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## PCHI Indicator of Dynamism in Chinese Market

By: Rachel Grabenhofer

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The Personal Care and Homecare Ingredients (PCHI) show, held March 10—12, 2010, in Shanghai, reported a record 194 ingredient exhibitors, including 65 newcomers. "China will see high growth and low inflation this year, making it possible for the country to experience one of the best years in decades in terms of economic performance," said Jason Li, project manager, PCHI, in a press statement. In addition, he stated that the show organizers expect PCHI 2010 to springboard its exhibitors to achieve significant results and enjoy greater returns during 2010.

How might this affect innovation? In many cases, it has prompted raw material suppliers to innovate with flexibility for the formulator in mind. On the flip side, however, as Loh Peng Keong, senior fragrance manager of sensory and strategy for Sillage Aromatique, a division of Nardev Chemie Pte., Ltd., observed, "[For perfumers], the ability to create from inspiration is being lost. People are simply given direction for [various products]. It is hard to keep perfumery alive." He added that due to this focus on speed to market, "Everyone is trying to create the next big trend; the luxury market especially is obsessed and is creating too many fragrances that smell alike. There's not enough emphasis on unique scents."

Considering local vs. luxury brand loyalty in China, Li noted that, almost all major international brand owners are present in China and that the luxury market naturally centers near the larger cities where incomes are generally higher. However, notably in more rural areas, there is strong support for the smaller, local manufacturers. "Consumers in China often go to local shops to buy domestic, local brands," said Li. He added that the income of consumers in more rural areas has increased, along with consumer spending on personal care products.

Wang described the markets in China as being divided into tiers, much like the sizes of various cities, and this fact can make it difficult to design and market products for the different tiers since the needs of consumers among them differ. However, he added, "People have become more willing to try new things."

With sights set on expansion into the Chinese market, PCHI exhibitors anticipate the 2011 event, to be held in Shenzhen, near both Guangzhou and Hong Kong, which according to the organizers will attract more domestic and international participants from up to three top tier cities to maximize business opportunities.

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