FP <Equity> FA PROD <GO> Procter & Gamble peer comparison: PG US <Equity> PPC <GO> Shiseido geographical revenue breakdown:

4911 JT <Equity> FA GEO <GO>

Top China news: TOP CH <GO>

Top consumer news: TOP CON <GO>

--Michael Wei in Beijing. With assistance from Naoko Fujimura in Tokyo.
Editors: Frank Longid, Bret Okeson

To contact the reporter on this story:

Frederik Balfour in Hong Kong at +852-2977-6618 or
fbalfour@bloomberg.net

To contact the editor responsible for this story:

Frank Longid at +852-2977-6643 or flongid@bloomberg.net