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# CHINESE COSMETIC MARKET RE- SEARCH

Case company: Lumene Oy

Business Economics and Tourism

2013

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## **ABSTRACT**

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Title	Chinese Cosmetic Market Research
Year	2013
Language	English
Pages	76
Name of Supervisor	Thomas Sabel

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With the fast development of Chinese economy, more and more foreign brands want to promote their business to China. In most countries around the world cosmetics have become one of the necessities for people, and it is impossible for one brand to meet everyone's demands. This research aimed to discover the potential of Lumene, which is a Finnish cosmetic brand, in the Chinese market. The theoretical framework contains two main parts, which are introduction to consumer behaviour and explanation of brand name strategy. A detailed introduction for the factors which can influence consumer behaviour is given, especially among the Chinese consumers. In the second part the introduction of the method, announcements of the Chinese name translation for foreign cosmetic brands is presented. Empirical findings showed that most of results meet the description of theoretical ideas. Chinese cosmetic consumers are more interested in moisturizing and whitening products to which Lumene should pay attention. Counters in some shopping malls, supermarkets and online shop are the most popular locations where consumers buy cosmetics. The main competitors for Lumene are the other western cosmetic brands in China. And the existing Chinese name of Lumene is not popular in China, which means Lumene should design for a new name.

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# 1 INTRODUCTION

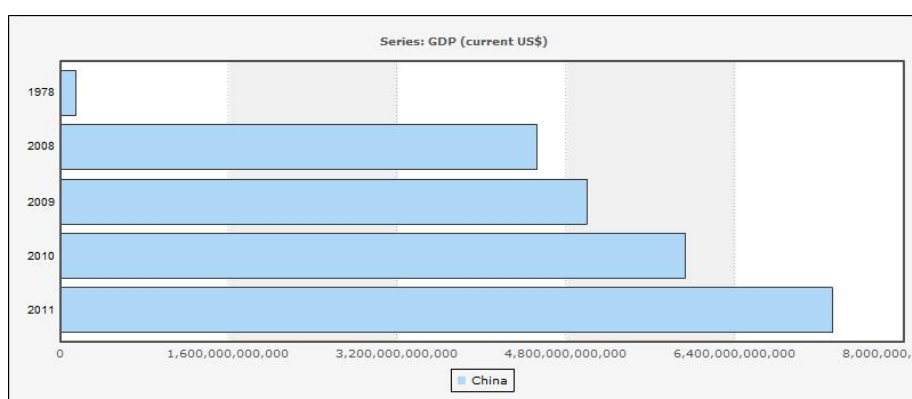
In our daily lives, the cosmetic products act as one of the most important products in many countries. When the physiological and safety needs are contented, people pay more attention to their appearance which can be influenced by the health of body and skin in most countries all over the world. Furthermore, the people who would like to improve or keep the health of their skin may have a big role in whole population. Pure face will be an attractive topic to women forever which gives more opportunities to new brands.

In this chapter the background of study, which consists of Chinese cosmetic market, introduction to Lumene, the main competitor in China, research problems and objectives, and structure of thesis will be presented one by one.

## 1.1 Background of this Study

China obtained sustained torrid economic growth for more than 30 years relying on the economic system innovation from Command to Market Economy in 1987. Chinese GDP reached US\$7.26 trillion in 2011 compared with US\$323.97 billion in 1987 (see Figure 1). *China 2020*, published by the World Bank, forecasts China will become the second largest exporter who may keep an annual growth rate of 6.5 percent. (World Bank Group)

Figure 1 The Chinese GDP in 1987 and from 2008 to 2011



Source: World Bank Group (web page).



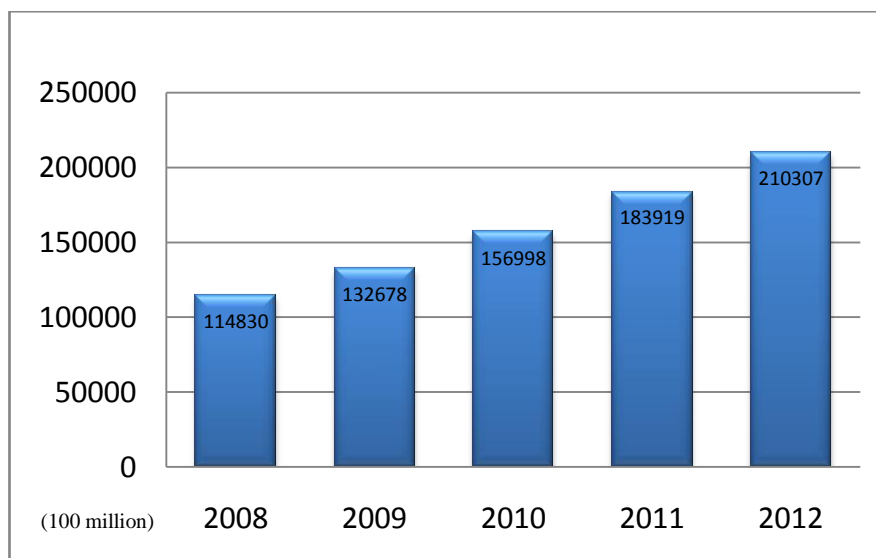
Chinese development and economic opening policy provide increased business opportunity to foreign companies like Siemens, Johnson, Motorola and Volkswagen who have succeeded in China.

Furthermore, I learned that Lumene has tried to do business in China but failed finally. In 2000, Lumene held a news briefing of entering the Chinese market at Beijing Kerry Centre and published the plan of setting up eighty shops within a year. However, there is only a small group of people who know this brand and the shops of Lumene are hard to find in China, which makes customers who interested in the product can able to buy the products. It is difficult to discern true or false.

### 1.1.1 Chinese Cosmetic Industry

In 2012, the Chinese total social retail sales were over 21 trillion RMB, which having 14.3 percent growth compared with 2011 (see Figure 2). Among all categories of total social retail sale, the cosmetic products increased by 17 percent as shown in figure 2.

Figure 2 Chinese Total Social Retail Sales from 2008 to 2012



Source: National Statistics Bureau (web page).

There are several phenomena in Chinese cosmetic market in 2012:

Firstly, although the absolute quantity of cosmetic consumption grew persistently in these years, the growth rate decreased by 4.2 percent in 2012 compared with 2011. (Chinese National Commercial Information Centre)

Secondly, the main categories of cosmetics grew evenly. According to the statistical data from Chinese National Commercial Information Centre, the retail sales of skin care, make-up, and perfume increased and held a similar growth rate in 2012, and they increased by 12.3%, 12.4%, and 12.0% respectively. Under the background of slow growth in cosmetic retail sales market, the make-up and perfume decreased clearly, which makes the retail sale of skin care keep pace with them. This shows the strong rigidity of consumption for skin care products as well.

Thirdly, make-up and perfume are more popular in first-tier cities in China compared with other cosmetic products because of the high level of income and advanced consumption concept. Although the growth rate of the total cosmetic products sales is lower in first-tier cities compared with second and third-tier cities, the rate for make-up and perfume stayed clearly ahead obviously (see Table 1).

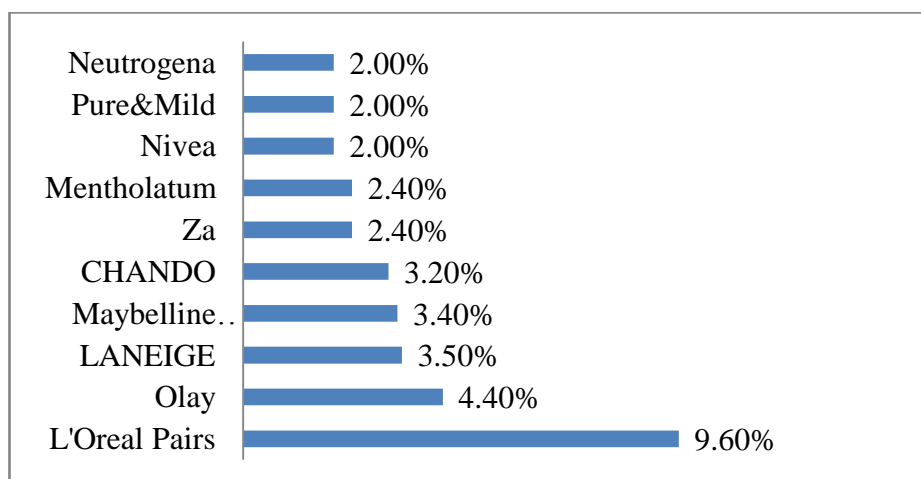
Table 1 Growth Rate of Cosmetic Products and its Main Categories in Different Cities in 2012 (Chinese National Commercial Information Centre)

	First-tier city	Second-tier city	Third-tier city
Cosmetic Products	9.2%	13.9%	15.0%
Make-up	20.2%	10.8%	9.5%
Perfume	23.3%	5.1%	14.7%

Fourthly, the price of retail sales of cosmetic products rose to a new record with a grow rate of 2.2% in 2012 because of the higher raw material, rent, labour cost etc (National Statistic Bureau).

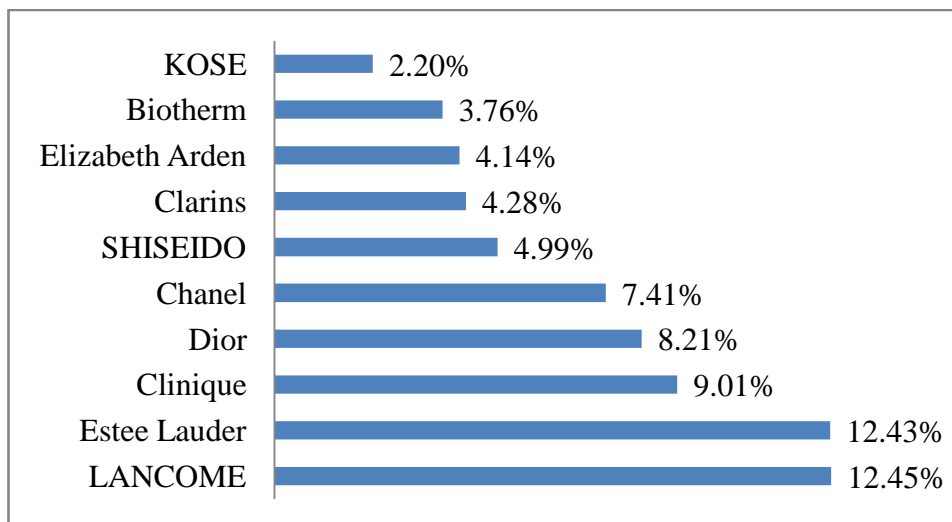
With the fast development of electronic commerce in China, the brand spotlight on the internet has become a noteworthy factor for enterprises. Base on the data collected by Baidu Data Research Centre, L'Oreal Pairs located at the top in the group of Chinese popular cosmetics in 2012, and Chinese consumer focus more on product itself and brand when searching the information. CHANDO is the only brand which comes from China in the top ten, as most of the brands originate from Europe and United States. For the winner, L'Oreal Pairs, moisturizing products attracted most attention (see Figure 3). (Li Qianqian 2013)

Figure 3 Rank of Popular Cosmetic Spotlight in 2012 (Li Qianqian 2013)



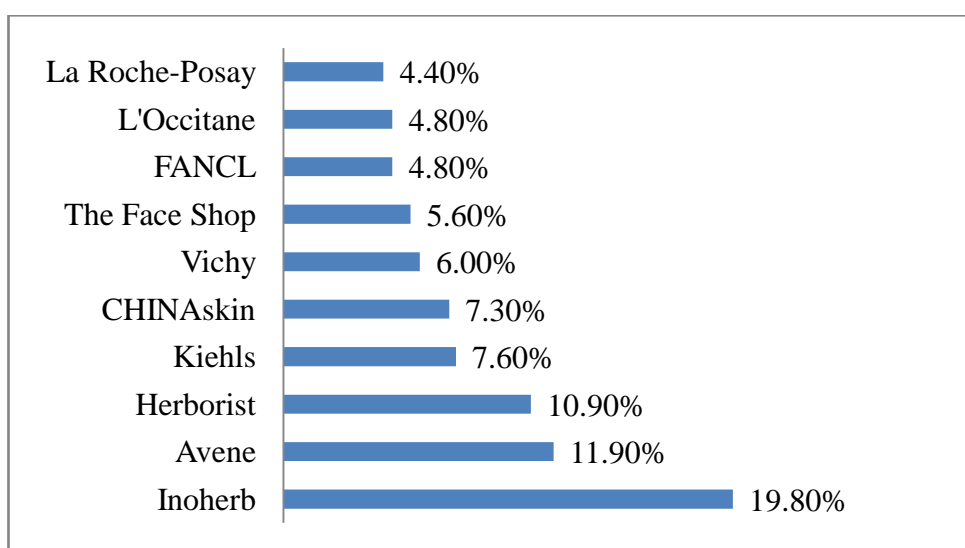
The attention for top grade brands has continuously risen in recent years, and Chinese consumers pay more attention to the product itself and price compared with other brands. Lancôme won the first place in the ranking of top grade cosmetics in 2012 with a slight superiority (see Figure 4). Just like the situation in popular cosmetics spotlight ranking, the brands come from the western except for Kose and SHISEIDO. Meanwhile, moisturizing products are the most popular items for Lancôme. (Li Qianqian 2013)

Figure 4 Rank of Top Grade Cosmetics Spotlight in 2012 (Li Qianqian 2013)



Consumers are interested in active natural cosmetics in autumn because of the dry weather, and they make the choice based on the product itself and brand's official website. Inoherb is the No.1 brand in the highest ranking of active natural cosmetics in 2012 with absolute advantage (see figure 5). Inoherb uses a facial mask as the centrepiece with low price and natural ingredients to promote its business from primary stage and several kinds of masks are the most popular items as a result till now. (Li Qianqian 2013)

Figure 5 Rank of Active Natural Cosmetics Spotlight in 2012 (Li Qianqian 2013)



The Chinese Cosmetic Net made a report about development trend forecast for Chinese cosmetic market in 2013, and gave several opinions to cosmetic enterprises. Generally, the growth rate of cosmetic retail sales will keep steady if no abnormal factors occur and the Chinese cosmetic market will become more diversified.

First of all, the oral beauty products will be more popular in 2013 under the influence of some entertainment programs from Taiwan, Japan, and Korea. Next, facial mask have optimistic growth potential with higher income and the transformation of skin care concept in the group of female consumers.

Also, facial masks will be more acclaimed because they emphasize some intensive care functions like whitening, moisturising, and freckles which suit the case of serious environmental degradation. And, the facial mask industry has the favourable factors of low competition and high profit in China now, which can play a catalytic role in its development during next several years.

Thirdly, more and more cosmetic brands changed their developing route from professional or daily use alone to the combination such as selling cosmetic products in front shop and providing after-sales beauty service in the back. What is more, some of them have succeed and won recognition in the Chinese cosmetic market. With the development of this new experiment some great business models that can effectively combine the advantages of each commercial line will be widespread, which will make the boundary fuzzy between professional and daily use.

The last one, with the rising operating cost, strong competition, and the change of people's life style and consumption psychology, the traditional large-scale retail enterprises represented by the department stores will lose their competitive ability gradually because of the limitations of this business model. So, cosmetic enterprises should transform their marketing idea, such as entering some modern shopping centres which combine foods, wear and play, and pay more attention to the electronic commerce and the on-line marketing channels. (Chinese Cosmetic Net)

### **1.1.2 Introduction to Lumene**

Lumene is a cosmetic brand who was launched in Finland in 1970. Till now, Lumene has mainly put the focus in the local market but it also promotes the business in Sweden, Russia, and United States. The name of Lumene comes from the crystal clear lake of Lummenne which is located at the heart of Finnish lakes. Lumene devote itself to providing the true beauty for customers with the natural arctic ingredients and persistent innovation. In 2012, the local market in Finland contributed 50 percent of net sale, and the rest 50 percent came from the international markets. The production line of Lumene is made up with Arctic Aqua, Complete Rewind, Beauty Base, Blueberry, Excellent Future, For Man, Natural Code, Sensitive Touch, Time Freeze, Vitamin C+, and Wild Rose. (Lumene Official Website)

Lumene LAB is a series of product that are worth introducing separately and which used of people contribute to exploring anti-aging from different perspectives and getting more comprehensive understanding of the aging process. In order to achieve this mission, Lumene LAB has identified four fundamental disciplines of Skin, Science, Nature and Lifestyle which play the significant role in aging process. Then, Lumene LAB works closely with the external skincare experts who are the people that examine entire four disciplines through their own youth lens as well as the internal team of chemists and scientists. As a result till now, Lumene LAB has three production lines which are Age Preventing 25+, Age Correcting 40+ and Age Caring All Ages. Each product of Lumene LAB is tested in R&D and production phases to ensure the safety and undergo through clinical, dermatological, consumer tests to ensure the effectiveness. Meanwhile, all products are innocent of parabens, synthetic colorants, and mineral oil. (Lumene Official Website)

However, I gained negative information in the process of checking information about the business of Lumene in China. As what can be said till now, Lumene share few percent in Chinese cosmetic market and there is only a small group of

people who know the products of this brand. In addition, the shops of Lumene are hard to find in China, which makes the customers who are interested in this brand only rely on buying Lumene products on the internet. True or false are difficult to note then. But, Lumene is recognized widely in the Europe and America, and some of the products have obtained many global awards. So, what influence does the business of Lumene in Chinese market?

From some friends and my own perspective of view, Lumene did a bad translation work of brand name at the start. The company chose a Chinese name of “You Zit-ing” which sounds like a brand name of underwear or weight-losing products in the sense of Chinese people. Second, Lumene neither chose the right market position nor implemented a working marketing strategy.

### **1.1.3 Analysis of Main Competitor**

There are many foreign cosmetic brands like Biotherm, Estee Lauder, and Lancôme as well as local brands like Aglaia, CHANDO, and Herborist in China. The local brands take a limited market share, and some of the foreign first and second line brands share most of the market due to their great popularity and excellent functions. Nevertheless, there is opportunity for other brands, because makeup will always be an attractive topic for women and it is impossible for one brand to fit everyone. In China, all the cosmetic brands can be divided into several categories according to different classification methods. They will be classified according to their origin and grade, and then compare them with the target brand Lumene.

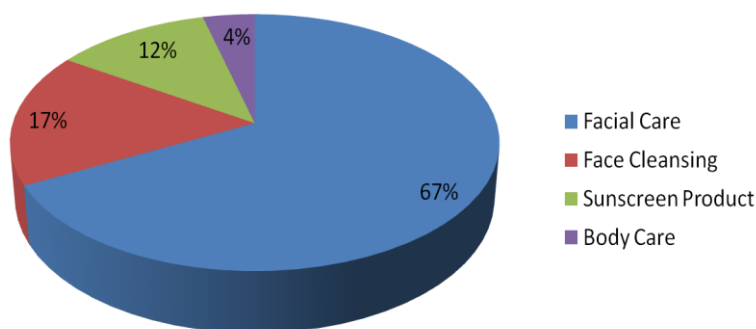
In China, all cosmetics can be divided into three groups on the basis of origin which are local brands, Japanese and Korean brands, and Western brands.

Four local brands were chosen, two Japanese brands, two Korean brands, and six Western brands from all cosmetic brands on the basis of their popularity and complexity of getting information. In fact, the information for about fifty brands was checked at the initial stage, but it is hard to get the valuable message for some

of the brands. So, these fourteen brands are chosen at the end, because it will influence the reliability of results if the information of product cannot be collected from the official websites of the brands. The local brands are Aglaia, CHANDO, Herborist, and Inoherb. SHISEIDO and Kose are from Japan, and LANEIGE, Sulwhasoo come from Korea. Among the list of western cosmetic brands, four from French brands, Lancôme, Helena Rubinstein, Biotherm, Clarins and two from United States, which are Estee Lauder and Clinique were chosen.

Then, the product prices will be compared between Lumene and three groups of brand separately in order to help Lumene find a relatively accurate market positioning and main competitors in China. Because different brands defined different production lines and each line has unlike products, it is impossible to compare the all product prices one by one. And, Chinese consumers pay more attention to facial care, as shown in Figure 6. So, three primary product lines from facial care, which are moisturizing, sensitivity/whitening, and time freeze were collected. Hope fully they can reflect the situation for other products.

Figure 6 Rank of Cosmetics Application Attention in China in 2012 (Li Qianqian 02.2013).



Before the analysis, several points in Table 2, Table 3 and Table 4 are explained. First of all, the products in three product lines are:



- Moisturizing: cleaner, day cream, and night cream.
- Sensitive or Whitening: cleaner, day cream, and night cream.
- Time Freeze: day cream, night cream, eye cream, and essence.

Secondly, the price of Lumene products are calculated by exchange Euro into RMB according to the current rate, and the expenses of transportation, storage and customs are included. Thirdly, the number for all left brands is the counter selling price in the Chinese cosmetic market. Fourthly, all cleaners are calculated into one hundred millilitres, day and night creams into fifty millilitres, eye creams and essences into thirty millilitres in order to get correct result because the volume of each kind of product in each brand is different.

There are several fold price differences between Lumene and Chinese local brands except the Herborist, which means they have limited comparability. Also, Lumene has similar prices in all these three product lines with Herborist. In addition to this, Herborist is famous for the ingredients of Chinese herbal medicine which fit the purpose of Lumene for providing true beauty with natural arctic ingredients to some extent. A deep comparison will be made between these two brands in the empirical part of this thesis. (See Table 2)

Table 2 Price Comparison between Lumene and Chinese Cosmetic Brands

	Lumene	Aglaia	CHANIDO	Inoherb	Herborist
	Price (RMB)				
Moisturizing	90	28	62	30	80
	135	24	98	33	220
	135	48	118	89	230
Sensitive / Whitening	83	55	89	35	80
	240	44	67	29	83
	240	88	150	80	230
Time Freeze	429	79	92	No	360
	450	158	220	No	420
	843	252	367	No	840
	509	139	206	No	460

Source: official website of Lumene: <http://www.lumene.com>. Official website of Aglaia: <http://www.yagelibai.com/>. Official website of CHANIDO: <http://www.chcedo.com/>. Official website of Inoherb: <http://www.inoherb.com/>. Official website of Herborist: <http://www.herborist.com.cn/>.

The Japanese and Korean brands can be divided into two groups which are SHISEIDO with LANEIGE and Kose with Sulwhasoo from the perspective of their price. Just from a theoretical perspective, Lumene has absolutely an advantage compared with SHISEIDO and LANEIGE based on their price as shown in Table 3. So, SHISEIDO and LANEIGE will be the competitors if Lumene develops its business in the Chinese cosmetic market without considering other factors. However, the comparison between Lumene, Kose and Sulwhasoo is meaningless just from the perspective of price.

Table 3 Price Comparison between Lumene and JAP&KOR Cosmetic Brands

	Lumene	SHISEIDO	KOSE	LANEIGE	Sulwhasoo
	Price (RMB)				
Moisturizing	90	208	214	109	160
	135	380	200	265	600
	135	380	575	265	720
Sensitive / Whitening	83	256	169	93	160
	240	450	65	356	230
	240	450	140	356	880
Time Freeze	429	600	367	581	288
	450	510	1800	606	2583
	843	900	975	565	2280
	509	520	1548	581	1320

Source: official website of Lumene: <http://www.lumene.com>. Official website of SHISEIDO: <http://www.shiseidochina.com/>. Official website of Kose: <http://www.kose.com.cn/>. Official website of LANEIGE: <http://www.laneige.com.cn/>. Official website of Sulwhasoo: <http://www.sulwhasoo.com.cn/>.

Lumene has obviously different prices with other western cosmetic brands, which means we cannot get any significant information just based on the information from table 4. As it has explained before, the price of products for Lumene contain the counter selling prices in Finland, the expenses of transportation and storage, and the customs. However, the marketing cost which is hard to be calculated such as the expense of advertising and the shop rent fees in China is not included. Even so, the prices of these six brands can be act as a standard to some extent because Lumene is also a member in western cosmetic brands.

Table 4 Price Comparison between Lumene and Western Cosmetic Brands

	Lumene	Lancôme	HR	Biotherm	Clarins	Estee Lauder	Clinique
	Price (RMB)						
Moisturizing	90	256	464	147	150	224	100
	135	620	180	470	470	590	340
	135	620	180	550	470	590	340
Sensitive/ Whitening	83	280	464	224	240	280	260
	240	695	512	580	500	695	390
	240	710	2380	580	640	710	390
Time Freeze	429	2680	632	580	720	830	620
	450	2680	3780	650	750	880	620
	843	2160	3960	900	750	1120	900
	509	2380	4410	390	558	630	620

Source: official website of Lumene: <http://www.lumene.com>. Official website of Lancôme: <http://www.lancome.com.cn/>. Official website of HR: <http://www.helenarubinstein.cn/>. Official website of Biotherm: <http://www.biotherm.com.cn/>. Official website of Clarins: <http://www.clarins.com.cn/>. Official website of Estee Lauder: <http://www.esteelauder.com.cn/>. Official website of Clinique: <http://www.clinique.com.cn/>.

As a conclusion, Herborist, SHISEIDO and LANEIGE will be target brands that are worth analyzing deeply later.

## **1.2 Research Problem and Objective**

The research problem of this thesis is to explore why Lumene did not flourish in China and the potential for the brand from a perspective of customer behaviour. In order to achieve this aim, several objectives should be solved.

The first objective is to understand what factors influence customer behaviour from a theoretical perspective.

The second objective is to introduce the characteristics of the Chinese consumers theoretically.

The third objective is to understand how brand name can influence the business of a firm, especially in the environment of Chinese unique culture.

The last objective is to do a qualitative and quantitative research study empirically to explore the elements that block the success of Lumene in the Chinese cosmetic market.

## **1.3 Structure of This Thesis**

The main body of this thesis will be divided into two categories, the theoretical part and empirical part. The several objectives which have been mentioned before will be introduced one by one in the theoretical study. Then, the research methodology and all findings will be stated in the empirical study. For the research methodology, several items which are research method, research implementation, the validity and reliability of research, and the respondents will be introduced. In the end, a conclusion which combines the result from both theoretical and empirical part will be given.

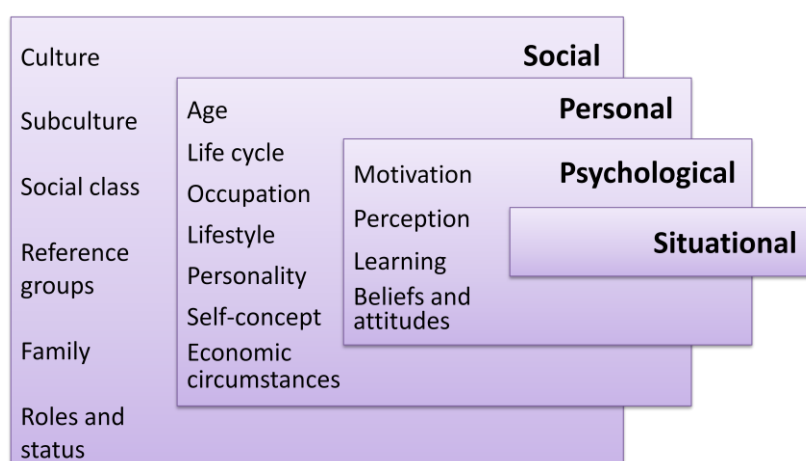
## 2 CONSUMER BEHAVIOUR

In this chapter the definition of consumer buyer behaviour, the influences on consumer behaviour will be introduced. The influence on consumer behaviour contains a large number of factors which will also be stated, especially for the primary elements. Before exploring the consumer buyer behaviour, we need to know what it is. Consumer buyer behaviour is the whole process that consumer used to select, purchase, exercise and evaluate the goods or services which can satisfy themselves (Graeme and John 2001, page 45-46).

### 2.1 Influence on Consumer Buyer Behaviour

Consumer behaviour is a complex process and it may be influenced by many sources which can be broken down into four major categories: social, personal, psychological and situational (see Figure 7). Social influence contains many factors such as culture, social class, reference groups etc. Personal influence is made of age, life cycle, occupation, lifestyle, personality, self-concept, economic circumstances. Psychological influence includes motivation, perception, learning, and beliefs and attitudes. The introduction for how each factor influences the consumer buyer behaviour will be listed one by one later in this section.

Figure 7 Influences on consumer behaviour



Source: adapted from Graeme Drummond and John Ensor, 2001.

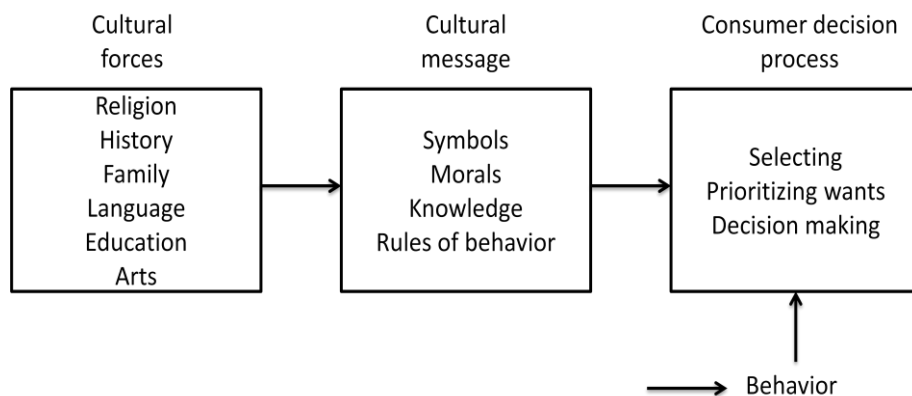
### 2.1.1 Social Influence

#### Culture and subculture:

Culture and social class are the most significant elements among the social influences, and the former affects consumer behaviour directly. Therefore, the culture will be introduced in detailed.

There are several primary ways in which culture influences a consumer during the buying process. Jeannet and Hennesey (1993) identify three major processes which are shown in Figure 8. Culture performs in some elements of society such as religion, history, family and language which is shown as cultural forces in figure; these factors give direct and indirect messages to consumer when they choose a product or service (shown as cultural message in figure); then these messages give a signal to each process of consumer decision (shown as consumer decision process) and the consumer show different behaviour in the end. (Isobel and Robin 1999, page 90)

Figure 8 Culture influences on buyer behaviour

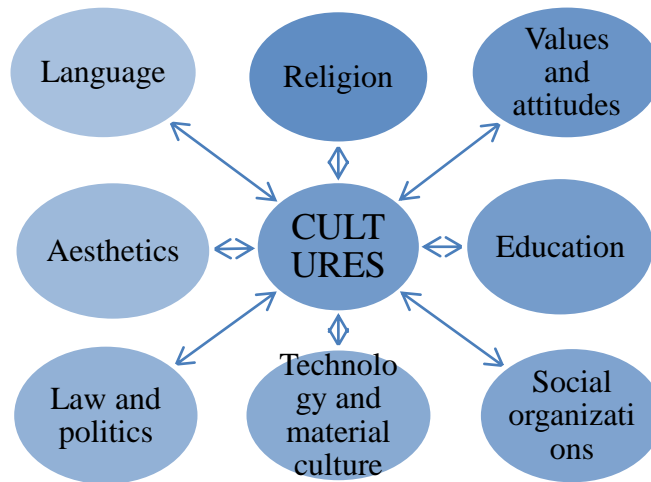


Source: adapted from Jeannet and Hennesey (1993).

Culture is all the things we learn from the environment during the process of growing, but not only the inherent things or something we get from a country as a citizen. In 1997, Terpstra and Sarathy defined a comprehensive framework that contains eight elements which make it easy to analyze culture. The eight elements

are education, social organisations, technology and material culture, law and politics, aesthetics, values and attitudes, religion, and language (see Figure 9). What will be introduced the eight components are and with their influence the consumer buyer behaviour one by one. (Isobel and Robin 1999, page 80-81)

Figure 9 Cultural Framework



Source: adapted from Terpstra and Sarathy (1997).

*Education:* it means the level of formal primary and secondary education that consumers obtain in a market. It can affect many skills of the consumer such as speaking, reading, understanding etc. A small simple example can be given here that if enterprises sell products with possible dangerousness in a low level education market, they should pay more attention to the wording of product labelling compared with high level education markets. In addition to this, enterprises need to choose more simple ways to explain a product like change words into pictures if consumers have low level of education in the market. Otherwise, it may cause antipathy which will influence the choice of consumers directly. (Isobel and Robin 1999, page 81-82)

*Social Organisation:* it related to the organisational pattern of a society. It will influence the culture for how organisations consider the social state, wealth, family, kinship, caste system, and women’s rights. For example, it is difficult for a

company to do business in a market where women have no social status if their target consumer is housewife. Also, the home sales company cannot obtain successful marketing in the country where people are used to renting a house. (Isobel and Robin 1999, page 82)

*Technology and Material Culture:* it means the acceptance of high technology in a market. The developed countries may have higher acceptance for high technology compare with developing countries. And in the market where labour is superfluous and social welfare is poor, high technology will attract low attention. (Isobel and Robin 1999, page 82)

*Law and Politics:* the setting of law and the political environment will affect the formation of culture to a large extent. And then, different culture will influence the consumer buyer behaviour finally. (Isobel and Robin 1999, page 82)

*Aesthetics:* it related to the judgement for all beautiful things, tasty food, and good smell. Furthermore, the shape, colour, material and collocation of an object will influence the choice of people. For example, the package should be designed carefully in the market where consumers choose products depending on their appearance. (Isobel and Robin 1999, page 82)

*Value and Attitude:* it means how consumers consider the value of time, money, health and so on. And these factors will affect the communication style and hobby of consumers in a market. For example, the seller should go to the main point directly when communicating with consumers in the market where time is seen as the most significant factor. Values are so important to the marketers and table 5 shows what different consumer behaviour caused by unlike values. (Isobel and Robin 1999, page 83-84)



Table 5 Cultural Values and their Relevance to Consumer Behaviour

Value	General features	Relevance to consumer behaviour
<b>Achievement and success</b>	Hard work is good; success flows from hard work	Acts as a justification for acquisition of goods
<b>Efficiency and practicality</b>	Admiration of things that solve problems	Stimulates purchase of products that function well and save time
<b>Progress</b>	People can improve themselves; tomorrow should be better than today	Stimulates desire for new products fulfil unsatisfied needs; ready acceptance of products that claim to be new or improved
<b>Material comfort</b>	The good life	Fosters acceptance of convenience and luxury products that make life more comfortable and enjoyable
<b>Individualism</b>	Being self-reliance, self-interest and so on	Stimulates acceptance of customised or unique products that enable a person to express his or her own personality
<b>External conformity</b>	Uniformity of observable behaviour, desire for acceptance	Stimulates interest in products that are used or owned by others in the same peer group
<b>Youthfulness</b>	A state of mind that stresses being young at heart and a youthful appearance	Stimulates acceptance of products that provide the illusion of maintaining or fostering youthfulness

Source: Schiffman, L.G. and Kanuk, L.L. (1994)

*Religion*: it will influence the choice of consumers for food, cloth and so on. For example, Mohammedan does not eat pork and Hindu does not eat beef. Furthermore, religion is the most powerful force to culture in some countries. (Isobel and Robin 1999, page 85)

Table 6 Official Languages and Spoken Languages (Isobel and Robin 1999)

Mother tongue speakers	Millions	Official language	Populations/millions
Chinese	1000	English	1400
English	350	Chinese	1100
Spanish	250	Hindi	700

<b>Hindi</b>	200	Spanish	280
<b>Arabic</b>	150	Russian	270
<b>Bengali</b>	150	French	200
<b>Russian</b>	150	Arabic	170
<b>Portuguese</b>	135	Portuguese	160
<b>Japanese</b>	120	Malay	160
<b>German</b>	100	Bengali	150
<b>French</b>	70	Japanese	120
<b>Punjabi</b>	70	German	100

*Language*: language can be divided into two main categories which are spoken language and unspoken language. Moreover, the unspoken language includes body language, silence, and social distance. The spoken language is the most important factor in communication, and the Table 6 shows the main spoken language around the world. It is worth stating that Chinese contains a large number of dialects and mandarin is the largest. Also, the silent language can influence the negotiations in business meetings and it is particularly important in the situation where people from different cultures. Table 7 shows the main areas of silent language in overseas business. (Isobel and Robin 1999, page 85-86)

Table 7 Main silent languages in overseas business

<i>Silent language</i>	<i>Implications for marketing and business</i>
Time	Appointment scheduling. The importance of being “on time”. The importance of deadlines.
Space	Sizes of offices. Conversational distance between people.
Things	The relevance of material possessions. The interest in the latest technology.
Friendship	The significance of trusted friends as a social insurance in times of stress and emergency.
Agreements	Rules of negotiations based on laws, moral practices or informal customs.

Source: Hall and Hall (1987).

### Social class:

Social class depends on a society's cultural background heavily. The level of hierarchy is different in disparate societies. And also, the flexibility between each social class is different which means it is easier for individuals move from one class to another in open than closed societies. Consumers are also influenced by smaller social groups like friends, colleagues which can be divided into reference groups and family. (Graeme and John 2001, page 46-47)

### Reference groups:

Reference groups can be divided into official like the members of professional organizations and unofficial groupings like friends. These groups will influence the individuals to make choice, and consumers will tend to satisfy their reference groups when they buy some products or services. And, the role a consumer plays and his or her status in a reference group will also affect his or her behaviour. (Graeme and John 2001, page 47-48)

### Family:

Family is a key member in reference groups, and individuals learn attitudes and beliefs initially from family in which their purchasing behaviour is socialized. When all individuals in a family have their own children and set up new families, the influence will inherit to next generation. Furthermore, it will enhance the power of the family if purchasing decisions are made by all members in a household. (Graeme and John 2001, page 48)

### Subculture:

Generally speaking, there will be several subcultures in a larger culture, and these may be based on the geographical location, religion, nationality or racial groups. For example, there are thirty-six nationalities in China totally, and each nationality has its own different culture. Then, the subcultures can influence consumer buyer behaviour separately. (Graeme and John 2001, page 46)

### 2.1.2 Personal Influence

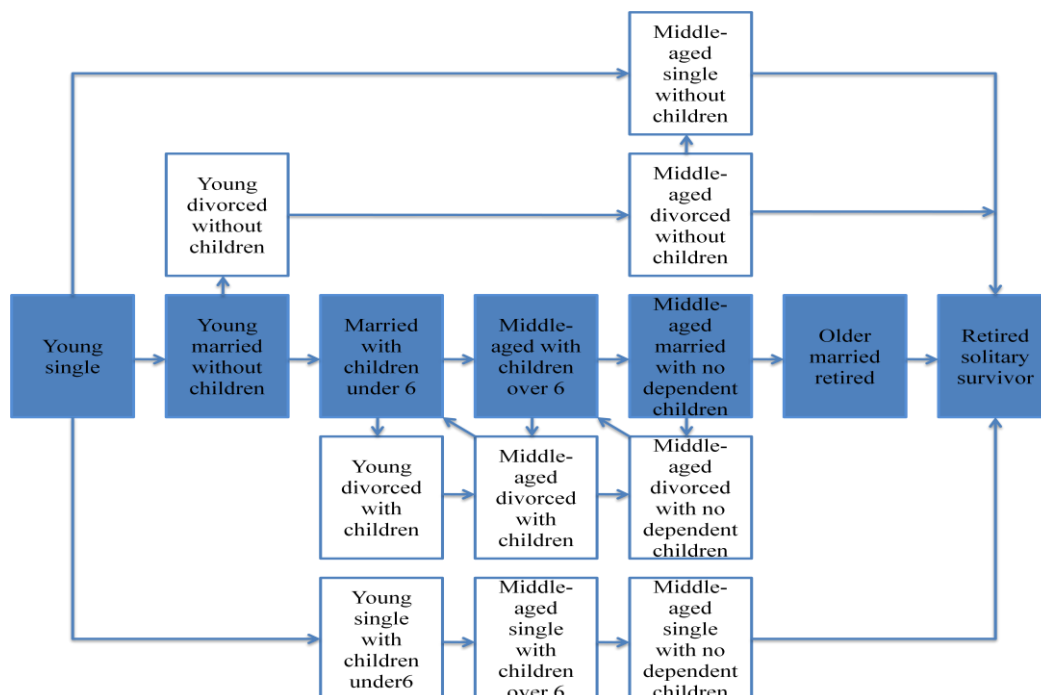
Consumers' buying behaviour can be also affected by their personal attributes such as age, occupation, lifestyle and economic circumstance, and these factors are commonly used as criteria to segment consumer markets. Examples for several main factors will be given in this section later.

#### Age:

Consumer's buyer behaviour will change with the growth of age. Generally speaking, it is easier for young people to accept the new things compared with middle-aged and elder people, and it is easier to impact the consumption concern of the latter compared with the former. It can take the subject of this thesis as an example that young people will pay more attention to the whitening, anti-sensitive, and moisturizing products, but the time freeze products may attract more attention from middle-aged and elder people. (Graeme and John 2001, page 53-54)

#### Life cycle:

Figure 10 Family Life Cycles (adapted from Murphy and Staples, 1979)



The family life cycle is the alternative routes that consumers may go through during their lifetime (see figure 10). The classical route for a consumer is to transform from young single to young married without children, to married with children under 6, to middle-aged with children over 6, to middle-aged married with no dependent children, to older married retired, to retired solitary survivor in the end which is emphasized with dark colour in the figure. Certainly, individuals can go through other alternative routes during their lifetime. Consumers will have different income and needs in each stage. For example, the young and single people may have no arrangement for their income, and they obtain more commitment after they married and have children which will make them plan the income more carefully, then they will be interested in arranging their pension after they retired especially for the old people who are single and have no dependent children. (Graeme and John 2001, page 54-56)

At the same time, an individual's economic circumstance, lifestyle and personality can also influence the pattern of his or her consumption decision. It is difficult to explain these factors separately because they will affect the consumers' behaviour synthetically in actual cases.

### **2.1.3 Psychological Influence**

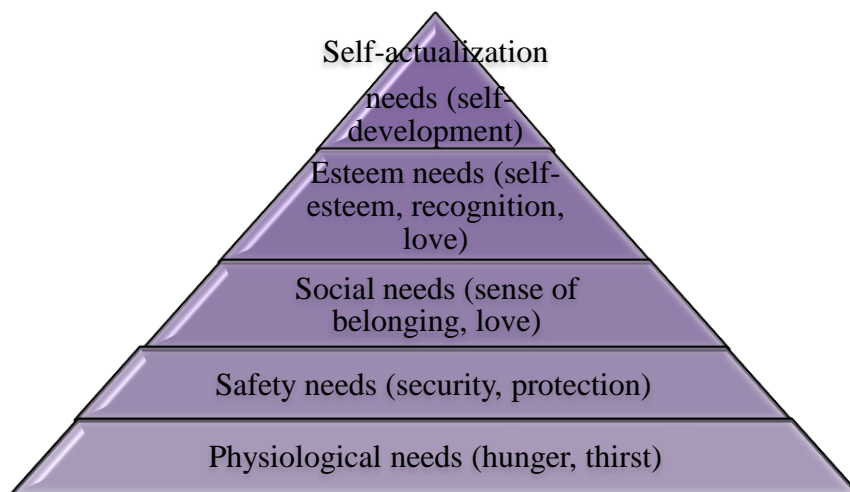
Four key psychological issues are motivation, perception, learning and beliefs and attitudes which influence consumers' behaviour ultimately. Individuals have a series of needs from the most basic like food and clothing to psychological needs like self-development and social recognition. These needs hide in our daily life but will become a motivational force when the intensity arrives at a high enough level. The most two influential theories in this area are **Freud's theory of motivation** and **Maslow's theory of motivation** which also have strong effect on marketing practice.

#### Motivation:

**Freud's theory of motivation:** Freud claimed that the motivation of individuals is affected by unconscious psychological factors, and individuals have to hide or change their own desires and fondness with growing up because of the social norms. So, this theory suggested that there will be a fundamental unconscious motivation behind the consumers' conscious reason for purchasing a product. (Graeme and John 2001, page 49)

**Maslow's theory of motivation:** Maslow rank the needs of individuals for five levels which are physiological needs, safety needs, social needs, esteem needs, and self-actualization needs (see figure 11). The physiological needs located at the lowest level while self-actualization needs situated at the highest level. Consumers will be motivated by the needs from higher level after they are able to satisfy the entire needs in the low level. Moreover, consumers will choose different products or services with their movement in these hierarchies. Generally speaking, motivation theories classified consumers into groups according to their needs. (Graeme and John 2001, page 49-50)

Figure 11 Maslow's hierarchy of needs



Source: adapted from Maslow (1970)

Perception:

Individuals can have different perceptions for the same external stimuli due to the process of selective attention, selective distortion, and selective retention. Selective attention refers to the hobby of consumers to pick up the element which can make them stimulant, and it is the first step in the process of psychological selection of consumers. Consumers would prefer to choose the products or services which fit their own favour or attitude. Selective distortion is caused by the distortionary understanding to the information from consumer. So, consumers may not choose a product even if it attracts their attention, because they would like to impose their own view or favour to objective things in order to meet their expectations. Selective retention is the last step in the process of psychological selection of consumers which means individuals prefer to remember the things that satisfy their tendency. And selective retention contains three stages which are input, save and output. (Graeme and John 2001, page 50)

#### Learning, attitudes and beliefs:

Learning can take place in several ways which include conditioning, social learning and cognitive learning. Conditioning theory suggests that reinforcement is significant for individuals to develop attitudes and beliefs; the theory of social learning proposes that learning can take place with indirect personal reinforcement such as slogan of a brand or others' behaviour; and cognitive learning may be used in high involvement purchases to develop individuals' attitudes and beliefs about a product or service. The position of a product or brand relative to other products or brands in the mind of consumer will be created by the establishment of attitudes and beliefs about them. (Graeme and John 2001, page 50-51)

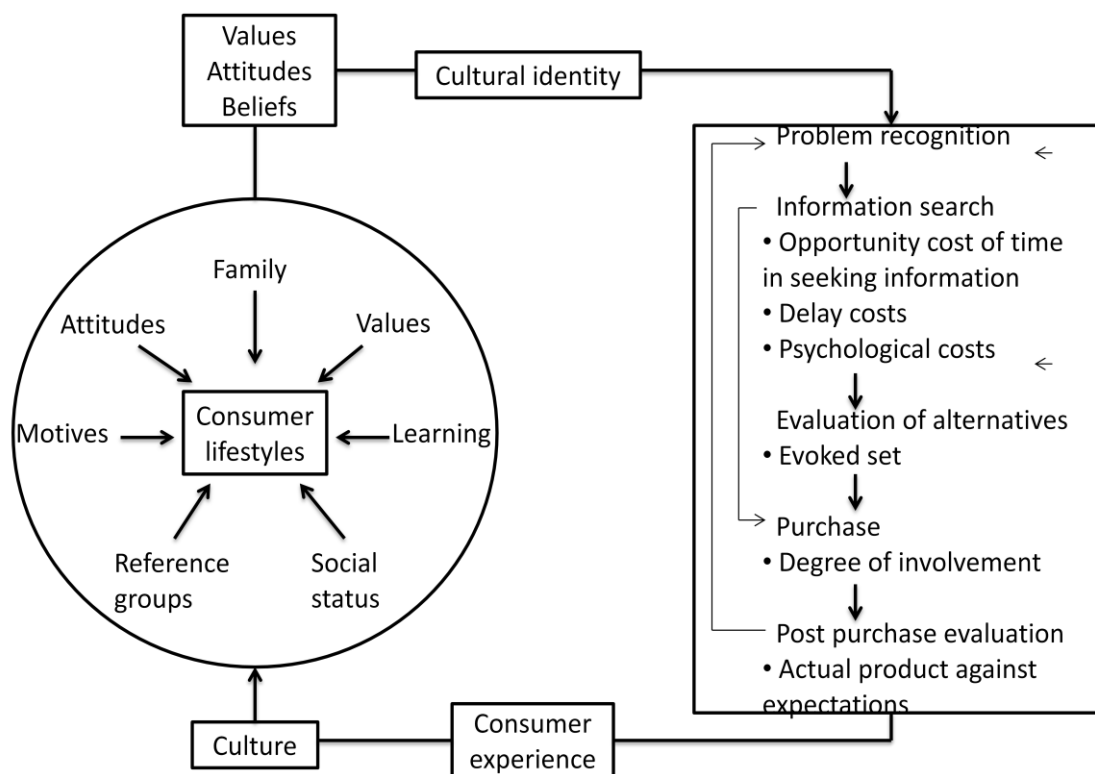
#### **2.1.4 Situational Influence**

Consumers' buying process is influenced by the particular situational factors surrounded, and it consists of need recognition, information search, alternatives evaluation, purchase decision and post-purchase behaviour. For example, high involvement purchase will occur when the following elements are involved:

- The purchase has a major great effect on a consumer's **self-image**.
- The purchase has high level of **risk** which will cause serious consequences.
- A consumer's purchase decision will influence his/her **social acceptance**.
- **Hedonistic factors**: the purchase may decide whether the consumer get personal please or not. (Graeme and John 2001, page 51-52)

At the end, a figure finishes this section, and most of influence factors that have introduced or explained appear in it. Furthermore, figure 12 give a more visual and comprehensive framework to help readers understand the consumer buyer behaviour.

Figure 12 Model of Consumer Behaviour in International Market (Isobel and Robin 1999).





## **2.2 Chinese Consumer Behaviour**

Chinese consumers have clearly different buying behaviour compared with some other countries, and there are several main characteristics of the Chinese consumer in general:

**Income level:** Consumers' income is diverse between villages and cities, the east and west area of China, and in different industry which lead to diversity of consumption level. For example, citizen income is 2.8 times of villager and the highest income industry is 2.6 times of the lowest one. (Statistical yearbook)

**Different eras:** in China, people who were born before 1980 have more conservative a consumption concept, for example, they prefer to buy something after saving enough money instead of borrowing from a bank or choose cheap products, even taking much time instead of buying expensive ones for convenience. However, people born after 1980 were affected deeply by western developed countries. (Statistical yearbook)

**Convergence of consumption:** phenomenon often occurs in China that a large amount of people snap one product up during a period of time. And generally, the convergence of consumption performs in the purchase of popular or durable product. (Statistical yearbook)

### **2.2.1 Essential Feature of Chinese Consumer Behaviour**

In recent years, Chinese consumer behaviour has changed greatly with the impact from the growth of income, the development of market, the diversification of enterprises' promotion and the foreign consumption culture. There are several essential features for Chinese consumer behaviour.

First of all, the gap of consumption level enlarges continuously and the consumption demand is polarized during these years. It reflects in four main aspects which are growing differences between city and rural residents, a growing income gap among different regions, a growing income gap among different industries, and a

growing income gap among different social strata. Secondly, mass consumption is the main stream because China is still a large developing country and ninety percent of people belong to the low-income group now. (CNKI)

Thirdly, Chinese consumers' consumptive demand structure has experienced a positive change. The proportion of food in consumer spending has decreased and the proportion of cloth has kept steady. The proportion of household facilities in consumer spending has increased and the grade of facilities has enhanced. And also, the proportion of house, traffic and medical treatment in consumer spending improves significantly. (CNKI)

Fourthly, the consumption concept is being renovated with the development of Chinese market-oriented economy. It mainly reflects in the transformation from utility to aesthetic consumption, from centralized to looser consumption, from hard to soft consumption, and from general to individual consumption. Utility consumption means consumers only pay attention to practicability of products, and aesthetic consumption means consumers emphasize both practicability and beauty when they make choice; centralized consumption intends to the focused purchase on holidays, and looser consumption intends to the average purchases in daily life; hard consumption refers to the purchase of products, and soft consumption refers to the purchase of entertainment, art, tourism and so on; individual consumption means consumers prefer to choose personalized products or services. Finally, consumption psychology of the Chinese consumer becomes mature which means the choices of consumer stay stable, pragmatic and optimistic. (CNKI)

### **2.2.2 Chinese elder consumers behaviour**

The number of aging people increases quickly around the world in recent years, and China became one of the members of them in 1999 with one hundred and twenty-five million elder people. Moreover, elder people are a specific consumer group. So, it is necessary to study the features of Chinese elder consumers. This section contains two main parts which aim to understand about elder consumers'

behaviour from the perspective of traditional theory and the feature of modern elder consumers.

#### Traditional theory:

From the perspective of traditional theory, the elder consumers have the following characteristics. In the first place, elder consumers have strong psychological inertia and high loyalty to product and brand. This feature will display in the aspects of purchasing ways, used method, product or brand recognition etc. Elders will show special preference to traditional products or brands when making purchasing decisions. It will difficult to change their minds once their decision is formed. Secondly, the price of a product is a highly sensitive factor to elder consumers and they would like to purchase both practical and affordable goods, because diligent and thrifty style is their life attitude. Thirdly, elder consumers pay more attention to the conveniences and practicability of products because they do not want to use the commodity which needs instructions to be read carefully. Fourthly, elder consumers are used to having the compensatory consumption. It means that they prefer to compare present consumption level with previous years and they may purchase something just for satisfying their past desires but not for current needs sometimes. (George 1997)

#### Feature of modern elder consumers:

Generally speaking, the values of modern elder consumers can be concluded into four main factors. The first one is independence, which means elder consumers wish to develop positive and self-sufficient life. Secondly, elder consumers would like to keep in touch with society and they think highly of the relationship with friends and family members. Thirdly, elder consumers have the altruistic attitude which means they are passionate about paying their energy on family and society. At last, elder consumers pursue personal development, and they are interested in trying new things and exploring their potential. (Amway 2002)

There are a few of features for elder Chinese consumers which are:

*Rejuvenation of consumption concept:* In recent years, elder Chinese consumers are willing to accept new things. It is reflected in some aspects such as many new retail forms are accepted by elder consumers (see Table 8), advertisement have stronger influence on elder consumers (see Table 9), and they pay more attention to dressing, which was ignored before (see Table 10). All in all, elder consumers' consumption concept is becoming closer to that of young consumers' because of their younger mentality. (Wang Lanying 1999)

Table 8 Choice of Purchase Place of Elder Consumers (Wang Lanying 1999)

Shopping mall	Exclusive agency	Multiple shop	Direct selling	Tele shopping	Nearby shop	Others
39.5%	9.2%	10.8%	2.4%	1.2%	31.8%	5.1%

Table 9 Level of Influence for Advertisement (Wang Lanying 1999)

Great influence	in- Some influence	General influence	in- Few influence	No influence
4.2%	16.8%	41.9%	14.4%	22.7%

Table 10 Importance Degree of Dressing for Elder Consumers (Wang Lanying 1999)

Very important	im- Important	Neutral	Rarely important	Not important	im- important
30%	41%	18%	9%	2%	

More and more of the over fifty-year-old people have become in favour of playing on the internet in recent years. CCID did a research for four years in eighty-five cities about the number of people who use the internet. As a result, the total number of people who use the internet is one hundred and twenty-five million, and the number of over fifty-year-old people is forty-four and a half million. Still also, the proportion of old people changed from eighteen percent to thirty-eight percent during these four years. (CCID 2001)

*Maturity of elder consumer psychology:* We can divide the consumer behaviour into six types of habitual, intellectual, affordable, impulsive, imaginative, and indefinite consumer behaviour. The tradition theories think the elder consumers belong to the habitual or affordable type, but now most of them are the intellectual consumers, according to a recent research (see Table 11). With the increasing of age, elder consumers accumulate much purchasing experience and they are pretty sure about what they want, so elder consumers will compare different products or brands adequately before making a purchase decision. This means price is not the only important factor for elder consumers any more, Table 12 show the factors considered by them during the process of purchase. With the improvement of the living standards, elder consumer will prefer to choose high quality and convenient products when they have conflict with price. (Wang Lanying 1999)

Table 11 Purchase Motivation of Chinese Elder Consumers (Wang Lanying 1999)

Factor	Habitual	Indefinite	Intellectual	Affordable	Impulsive	Imaginative
%	20	6.5	51.2	9.1	12.3	0.9

Table 12 Main Purchase Factors Considered by Elder Consumers (Wang Lanying 1999)

Factor	Quality	Popularity	Convenience	Price	Brand	New	Aspect
%	29.9	2.2	26.4	25.8	4.1	3.4	8.3

*Reduction of role in family:* The advice of old people does not play a leading role in the process of purchase decision making in Chinese families any more. First of all, the incomes of young people have increased in the last years, which make them obtain the right to select goods on their own interest. Secondly, old people would not like to learn the used methods of high-tech products. So, young people have the opportunity to make choices in this situation. (Wang Lanying 1999)

*Reinforcement of compensative psychology:* The compensative consumption psychology of elder consumers was constrained for a long time in the past because of

the effects of both objective and subjective factors. In the primary stage of Chinese economic development, there were limited products that could be selected by elder consumers. It is difficult to accept by others if old people dress garishly because of the Chinese traditional values and aesthetics. So recently, elder consumers have expressed strong compensatory psychology when they purchase something. For example, more and more old people would like to reshoot wedding photos in some developed cities. Moreover, a growing number of old people prefer to organize group travel around the country or even around the world. (Wang Lanying 1999)

Meanwhile, the compensative psychology of Chinese elder consumers performs atavistic consumption. It means Chinese old people put most of their passion or energy on their grandchildren and also support grandchildren's consumption actively in order to compensate their own children. Also, old people prefer to choose high price or luxury brand of products when purchasing for their grandchildren. (Wang Lanying 1999)

### **2.2.3 Consumer Behaviour in Chinese Cosmetic Market**

In this section, the consumer behaviour in the Chinese cosmetic market which keeps in touch with the subject of this thesis will be introduced. The consumers will be divided into female and male, and then the characteristics of their behaviour will be explained separately in the Chinese cosmetic market.

#### Female consumer behaviour:

By the year 2010, females take forty- five percent of the gross population in China and their income has increased during the last years. In recent times in China, women have acted as wife, mother, housewife and worker at the same time, and they would like to get the identification from both family and society. Meanwhile, female can govern not only their own income but also household income which strengthens their consumption ability. So, women become the main audience for daily goods and cosmetics in China. There are seventy-five percent of modern

woman who would like to pay more than one hundred Yuan per month to purchase cosmetics based on the result of research. In the Chinese cosmetic market, female consumers have several characteristics when they make decision. (Baidu Wenku 2013)

First of all, female consumers are easily influenced by promotional activities, advertisement and environment of stores. A research show that fifty-six percent of female consumers purchased the cosmetics that do not need under the influence of discount, forty- eight percent of female consumer bought a cosmetic product only because of the beautiful decorations of a shop, and more than twenty percent of woman buy useless cosmetics under the effect of advertisement. Moreover, female consumers are interested in receiving and spreading information about the promotional activities of some brands. (Baidu Wenku 2013)

Secondly, female consumers are easily influenced by an artificial atmosphere. Women have different self-role definition compared with men, so they are easily to form collective interaction and group psychology. For example, women will attracted or even purchase news at a counter where many people are shopping inside even if they are not familiar with that brand. (Baidu Wenku 2013)

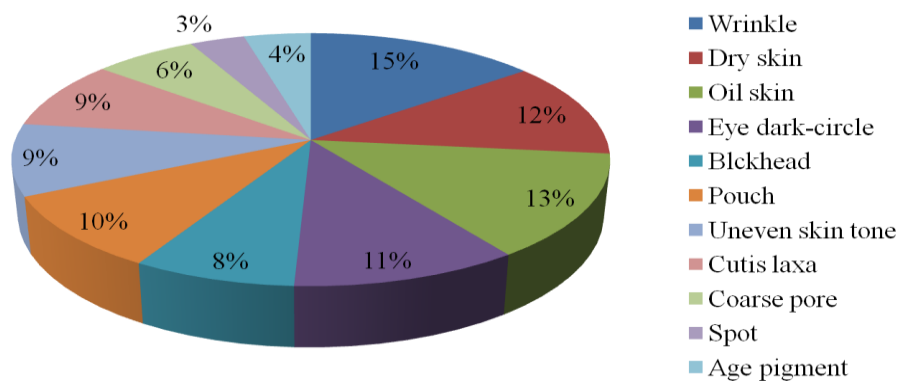
Thirdly, female consumers always have emotional consumption patterns. Some female consumers prefer to do a lot of shopping when they get a salary, but most of them may have impulsive consumption when they feel happy or sad. Sometimes, a female consumer will be affected by a sentence or even a word from a friend or a lover and then abreact their emotions through shopping. And sometimes, their consumption is just for enjoying one moment pleasure but not demand. (Baidu Wenku 2013)

Fourthly, most of female consumers do not feel regretful for their impulsive consumption. Fifty-eight percent of female do not regret their consumption when happy or sad, and thirty percent of them think it does not matter. Over fifty percent of female consumers do not regret their consumption in the situation of dis-

count. However, some female consumers regret for their consumption which is caused by the advertisements. (Baidu Wenku 2013)

In China female consumers' attention for facial problems is different compared with other countries. Figure 13 show the situation of Chinese female consumer attention for main facial problems. Fifty percent of females pay more attention to their wrinkle which holds the highest proportion, but a majority of them would not like to buy a series of anti-aged products. Also, just three percent of female consumers focus on the age pigment because of the limited number of aged audience. (Baidu Wenku 2013)

Figure 13 Facial problems attention of the Chinese female consumer (Baidu Wenku)



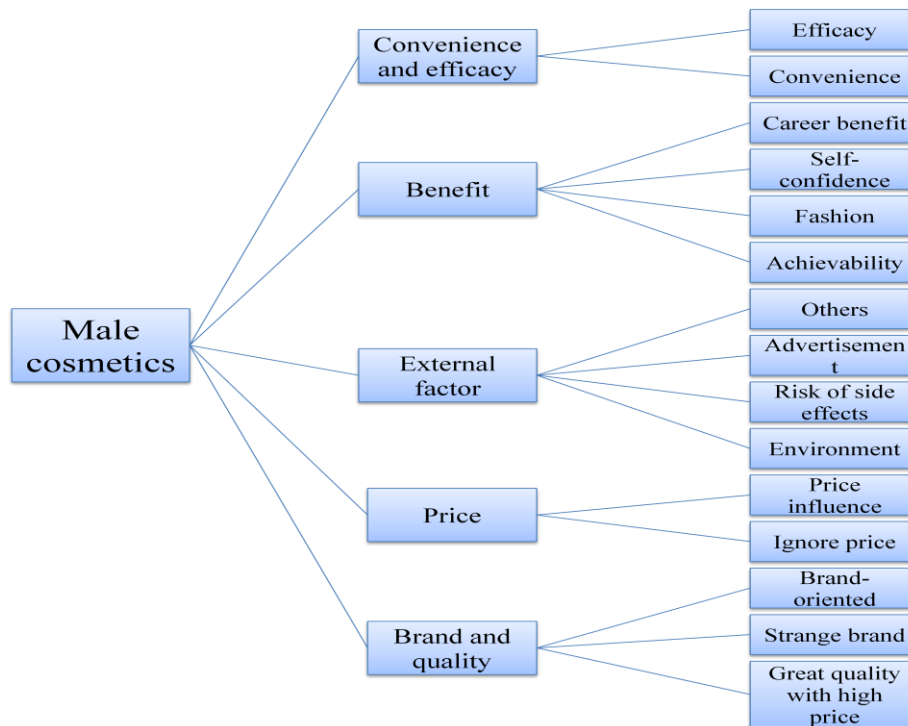
#### Male consumer behaviour:

In China a popular sentence is “a girl will doll herself up for him who loves her”, but now it is not a sentence which only suitable for females but also for males. More and more boys lay emphasis on their appearance and skin health, so cosmetics can also attract their attention. Male consumers want to improve their appearance with the influence of western culture, face-saving attitude, and ideas from others.



Male consumers can be influenced by many factors when they choose cosmetics and Figure 14 construct a framework in which all factors are divided into five groups. First of all, the factor of convenience and efficacy means male consumers will pay attention to the function of a product and whether it is easy to use when they make a purchasing decision. Secondly, benefit means the male cosmetic consumers may consider whether they could get some benefits like career benefit, self-confidence, achievability and fashion scene from choosing a product or brand. Thirdly, the decision of male consumers may be influenced by some external factors such as family or friends, advertisements, environment etc. Some of the male consumers prefer to follow advice from friends or parents, but some of them will be infected by the atmosphere in a brand shop and then decide to buy cosmetics that they have never heard about before. Fourthly, some males would take the price as the most important factor when they choose a cosmetic product or brand, but some may ignore the price and just focus on other elements. The last group is interested in the brand and products' quality. It may difficult to change the choice of some male consumers as they are very clinging and loyal for a brand. But some males are open to new brands and willing to try a new product. Also, there are a group of males who think highly of the brand even if it conflicts with price.

Figure 14 Framework of Influence for Male Cosmetics Consumption (Baidu Wenku)



In China the male cosmetic consumers can be divided into four main types. They are brand-dominated consumer, price resistant, balanced consideration consumer, and careless consumer. The brands-dominated consumer will pay more attention to whether they know the brand compared with other factors, and they will not choose or try products of a new brand easily. This group of male consumers agree to the theory that quality is proportional to the price. It means the higher price the products have, the greater quality it will offer. The price resistant consumer thinks highly of external environment like advertisements, ideas of friends and purchasing atmosphere compared with product price. The third type of consumer prefers to balance all five main factors listed in Figure 14 when they make a purchasing decision. They will consider not only the price and quality of products but also the external elements. The last type of male is a person who expresses apathy for all factors, and they may be the group of potential consumers, which means they need time and proper guidance to build their own consumption concept.

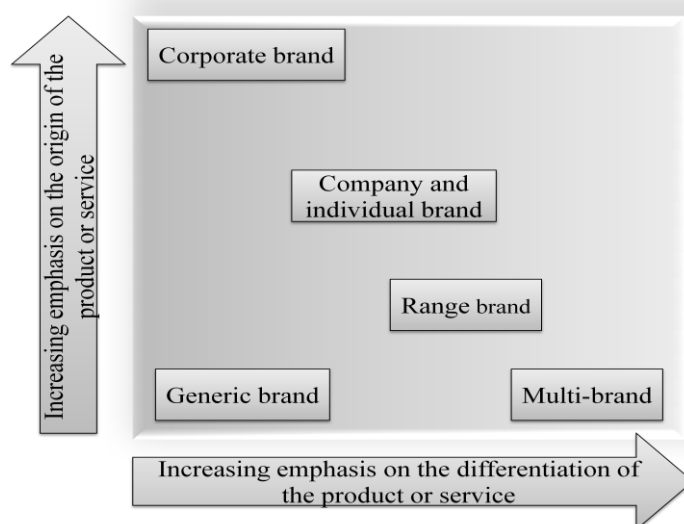
### 3 BRAND NAME STRATEGY

This chapter contains two main parts which are general introduction for brand strategy and translation of foreign brand names in China. Also, a deep exploration for the second part from the perspective of translation method, translation characteristic, and translation technique for Chinese cosmetic market will be given.

#### 3.1 General Introduction for Brand Strategy

A successful brand development relies on a number of elements which can be divided into two groups based on their visibility to the consumers. Symbols, brand name, packaging, advertising, and price are act as the visible element in the process of brand delivery, while quality, production efficiency or operational costs, research and development, service delivery systems, sales service, and supply chain are invisible elements to the consumer. All invisible elements are supported by an organization's key assets and competencies. In this section, the element of brand name will be introduced in detail. (Graeme and John, page 192-194)

Figure 15 Alternative Branding Strategies (Kapferer 1997)



In general, organizations focus on two points which are the approach of increasing emphasis on the differentiation of product or service and increasing emphasis on

the origin of product or service when they make a decision on a brand name of new products (see Figure 15).

Table 13 Advantage and Disadvantage of Brand Strategy

Branding strategy	Advantages	Disadvantages
Corporate brand	<ul style="list-style-type: none"> <li>• all products benefit from the superiority</li> <li>• promotional costs can act on all products</li> </ul>	<ul style="list-style-type: none"> <li>• failure of one product may damage the corporate brand</li> <li>• quality and price of each product is decided by the positioning of corporate brand</li> </ul>
Multi-brand	<ul style="list-style-type: none"> <li>• individuals have more freedom</li> <li>• different product can hold different position in the same market</li> <li>• failure of one product will not influence others</li> </ul>	<ul style="list-style-type: none"> <li>• larger promotional budget for organizations</li> <li>• more potential of market sector is needed</li> <li>• its hard to reposition for highly focused brands</li> </ul>
Company and individual brand	Products can get benefit from superiority of exiting brand as well as keeping special	<ul style="list-style-type: none"> <li>• failure of one product has little potential to damage company brand</li> <li>• quality and price of each product is decided by the positioning of company brand</li> </ul>
Range brand	<ul style="list-style-type: none"> <li>• others can get benefit from the success of one product in a range</li> <li>• promotional cost can act on all products in a range</li> </ul>	<ul style="list-style-type: none"> <li>• failure of one product will damage others in the range</li> <li>• quality and price of each product is decided by the positioning of range brand</li> </ul>
Private brand	<ul style="list-style-type: none"> <li>• demand little promotional costs from producer</li> <li>• producer can get more benefit efficiently by only increased production</li> </ul>	<ul style="list-style-type: none"> <li>• decision is controlled by distributors</li> <li>• lost direct contact with market and consumer</li> </ul>
Generic brand	Little cost of promotion and package	Price and service level are the only base to compete with others

Source: adapted from Brown and McDonald, 1994.

There are six options between the extremes offered by these two approaches, and each of them has merit and demerit (see Table 13). Corporate brand is the approach that all products use one corporate name, which means the organization tends to product origin. Multi-brand is the complete opposite of corporate brand with which each product has its own unique name. Company and individual brand is the approach between corporate and multi brand. Some organizations have different ranges of products and they give unique name to each range, thus is called

range brand. Private brand is the approach in which organizations give the ownership of making decision to a distributor. The last one is generic brand which means the product has no brand name and the package hardly states the contents. (Graeme and John 2001, page 195-197)

### **3.2 Chinese Name Translation for Foreign Brand**

With the fast development of global economy, the trade between different countries is becoming frequent. Some brands or companies in Europe and United States put their eyes to foreign markets as the saturation of indigenous market caused by mature economy, and then China becomes one of the most potential markets. In recent years, more and more foreign brands have entered the Chinese market which has lead to strong competition. Due to this environment, enterprise should pay attention to not only their products but also the philosophy and culture of company. The business localization is the first and primary step in the competition, and it is very important to leave a strong impression on consumers of a company. Brand name translation becomes a key work for foreign companies in the process of entering the Chinese market.

In China a beautiful and meaningful brand name can attract more attention when consumers choose products or services, and it is also suitable for cosmetic brands. Foreign cosmetic brands should notice many factors when translating brand name, and there are different method and mission. (Li Qiaoying 2011)

#### **3.2.1 Method of Name Translation for Foreign Brands**

The method of translation of foreign brand names into Chinese can be divided into two groups of common and creative methods. The former contains three main methods and they are transliteration, word-for-word translation, and free translation. The latter includes no translation but the creations of new words. The introduction and explanation will be given for each method in this section. (Li Qiaoying 2011)

Common methods:

Generally speaking, common methods can satisfy the demand for most foreign brands. *Transliteration* means searching a word in target language which has the same or similar pronunciation as in original language. The advantage of this method is keeping the information in the original language and the loyalty and credibility from consumers furthest. Usually, this method is used for brands which denominate with founder's name, for example Estee Lauder translated into Ya Shi Lan Dai, Christian Dior into Kelisiting Diao, Elizabeth Arden into Yilishabai Yandun, and channel into Xiangnaier. In addition, some of the brands which denominate with place name, origin, and historical sites will prefer to use this method. For example, Vichy translated into Wei Zi, and Avene translated into Ya Yang. (Li Qiaoying 2011)

*Word-for-word translation*: this method refers to translating the original language into the target language directly based on the meaning, and it has three advantages. First of all, the translated name will contain the cultures and aesthetics from both the original language and the target language. Secondly, the method reaches the matching between form and content deeply. Thirdly, it is easy for consumers to remember the brand name. This method is suitable for brands which with a positive, healthy and simple name such as Red Earth, Cover Girl and Fair Lady. (Li Qiaoying 2011)

*Free translation* does not pay attention to the meaning of original words, but delivers the spirit and artistic conception of a brand, then chooses suitable words in the target language. This method does not pursue the unification of form, but persuades consumer from the perspective of psychology. Enterprises can try to use this method if they do not get a perfect name through the two methods above. The French brand BIOCEAN can be given as an example. It is difficult to find suitable words in Chinese which have similar pronunciation with this word. And also, the Chinese meaning of Biological Ocean cannot express the connotation of brand. Finally, BIOCEAN translated into "Ou Chun" in Chinese, "Ou" means the brand comes from Europe and "Chun" means the ingredients of product come from nature. (Li Qiaoying 2011)

### Creative method:

Sometimes the common methods cannot solve all cases of Chinese name translation for foreign brands, so two creative methods are provided to companies. The first one is *no translation* which means brands keep the intrinsic name wherever they are developing their business. This method can save time and cost of translation, and avoid the risk of conflict from exotic culture. Also, many Chinese consumers are interested in foreign brands and would like to pay more money for purchasing. This method is suitable for the brands which have a simple and a catchy name like ZA, DHC, MAC and SKII. Some of them also have a Chinese name, but they are not popular in China. (Li Qiaoying 2011)

The other method is *creation of new words* which utilizes the openness of language. Foreign companies can use this method if they do not get a satisfactory name through all the methods described above. Brand name translation is one of the most important jobs for a company in developing their business in many foreign markets. The translation should retain the original culture and glamour, and cater to the demand of consumers in target market as well. (Li Qiaoying 2011)

### **3.2.2 Announcement of Name Translation for Foreign Brands**

The main translation methods were introduced in previous section. Moreover, cosmetic enterprises should pay attention to the following whichever method they choose. Firstly, translation should choose the Chinese words which have a beautiful meaning and commendatory background, and can reflect the breath of contemporary culture in order to match the aesthetic demands of consumers and permeate the beauty of language into products. Secondly, companies should select the simplest words when they have several choices so as to deliver their message to consumers quickly. Thirdly, it is better to put the main function and features of a product into the meaning of the translated name so that consumers can catch the main information easily. Fourthly, cosmetic companies should create a new word for their brand decidedly if they cannot obtain a good name from other methods. (Zhang Shixue 2012)

### **3.2.3 Aesthetic Sentiment of Chinese Name Translation for Foreign Brands**

Foreign brands should not only consider the properties of the product but also pay attention to the aesthetic sentiments when translating. The aesthetic sentiments include the formal beauty, poetic imagery beauty, and originality. The formal beauty is related to the rhythmic beauty and glyph beauty of the word. A successful example is a French brand Clarins which selected “Jiao Yun Shi” as its Chinese name. The word “Jiao” and “Yun” reflect the beauty of mild women, and “Shi” makes consumers connect the beauty of the artistic conception in mind. The poetic imagery beauty means the brand name can make consumers have abundant associations. And the original beauty means brand name uses creative technique to express the true function and property of the products vividly. For example, the Chinese name of brand SHISEIDO is “Zi Sheng Tang” which comes from a sentence in “The Book of Changes”. It means creating new life and value which can make consumers associate the brand with the rebirth of their skins. (Baidu Wenku)

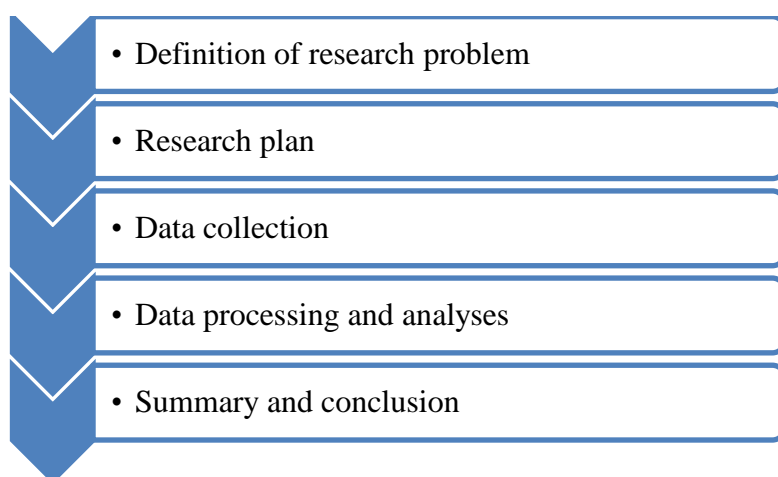
Foreign cosmetic brands should select the experts who have sufficient understanding for the culture of both the original and the target market, and it is important than the understanding of both languages.



## 4 RESEARCH METHODOLOGY

A researcher should go through all stages in the research process which starts with the definition of research problem and end up with the summary or conclusion (see figure 16). In the first stage, researcher should determine what they want when the research is ready. In the stage of research plan, the method of collecting data and the instrument that used in collection like questionnaire, sampling plan and so on should be defined. The third stage is data collection in which researcher need to choose the group of respondents and also pay attention to the quality of data. And next, researcher should choose the reasonable methods to analyze and explain the data in the stage of data processing and analyses. Finally, researcher need to give a summary or conclusion based on the result of data analyses.

Figure 16 Stages in the Research Process



### 4.1 Research Method Chosen

As I want to get the basic information of Chinese cosmetic consumers, their consumption habits for cosmetics and the potential of Lumene in this research. As a result, I will choose quantitative method to collect data based on the demand of this thesis and the objective conditions.

Quantitative research is a methodology that seeds to quantify the data and, applies some form of statistical analysis typically. It is a structured questionnaire given to a sample of a population and designed to elicit specific information from respon-

dents which is known as the most common method of primary data collection in marketing research. There are three methods of quantitative research which are telephone interview, personal interview and mail interview. And I will use the electronic mail interview in this research, because data can be collected quickly and has low cost. Meanwhile, quantitative research has its own advantages and disadvantages. There are three advantages for quantitative research mainly. First of all, the questionnaire is easy to make and manage. Secondly, the data collected is more reliable as its limited for responses to state their own opinion. Thirdly, the question and response is fixed which make it simple to code, analyze and interpret the data. (Kumar V 2000, page 171-172)

However, quantitative research has three disadvantages. Firstly, some of the questions may not meet the favour of the responder or the question is too sensitive or personal, because all questions are decided only by researcher. The second one is fixed question and response may loss validity. Thirdly, the entire questions are put into words which maybe cause logical errors. (Kumar V 2000, page 172) The questionnaire was designed after talking about all questions with some friends and the questions were modified several times based on their opinions in order to avoid the influence from the disadvantages of quantitative research. Also, the questionnaire will be designed in Chinese in order to decrease the risk of linguistic barriers.

#### **4.2 Sample and Data Collection**

I chose the snowball sampling as the method to select the sample. Snowball sampling is one method of non-probability sampling, and researcher need to select an initial group of respondents. And then, researcher will ask them to identify others who belong to the target population. With this method, researcher will get result depending on the judgement of respondents. In this thesis, author will choose some friends and classmates as the initial group of respondents and ask them to deliver the questionnaire to their friends. The questionnaire is designed on the internet and sent to respondents with website address. In this research, a question-

naire was sent to twelve people at the initial stage and one hundred and thirty-eight respondents were received totally in the end.

### 4.3 Introduction to Respondents

Twelve respondents were chosen in the initial stage and got one hundred and thirty-eight replications in total at the end. Among all respondents, female form about sixty percent and the rest are males. Meanwhile, the female' and male' have similar distribution from the perspective of four age scales (see Figure 17). Most of the respondents are between nineteen and twenty-five years old. So, the analysis for the later questions will mainly reflect the attitudes of this group of people.

Figure 17 Gender and Age of Respondent

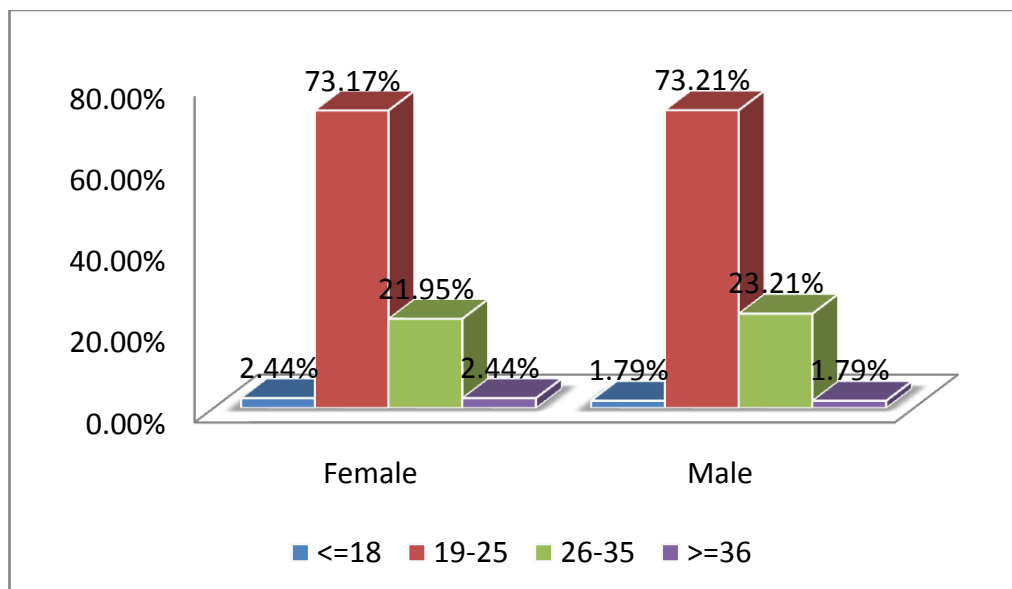
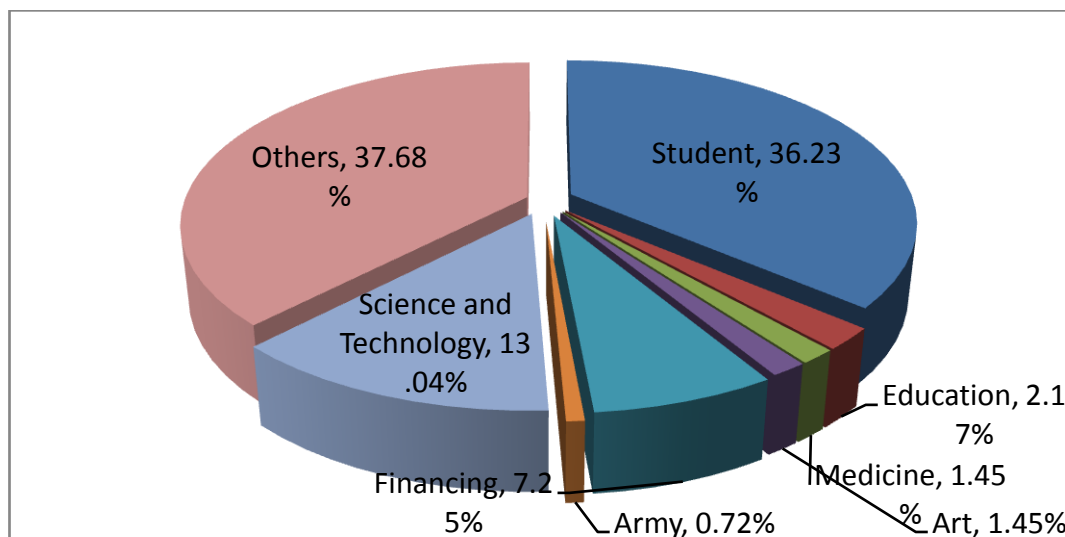


Figure 18 shows the situation of respondents' occupation in this research. Most of people choose others which reflect the defect of this question. The two possible reasons can be tried, the option designed for this question is not enough, and the other possibility is this part of people are not so interested in this questionnaire. In addition to this, the people who choose student take the largest proportion with more than thirty-six percent. The respondents who work in the field of science and technology account for thirteen percent, and about seven percent of people re-

spending work on financing. Moreover, several people choose other options in this question.

Figure 18 Occupation of Respondent



As Table 14 shows, there are more than thirty percent of respondents who's a salary at less than 1,000 RMB per month, and these people are likely to be students. In China, just a minority of students have a job and get income when studying, which may be different with the situation in some western countries. Most of respondents earn between one thousand to five thousands per month except students. Meanwhile, there are just four people whose salary is more than ten thousands for each month.

Table 14 Salary of Respondent

Salary (RMB)	Proportion
< 1000	43 / 31.16%
1000-3000	34 / 24.64%
3001-5000	35 / 25.36%
5001-10000	22 / 15.94%
>= 10000	4 / 2.9%

## 5 EMPIRICAL FINDINGS

In this chapter, the results of questionnaire will be introduced concretely regarding the theoretical framework. The author will include three main parts which are basic information of respondents about cosmetics, the condition of Lumene in China, and the translation of brand name in Chinese.

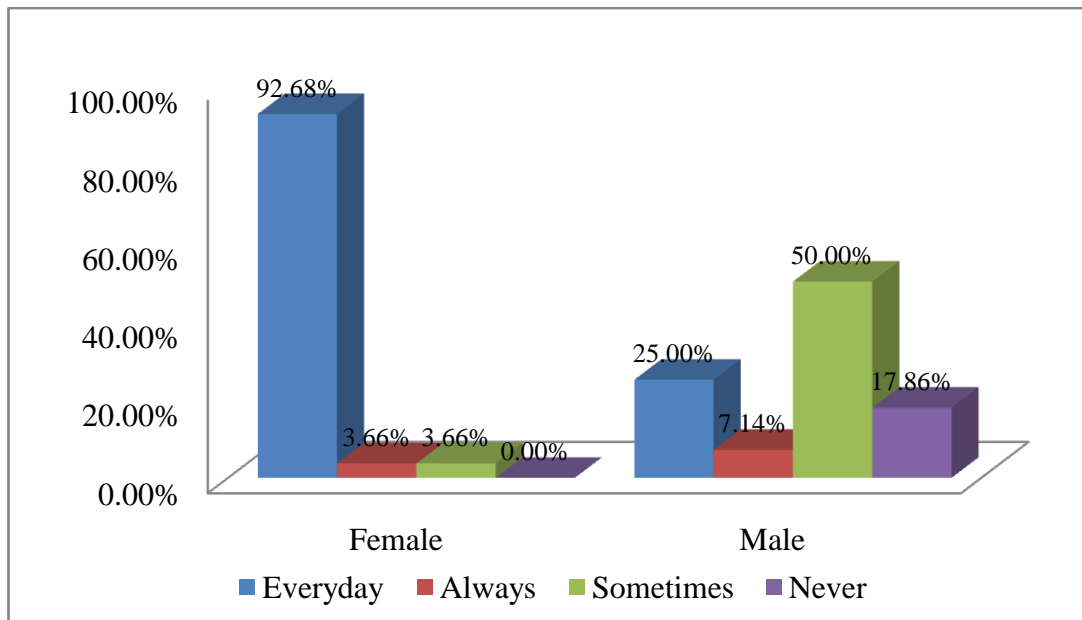
### 5.1 Basic Information of Respondents about Cosmetics

In this section the basic information of respondents for applying cosmetics in their day life will be introduced. First of all, the percentage of the salary that respondents can use for purchasing cosmetic products is introduced. About half of the people choose five percent, and almost no people choose fifty percent or above.

#### 5.1.1 Frequency of Cosmetics Using

The frequency of using skin care products was studied separately for females and males in order to get more correct information.

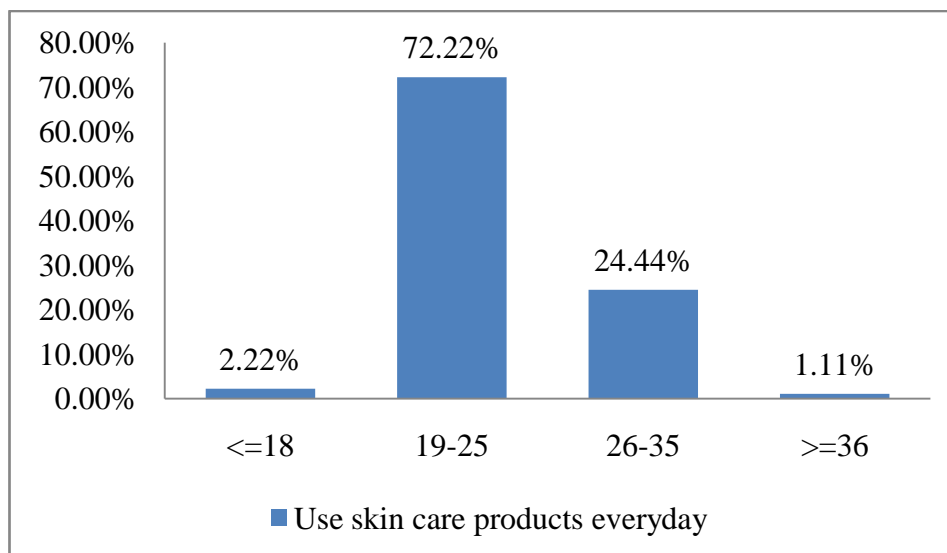
Figure 19 Frequency of Using Skin Care Products



As figure 19 shows, there is great difference between females and males for their using frequency. Seventy-six female respondents use the skin care products for everyday, which makes more than ninety percent. There are just six females who indicated that they always or sometimes use the skin care products, and no female choose never in this question.

However, the situation for males is totally different with females. Half of the male respondents express that they just use the skin care products sometimes, and only a quarter of the population indicated that they use the products every day. What is more, about eighteen percent of male respondents said that they never use any skin care product. This figure reflects the situation of cosmetics for both females and males in the Chinese cosmetic market. The skin care products are widely used by female consumers, but the male consumers are still to be exploited. From another point of view, the situation of Chinese male consumers can provide stronger potential for foreign cosmetic brands.

Figure 20 Frequency of Using Skin Care Products for Different Age Scales



One hundred and thirty-eight responses were gain in totally, and ninety people indicated that they use the skin care products every day. Figure 20 shows the age distribution for these ninety people. Excepting the influence from gender, the different scales of age also reflect the different situation of the frequency. Most of

the people who said they use skin care products everyday came from the age scale of nineteen to twenty-five. The respondents whose age is between twenty-six to thirty-five years old hold about twenty-five percentage. So, foreign cosmetic brands should pay more attention to the people in the period of life between nineteen and twenty-five, because they hold the greatest potential.

### 5.1.2 Service Condition for Different Product Lines

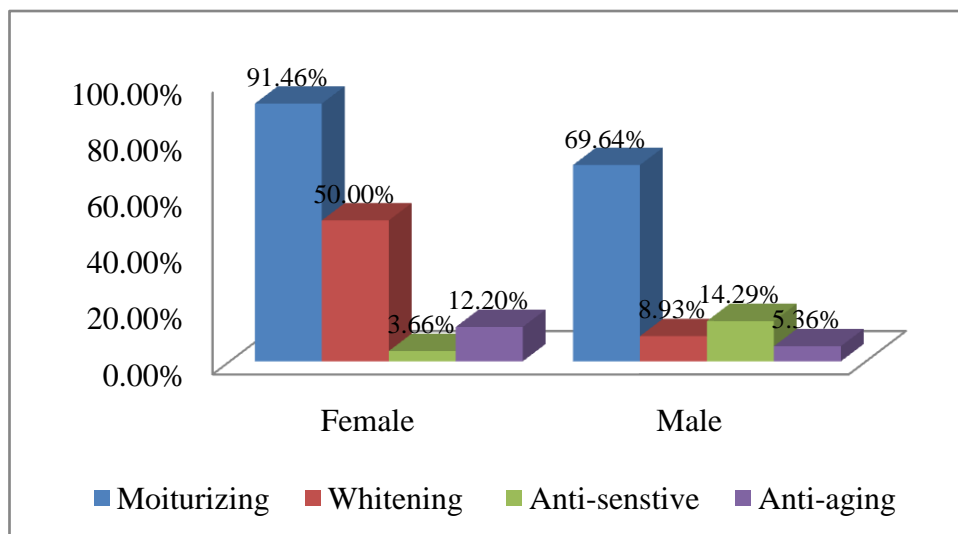
The next question in the questionnaire is about the product lines applied by the respondents. Five choices were given which are moisturizing products, whitening products, anti-sensitive products, anti-aging product and others to answerers, and they can choose for more than one product line. Table 15 shows the population and proportion for each product line. Among the group of people who choose others for this question, some of them gave examples like oil-control and anti-acne products, anti-radiation product, and antioxidant products. What is more, oil-control and anti-acne products are mentioned by several people. Moisturizing products are the most popular one, and it takes a large share among all product lines. The second one are whitening products, and anti-sensitive products hold a similar population with anti-aging products.

Table 15 Product Lines

Product line	Proportion
Moisturizing	114 / 82.61%
Whitening	46 / 33.33%
Anti-sensitive	11 / 7.97%
Anti-aging	13 / 9.42%
Others	15 / 10.87%

As Figure 21 shows, females indicated more interest on whitening products compared with male. Also there are about fifteen percent of males using the anti-sensitive products which may be caused by the common problems of men's skin. Usually, it is easy to secrete grease which makes it tender for men's skin compared with women's.

Figure 21 Selection of Product Lines for Different Gender

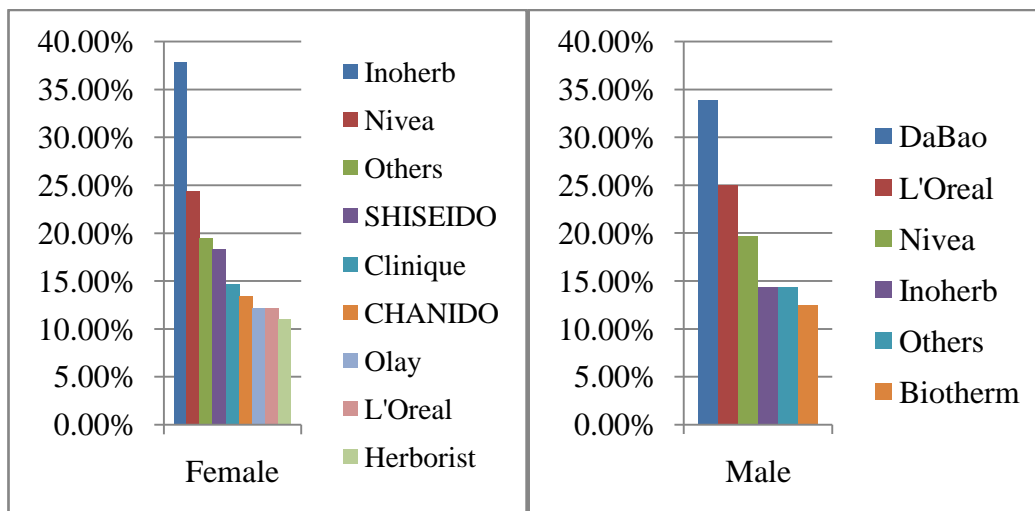


### 5.1.3 Brand Choice of Respondents

The researcher also explored the brand choice of respondents, and nineteen brands are given as alternative options. Figure 22 shows the different situation of gender for brand choice. Some brands were selected which are chosen frequently by respondents, because the brands which take little proportion will have limited value to be analyzed. Inoherb take the first place among the choice of female, and the Japanese brand SHISEIDO is on the list.



Figure 22 Brand Choice for Different Gender

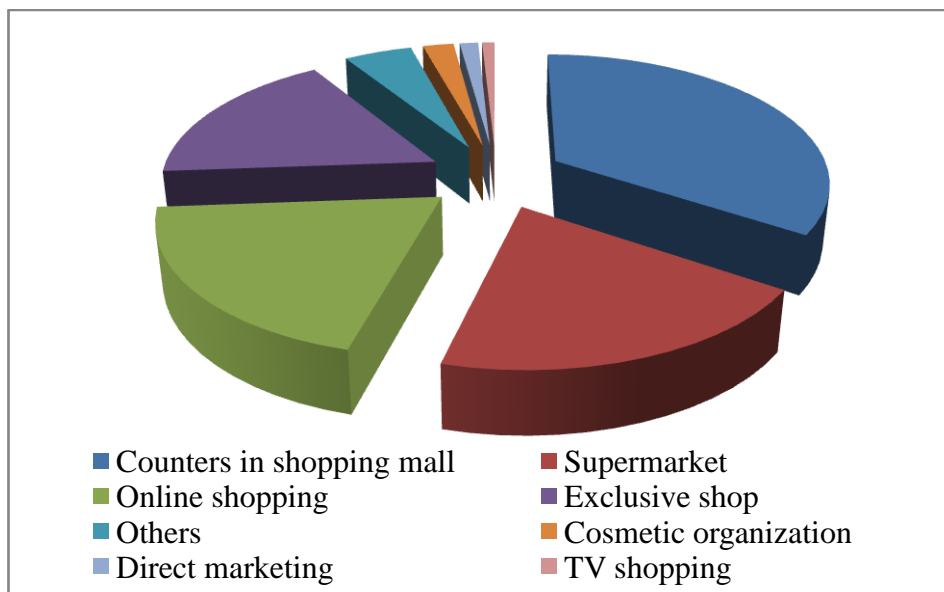


Most of males chose DaBao as their daily care products. Also, several respondents give some extra advice for other brands like Aupres, Kiehl's, and Marykay. This figure can provide the potential competitors for the target brand of this thesis in some extent.

#### 5.1.4 Purchase Channel

This section intent to examine through which channel Chinese cosmetic consumers purchase the skin care products. Most of the respondents indicated that they prefer to buy skin care products at counters at shopping malls, and the supermarkets are also a popular shopping. Online shopping is a remarkable channel shown in Figure 23, and it reflects the recent trend of cosmetics consumption in China. As introduced in the theoretical part of this thesis, online shopping is becoming a more and more popular way at shopping for the Chinese consumers. Meanwhile, it is better for foreign brands to take diverse marketing models in China.

Figure 23 Purchase Channel of Skin Care Products



### 5.1.5 Consideration of Choosing Cosmetics

All the factors that will influence consumers' behaviour for cosmetics when they make a purchasing decision have been introduced. Table 16 shows the situation for each factor from the perspective of practice. There are just two percent of respondents who choose package as their consideration when purchasing cosmetics and all other elements take a great share. Moreover, the safety and ingredients of cosmetic products are stated by some respondents.

Table 16 Consideration of Choosing Cosmetics

Factor	Proportion / Example
Brand	52.17%
Price	44.2%
Quality	62.32%
Reputation	40.58%
Package	2.17%
Function	49.28%
Others	Safety, Ingredient

The reason why more than fifty percent of respondents show their interests in the brand when choosing cosmetic products will be explained. A large number of the respondents regard the brand itself as the certification for the high quality, and also more than fifty percent of people indicate that they would like to choose one brand because of its great popularity. Some people think the brand itself stands for the certification of safety.

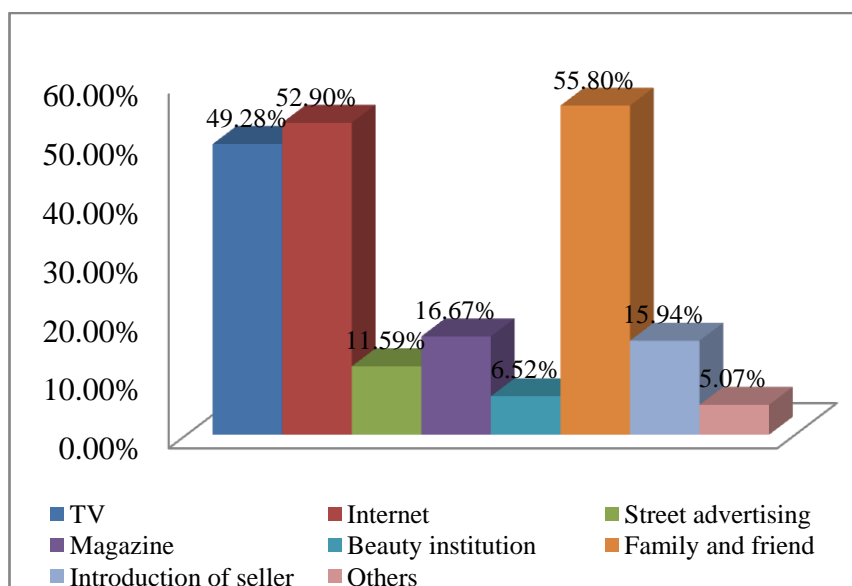
Table 17 Reason of Choosing the Factor of Brand

<b>Reason</b>	<b>Proportion</b>
Certification for high quality	80.56%
Great popularity	56.94%
Personal preference	34.72%
Celebrity endorsement	6.94%
Others	Certification for safety

### **5.1.6 Channel of Obtaining Product Information**

Consumers can get the information about cosmetic products through a few of ways such as TV programmes, magazines, the internet, friends, etc. There are several channels listed in Figure 24 and most of the respondents said they gain the information about cosmetic products from their friends or families. In this regard, it reflects the features of Chinese consumer behaviour which were analyzed in chapter two. Chinese consumers are easily influenced by external factors like friends and atmosphere when making decisions. Still, a large number of people are used to obtaining product information from TV programmes and through the internet which can also reflect the developing trend of online shopping. As Figure 24 shows, just a small number of respondents indicated that they will accept product information from sellers or beauty institutions.

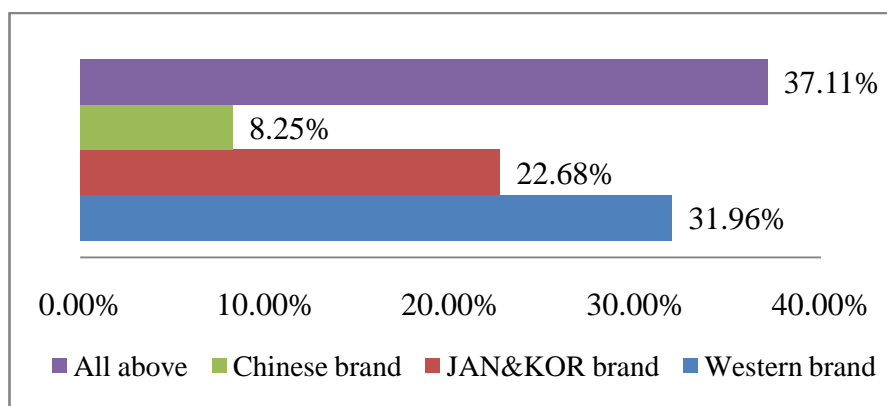
Figure 24 Channel of Getting Information



## 5.2 Condition of Lumene in China

In the first place, the willingness of accepting a new brand was tested on the respondents. A large proportion of people said that they are interested in trying a new cosmetic brand. Then, the deep exploration was done about which countries' brands have stronger attraction for Chinese consumers. The population of choosing western brands is the largest group compared with Jan & Kor brands and Chinese local brands. This may indicate the positive prospect for trade of Lumene in China. Beyond this, many respondents express that the origin of brands will not influence their decision about whether to try a cosmetic product or not.

Figure 25 Willingness of Trying New Products



After testing the willingness of Chinese consumers for new brands, a relative question was designed about their acceptance of skin care products for western brands. As Table 18 shows, the condition for each kind of product is different. Most people said they can just accept the price lower than three hundred Yuan for cleaners, but the acceptant price for day cream, night cream, eye cream and essence is distributed widely between one hundred to one thousand Yuan. More than forty percent of people think the reasonable price for day and night cream should located between one hundred and three hundreds Yuan; the acceptant price for eye cream and essence is still depending on different people. In general, there are only several persons who would be willing to pay more than one thousand for skin care products listed in table.

Table 18 Level of Acceptance for Cosmetics of Western Brand

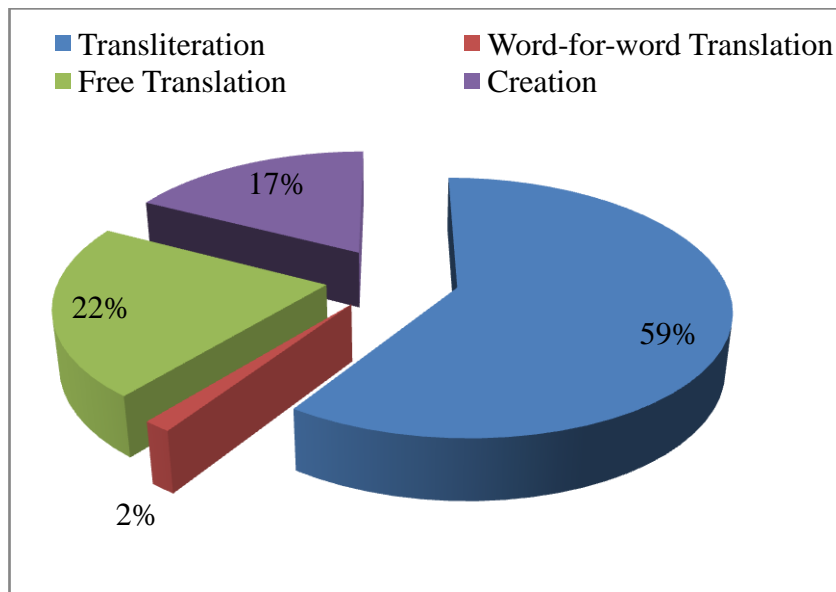
(RMB)	< 100	100-300	300-500	500-1000	> 1000
<b>Cleaner</b>	41.79%	47.76%	4.48%	4.48%	1.49%
<b>Day cream</b>	28.36%	46.27%	16.42%	8.96%	1.49%
<b>Night cream</b>	29.85%	43.28%	17.91%	8.96%	1.49%
<b>Eye cream</b>	29.85%	35.82%	20.9%	8.96%	5.97%
<b>Essence</b>	25.37%	38.81%	20.9%	10.45%	5.97%

Till now, the study has explored the willingness of Chinese consumers for trying products of new brand from western countries and their accepted price which can act as the reference for Lumene to decide its position in the Chinese cosmetic market. Still, about eighty percent of respondents indicated that they never heard about Lumene before, and there are just ten persons who have used its products.

### 5.3 Brand Name Translation

In the last part of the questionnaire, two questions were set to test the repercussion of the Chinese name of Lumene. The people who do not like the Chinese name of Lumene take more than on eighty percent. In the end, the Chinese names for several foreign brands, which can be divided into four main groups based on the translation method they used were listed.

Figure 26 Favour of Respondents for Foreign Brands' Chinese Name



As Figure 26 shows, most people prefer the names which are translated according to their pronunciation like Lancôme, Estee Lauder and Chanel, but there are only two percent of people choose Cover Girl whose name is translated directly. Meanwhile, a group of respondents indicated that they are interested in the name translated freely like Clinique and Olay or through creating new words like Make up Forever and SHISEIDO.

## **6 CONCLUSION**

In this chapter, the summary and conclusion will be presented based on the theoretical framework and research analysis.

### **6.1 Summary for Theoretical Framework**

First of all, this thesis is aimed to explore the potential of development for Lumene in the Chinese cosmetic market from the perspective of consumer behaviour. In order to solve this problem, the current situation of Chinese cosmetic market as well as its developing tendency in next few years should be known. And then, the factors which can influence consumers' behaviour were introduced one by one, especially the ones which can influence the behaviour of the Chinese consumer. Next, how the brand name can affect the business of the company was examined, and this part is design particularly for the situation of the target brand Lumene in China.

In the second chapter, the influencing factors of consumer behaviour, which can be divided into social impact, personal impact, psychological impact and situational impact were introduced. And then, special explanations for the characteristics of Chinese consumer behaviour were given. For this part, a brief introduction for the features of Chinese elder consumers was presented from the perspective of both a traditional view and a modern view. Also, the characteristics of Chinese consumers for cosmetic products were studied.

The third chapter is about the brand name strategy. In the first place, six options for a company to decide the name of its products or services were introduced, and these options were defined according to the alternative considerations about the origin and differentiation of products or services. What is more, the five main methods of applying a Chinese name for foreign companies were presented. In the end, some ideas were given to companies which plan to translate their name into Chinese.

## **6.2 Conclusion for the Survey**

Inevitably, there are some weaknesses or limitations for this survey. First of all, the limited sample may cause some deviations of the result for some questions. Secondly, sending the questionnaires through the internet cannot guarantee the authenticity and reliability of all result. Thirdly, the age of the respondents do not distribute evenly, and most of them are between ninety and thirty-five years old.

However, some valuable results were gained by analyzing the data from the respondents. The frequency of using skin care products is higher for females than males in China. On one hand, this result reflects that female consumers are still the main target group for Lumene. On the other hand, the enthusiasm of Chinese male consumers needs to be developed. This can be also considered as Chinese male consumers forming a large market potential for cosmetic products.

Secondly, the moisturizing and whitening products are more attractive to Chinese consumers compared with other product lines. Furthermore, females show stronger interests in whitening products compared with males. When consider brands, a large number of respondents chose the products from Europe and United States. This illustrate that those brands which meet the favour of the Chinese consumers are the main competitors of Lumene.

The collected data shows that most people are used to purchasing skin care products on the counters in shopping malls, in supermarkets or through the internet. To some extent, this result provides reference for Lumene to decide its market position in China. However, it should be noticed that online shopping is a developing marketing type in which opportunities and risks coexist. Still, more and more people will pay attention to quality, ingredients and the functions of products and not only the brand and reputation in China. Therefore, Lumene can develop the business by focusing on its arctic natural ingredients.

The analysis indicated that most people are willing to try some products of new brands among which western brands take the largest proportion. This reflected the



potential for Lumene to develop its business in the Chinese cosmetic market. What is more, most respondents prefer to obtain information about skin care products from friends or families, TV programmes, and the internet. And therefore, Lumene should pay more attention to the design of advertisements in order to attract consumer.

As last part, most respondents do not like the existing Chinese name of Lumene, which met the guesses of the author. Therefore, Lumene needs to choose a more attractive Chinese name when doing business in China. Finally I would like to give a small piece of advice here that Lumene can design a new name depending on the origin of the brand as a starting point. In this way, Lumene can give a beautiful story to its consumers at the same time.

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## **8 APPENDIX 1 QUESTIONNAIRE – CHINESE COSMETIC MARKET SURVEY**

Dear respondent,

I am a student comes from Vaasa University of Applied Sciences in Finland. I invite all of you join this research which is about the Chinese cosmetic market. In modern social life, everyone use the cosmetics such as skin care products and makeup. This research aimed to understand the attitude of Chinese consumers for some cosmetic brands and the Chinese name of some foreign brands. I would appreciate if you can take several minutes to answer the questionnaire. I promise all the information from you will be only used in academic research.

First page:

Q1. What is your gender?

- A. Female
- B. Male

Q2. How old are you?

- A. < 18
- B. 19-25
- C. 26-35
- D.  $\geq 36$

Q3. What is your occupation?

- A. Student
- B. Education
- C. Medicine
- D. Art
- E. Financing
- F. Army

G. Science and Technology

H. Others

Q4. What is your salary?

A. < 1000 RMB

B. 1000-3000 RMB

C. 3001-5000 RMB

D. 5001-10000 RMB

E. > = 10000 RMB

Q5. How often do you use skin care products?

A. Everyday

B. Always

C. Sometimes

D. Never

Q6. What kind of products do you use? (Multiple choice)

A. Moisturizing products

B. Whitening products

C. Anti-aging products

D. Anti-sensitive products

E. Others (please list)

Q7. Which brands' products are you using (or have used)? (Multiple choice)

A. Nivea

B. CHANDO

C. Herborist

D. Inoherb

E. SHISEIDO

F. Kose

G. LANEIGE

- H. Sulwhasoo
- I. Lancôme
- J. Helena Rubinstein
- K. Biotherm
- L. Clarins
- M. Estee Lauder
- N. Clinique
- O. Olay
- P. L’Oreal
- Q. SKII
- R. Garnier
- S. DaBao
- T. Others (please list)

Q8. What’s the price of your skin care product now?

Unit: CNY	< 50	50-150	150-300	300-500	> 500
Cleaner					
Day Cream					
Night Cream					
Eye Cream					
Essence					

Q9. Where do you usually buy the skin care products?

- A. Counters in shopping malls
- B. Specialty stores
- C. Supermarkets
- D. Cosmetic institutions

- E. Non-store selling
- F. TV shopping
- G. Online shopping
- H. Others

Second page:

Q10. What's the largest proportion that the skincare expenses accounted for the overall costs you could accept?

- A. 5%
- B. 15%
- C. 25%
- D. 35%
- E. 50%
- F. Above 50%

Q11. What's the main factors will you consider when buying skincare products?  
(Three choices maximum)

- A. Brand
- B. Price
- C. Quality
- D. Reputation
- E. Package
- F. Function
- G. Others (please list)

Q12. What's the reason that you choose "Brand" in last question? (Two choices maximum except "others")

- A. Guarantee for product quality
- B. Well known to people
- C. Personal preference



- D. Celebrity endorsements
- E. Others (please list)

Q13. How do you usually obtain the information of skincare products? (Multiple choice)

- A. TV
- B. Internet
- C. Street advertising
- D. Magazines
- E. Beauty institutions
- F. Families and friends
- G. Introduction of seller
- H. Others

Third page:

Q14. Are you willing to try products of new brand? (If choose “Yes”, move to question 15 automatically)

- A. Yes
- B. No

Q15. What origin of brands do you prefer? (Single choice. If choose each of “European and American brands” and “All of the above”, move to question 16 automatically)

- A. European and American brands
- B. Japanese and Korean brands
- C. Chinese local brands
- D. All of the above

Q16. Do you think what the reasonable price is for Western brands products?

Unit: CNY	< 100	100-300	300-500	500-1000	> 1000
Cleaner					
Day Cream					
Night Cream					
Eye Cream					
Essence					

Q17. Have you ever heard about or bought the skincare products of Lumene before?

- A. I heard about it and bought it
- B. I heard about it but not bought it
- C. I have never heard about it

Q18. How do you think about “You Ziting” to be a Chinese name of cosmetic brand?

- A. Is sounds very nice
- B. General
- C. It sounds bad

Q19. Which Chinese translation of the brand name do you like most? (Single choice)

- A. SHISEIDO – Zi Shengtang
- B. Clinique – Qian Bi
- C. Make up Forever – Fu Sheng Ruo Meng

- D. Avene – Ya Yang
- E. Olay – Yu Lan You
- F. Lancôme – Lan Kou
- G. Biotherm – Bi Ou Quan
- H. Estee Lauder – Ya Shi Lan Dai
- I. Chanel – Xiang Naier
- J. Cover Girl – Feng Mian Nv Lang
- K. Others (please list)