

NEWS RELEASE



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Half Cosmetics and Skincare Purchases in Shanghai Result of Online Information

SHANGHAI, March 1, 2011 | What people and companies say online is the number one influencer behind half (46%) of cosmetics and skincare retail sales in Shanghai. This was one of the findings of a DDMA and Focus Group China research report released today.

Of all retail spend on cosmetics and skincare in Shanghai in 2010 around US\$ 830 million was mostly influenced by information found online, the report finds.

DDMA found that the equivalent of one tenth of all Shanghai retail sales are made online – a share equal to the UK, and about half of these online sales are made through Taobao.

“From a marketing perspective in China the need is not to simply measure website traffic but to truly understand the full extent of the influence online information has on consumer purchases,” said Sam Mulligan, Director DDMA, “Understanding how and what information consumers seek, as well as where they collect and how they exchange this information is key to planning an effective marketing communication strategy.”

The year-long DDMA consumer study identifies 13 key drivers of online shopping, including: “The Taobao Effect”; boosted confidence in online product authenticity; and cultural and social economic factors which fuel the popularity of online shopping in China.

The research report *The Influence of Online Information on Chinese Consumer Buying Behavior* covers the 24 largest consumer product categories in China. To learn more about the full report visit: www.ddm-asia.com

Detailed Report Ranking

- a) Percentage of Shanghai consumers who stated online information was the main influence for an actual purchase
- b) Shanghai retail spend in the category that was accounted for mostly by online information in 2010

1st — Shanghai Outbound Travel and Tourism: a) 57%; b) US\$ 8.9 billion

2nd — Restaurants, Bars, KTVs and Nightclubs: a) 69%; b) US\$ 3.2 billion

3rd — Medium- to High-end Branded Apparel: a) 47%; b) US\$ 1.97 billion

Joint 4th / 5th — 3G & Smartphones: a) 67%; b) US\$ 1.8 billion

Joint 4th / 5th — Home Appliances: a) 34%; b) US\$ 1.8 billion

6th — Passenger Cars: a) 14%; b) US\$ 1.3 billion

7th — Cosmetics & Skincare: a) 46%; b) US\$ 830 million

8th — Furniture, Home Textiles, Tableware and Home Decoration Materials: a) 34%; b) US\$ 442 million

9th — Home Computers: a) 57%; b) US\$ 262 million

10th — Digital Cameras and MP3/MP4 Players: a) 64%; b) US\$ 227 million

11th — Cinema Box Office: a) 56%; b) US\$ 67 million

12th — Leisure Books: a) 36%; b) US\$ 47 million

About DDMA

DDMA provides market research and business consultancy services in China and across Asia Pacific.

Established in 2003, the company is headquartered in Shanghai. DDMA supports major multinationals with their marketing and business objectives in China, including: Scientific Games, Intel and eBay.

www.ddm-asia.com

About Focus Group China

Focus Group China is the in-house qualitative research unit of DDMA.