

SPECIAL REPORT NO.

Shanghai

China

January 18, 1933

(City)

(Country)

(Date)

FEB 16 1933

Subject: PERFUMERY AND COSMETICS - 1932

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In the Chinese Maritime statistics the products:

Perfumery, cosmetics, shaving soap, face cream, toothpaste, talcum or other toilet powder, hair tonic and all other preparations for the hair, mouth, teeth or skin,

are classified under the following headings:

- No. 466 - Face Powder and cream.
- No. 467 - tooth powder and paste.
- No. 468 - others.

However, the figures covering these items are lumped together in those

statistics showing their countries of origin under the one heading

"Perfumery and Cosmetics". Under this heading net imports into all

China during the three years preceding the one under review were:

Year	HK Taels	U. S. \$
1929	2,931,593	1,876,219
1930	3,022,795	1,390,486
1931	2,182,794	742,150

During the first eleven months of 1932 China's net imports were valued at G.U. 1,016,949 or U.S. \$406,780. Shanghai's imports during December were G.U. 51,149 or U.S. \$20,460. As Shanghai imports during 1932 have been roughly 51% of China's total imports of these products, the total imports into all China for 1932 should amount roughly to U.S. \$446,000.

The percentages of this trade enjoyed by various countries were:

	<u>1929</u>	<u>1930</u>	<u>1931</u>	<u>1932</u>
France	14.5%	15%	18%	17%
Germany	4.5%	4.9%	6.9%	5%
Great Britain	5.5%	6.6%	7.6%	12.3%
Hong Kong*	32%	34%	18%	8.2%
Japan	25%	25.8%	31.5%	29%
U.S.A.	14%	15%	17%	27%

*Probably largely re-exports - not locally manufactured products.

Imports to all China by countries for 1931 and 1932 were:

	<u>1931</u>	<u>11 months 1932</u>
France	Hk. Fls. 392,047 (U.S.\$ 133,296)	G.U. 173,087 (U.S.\$ 69,235)
Germany	Hk. Fls. 151,800 (U.S.\$ 51,612)	G.U. 54,291 (U.S.\$ 21,716)
Great Britain	Hk. Fls. 168,217 (U.S.\$ 57,194)	G.U. 128,562 (U.S.\$ 51,425)
Hong Kong	Hk. Fls. 393,244 (U.S.\$ 133,703)	G.U. 86,220 (U.S.\$ 34,488)
Japan	Hk. Fls. 694,381 (U.S.\$ 236,090)	G.U. 296,657 (U.S.\$ 118,663)
U.S.A.	Hk. Fls. 374,718 (U.S.\$ 127,404)	G.U. 270,771 (U.S.\$ 108,308)
Others	Hk. Fls. 54,437 (U.S.\$ 18,509)	G.U. 21,003 (U.S.\$ 8,401)

Shanghai's percentage of total China imports has been roughly:

<u>1929</u>	<u>1930</u>	<u>1931</u>	<u>1932 (11 months)</u>
32%	35%	37%	51%

with imports into Shanghai from various origins in 1932 being

	<u>G.U.</u>	<u>U.S.\$</u>	<u>% of Total</u>
France	140,717	56,286	24.3%
Germany	35,199	14,080	6.1%
Great Britain	113,654	45,462	19.6%
Hong Kong	2,762	1,105	.5%
Japan	27,348	10,939	4.7%
U.S.A.	254,643	101,857	43.9%
Other countries	<u>5,190</u>	<u>2,076</u>	<u>.9%</u>
Total	579,513	231,805	100.0%

Net imports into all China classified by products during

the last three years were:

	<u>1930</u>	<u>1931</u>	<u>1932 (11 months)</u>
Face Powder & Cream	Hk. Tls 1,003,280 (U.S.\$ 461,509)	Hk. Tls. 628,096 (U.S.\$ 213,553)	G.U. 313,673 (U.S.\$ 125,469)
Tooth powder & Paste	Hk. Tls. 572,422 (U.S.\$ 263,314)	Hk. Tls. 460,305 (U.S.\$ 156,503)	G.U. 150,532 (U.S. 60,213)
Others	Hk. Tls. 1,447,093 (U.S.\$ 665,663)	Hk. Tls. 1,094,393 (U.S.\$ 372,094)	G.U. 552,744 (U.S.\$ 221,098)

The foregoing figures indicate the increasing importance of United States products of this category in this market, her share of the trade having risen from 14% of China's total in 1929 to 27% in 1932 and amounting to 43.9% of Shanghai's total in 1932. This is largely due to the constant efforts of the representatives of American lines backed with the cooperation of their principals at home. It has been quite definitely established that such products as perfumery and cosmetics cannot be moved

the selling price of which is usually considerably lower than imported products. One factor which helps around 450 percent and the average cost

in this market without an intelligent advertising campaign which involves not only newspaper and periodical advertising in English and Chinese, but also posters, counter cards and the distribution of descriptive material in English and Chinese. The market is limited to foreigners and well-to-do Chinese as the poorer classes do not use cosmetics.

Japanese cosmetics exported to China are principally the cheaper quality. However, as many of the brands from Japan are known as being of Japanese origin, the intensive Japanese boycott which existed during parts of the year 1932 throughout China has had some effect on the Japanese business and as the Japanese products are for the cheaper trade they have been the first to suffer from competition from local manufactured products. Three French brands "Coty" "Houbigant" and "Piver" have been established in this market from 25 to 40 years. Of the various German cosmetics being sold "4711" is the leading brand. This company advertises widely in China. "Atkinson" and "Yardley" are leading British brands. A number of nationally advertised American brands also have a firm foothold in this market. One American line in particular which has been represented in this market for the past twelve years maintained its own office and distribution organization throughout China and advertises widely. Several of these concerns distribute thousands of samples annually in addition to carrying on extensive advertising campaigns through other advertising media.

There are considerable quantities of cosmetics manufactured locally, the selling price of which is usually considerably lower than imported products. One factory employs around 450 workmen and the average wage

paid is approximately equal to U.S.\$0.15 per day. This concern is able to put out a small jar of vanishing cream which retails at approximately the equivalent of U.S.\$0.03 per jar.

From discussion with various cosmetic representatives it appears that the best selling items are: lipstick, brilliantine and hair tonic, vanishing cream, face powder, rouge, and perfume with smaller markets existing for foundation cream, skin food, eyebrow pencils, with practically no market existing for other items of the cosmetic line.

While the figures given in this report indicate that the market for imported perfumery and cosmetics is on the decrease, those lines which are well advertised and constantly pushed by their representatives are believed to be obtaining a profitable share of the business. Numerous unadvertised lines have sought to secure a foothold in this market, but with practically no exception such efforts have failed. This is evidently due to a number of causes. In the first place, perfumery and cosmetics usually sell to that class of people which prefer to use well known products and who read advertisements. In the second place, the dispensaries of such products use very little salesmanship. That is, if a person walks into a store and asks for a certain brand, a salesman in a Chinese shop never suggests a substitute and will simply sell the brand asked for or if it isn't in stock state that it isn't and make no effort to sell something "just as good".

Imitations of well known brands are constantly appearing on the market and it is, therefore, particularly vital that all trademarks and labels be registered ^{AND} if there are any infringements to quickly prosecute them.

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