

Survey of Chinese Power Beauties in Shanghai:
The cutting edge of female Chinese Power *Sei-katsu-sha*

Interested in style and with high incomes, Chinese Power Beauties are consumer leaders

**They spend big on durable consumer goods in addition to fashion/beauty.
Maids support the active lifestyles of nearly half.**

Tokyo—May 17, 2007—Hakuhodo's R&D Division surveyed Shanghai women, said to be amongst the most highly fashion-conscious and active consumers in China, in September 2006. Key findings of our analysis of this research are presented below.

China's economy has been booming in recent years, and consumer spending is on the up and up as a result of this growth coupled with the availability of a greater diversity of products. Hakuhodo has been surveying and researching China's consumer leaders, a group we have named "Chinese Power *Sei-katsu-sha*" (see below), for some time. This time, we researched and analyzed the consumer perceptions of women with particularly high interest in fashion/beauty—what we call "Chinese Power Beauties" (see below). We found that Chinese Power Beauties are not only highly fashion-conscious, they are also proactive buyers of other products as well.

Having identified Chinese Power Beauties at the sharp end of female Chinese Power *Sei-katsu-sha*, Hakuhodo will use this information in future client marketing activities.

Chinese Power *Sei-katsu-sha*

- A group of leading Chinese consumers identified by Hakuhodo. Men and women aged 25–44 with monthly household incomes of 6,000 RMB or more.
- Not simply highly inclined to shop, this group has active lifestyles and is highly sensitive to information, making them powerful consumer leaders for marketing.

Note: For comparison purposes, this report considers only female Chinese Power *Sei-katsu-sha*.

Chinese Power Beauties

- A group of women with relatively high incomes that spends freely on fashion and cosmetics, and spreads information about these products to other groups of women.
- Have monthly household incomes of 6,000 RMB or more and gave affirmative responses to the following: "I often tell friends and colleagues the latest fashion and cosmetics news," "I use luxury brand cosmetics," and "I spend a lot on clothes, shoes and bags."
- 14% of respondents in our Power Beauties Survey were Chinese Power Beauties; almost half are single.

- 35% work for foreign-owned companies.
- Have average monthly household incomes of 8,769 RMB, and average monthly personal incomes of 3,369 RMB. Their average monthly spending money is 1,862 RMB, or 55% of their personal monthly income.

Key findings

- Chinese Power Beauties spend an average 1,000 RMB (approx. ¥15,000^{*}), or 30% of their personal monthly incomes, on fashion & accessories and beauty. They spend a further 1,000 RMB (approx. ¥15,000) a month total on eating out and leisure.
- More than half of Chinese Power Beauties have used an esthetic salon. One in five has visited a spa, and 15% a nail salon. These ladies are proactive consumers of beauty services.
- Chinese Power Beauties follow Hong Kong fashion the closest.
- Work is a key occasion for style for Chinese Power Beauties.
- Chinese Power Beauties have a wide range of interests besides fashion. Most have traveled abroad.
- Chinese Power Beauties are big spenders on durable consumer goods. Their rates of ownership of notebook computers, flat-screen TVs and cars are high.
- Maids support the active lifestyles of almost half of Chinese Power Beauties.

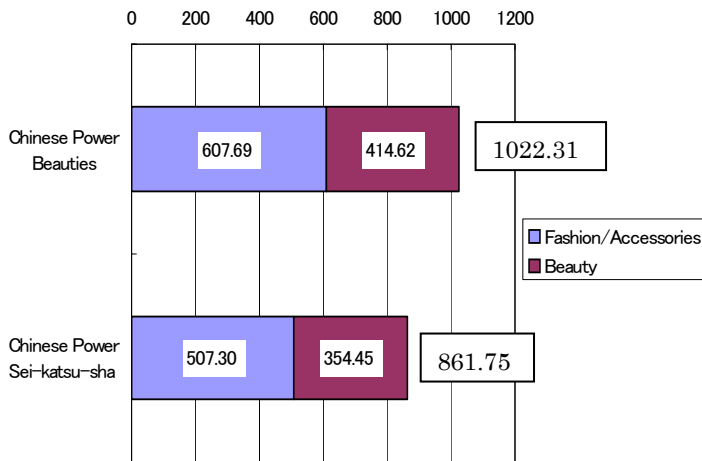
* Yen equivalents given in this report are calculated at 1 RMB = ¥15

Appendix: Data

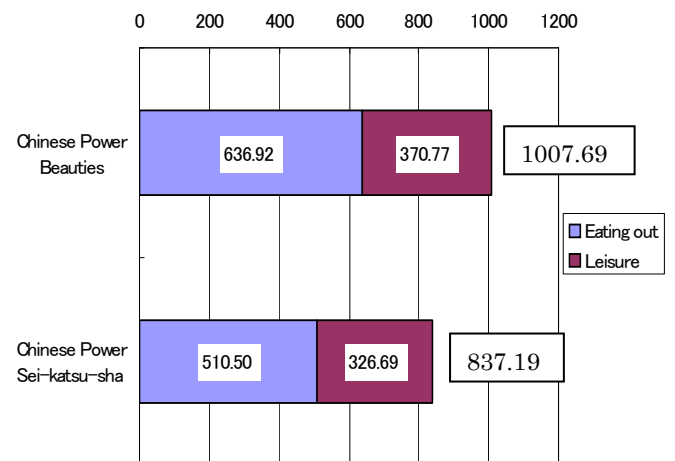
- **Chinese Power Beauties spend an average 1,000 RMB (approx. ¥15,000), or as much as 30% of their personal monthly incomes, on fashion/accessories and beauty. They spend a further 1,000 RMB (approx. ¥15,000) a month on eating out and leisure**

When we asked about their monthly spending on fashion/accessories and beauty, we found that Chinese Power Beauties spend an average 30% of their personal monthly incomes (1,022 RMB; approx ¥15,000) on fashion and style. Chinese Power Beauties also spend an additional average 1,008 RMB (approx ¥15,000) on eating out and leisure, well ahead of the Chinese Power *Sei-katsu-sha* average.

Average amount spent each month on fashion and accessories (RMB)



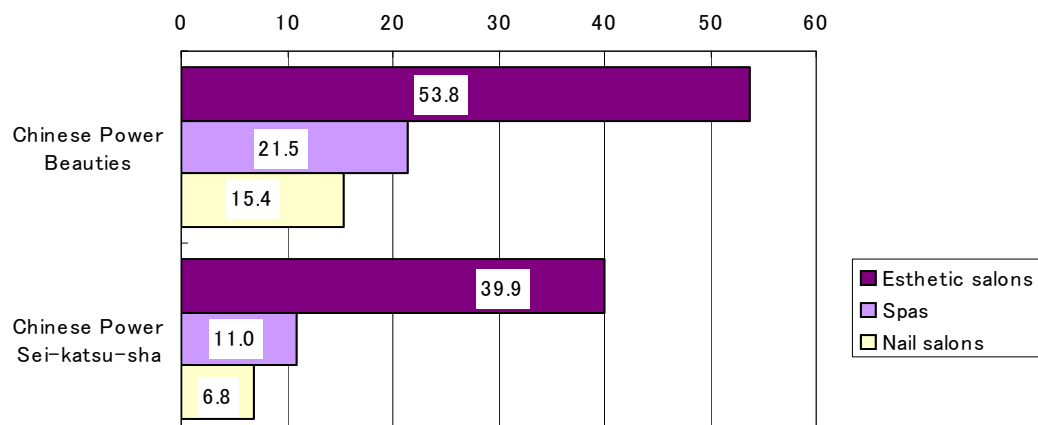
Average amount spent each month on eating out and leisure (RMB)



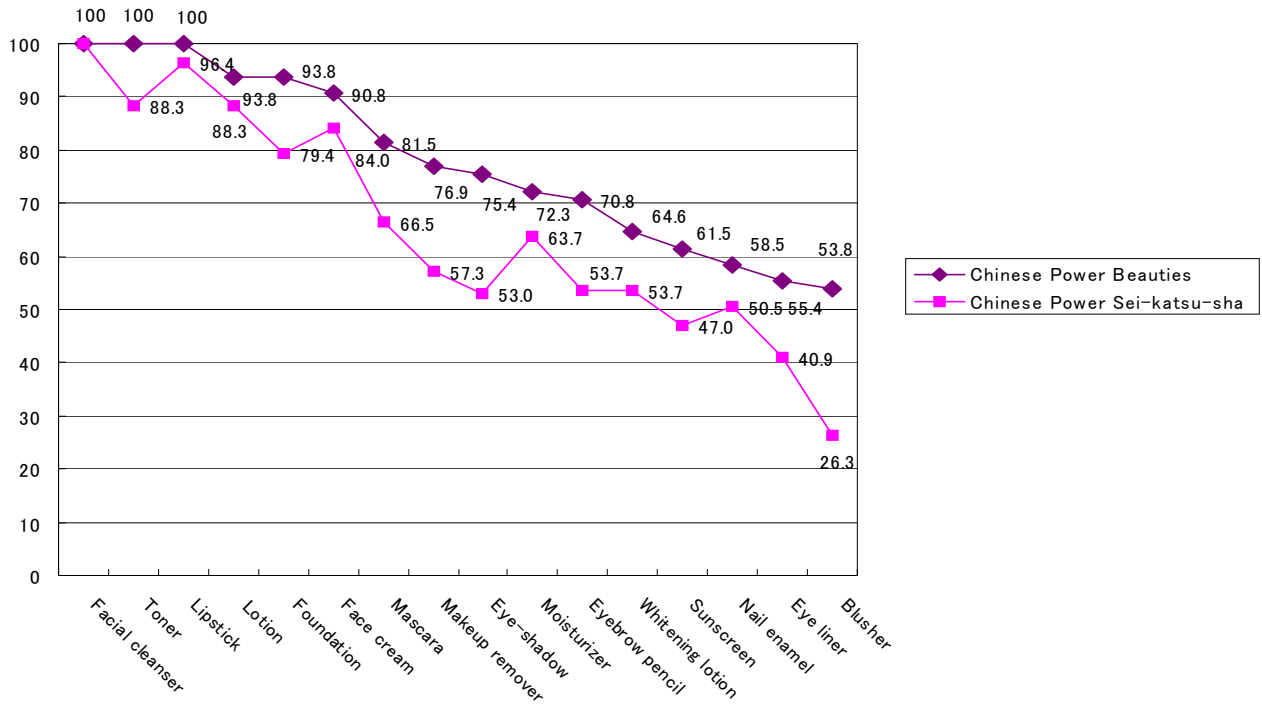
- **More than half of Chinese Power Beauties have used an esthetic salon. One in five has visited a spa, and 15% a nail salon. These ladies are proactive consumers of beauty services**

We asked Chinese Power Beauties which beauty services they had used at some point and found that already more than half (53.8%) had already used an esthetic salon, while 21.5% had used a spa, and 15.4% a nail salon. In usage of cosmetics and skincare products, their use of nearly all products was higher than that of the Chinese Power *Sei-katsu-sha* average.

Experience with using beauty services (%)



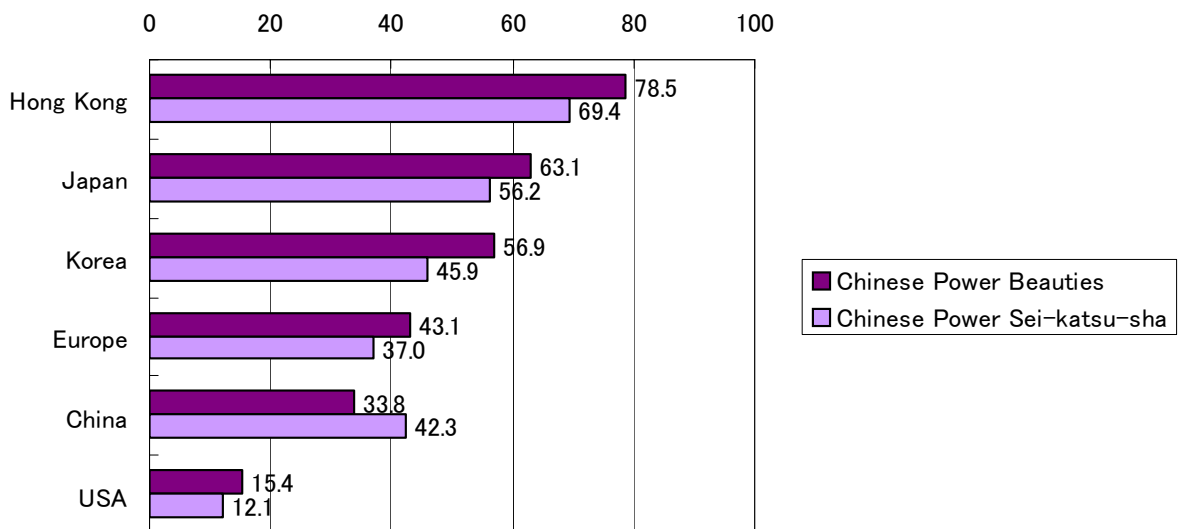
Usage of cosmetics & skincare products (%)



• Chinese Power Beauties follow Hong Kong fashion the closest

When we asked which Chinese Power Beauties which countries' fashions they were interested in, Hong Kong came out on top (78.5%), well ahead of other countries. Chinese Power Beauties are also less interested in local Chinese fashions than the female Power Sei-katsu-sha average.

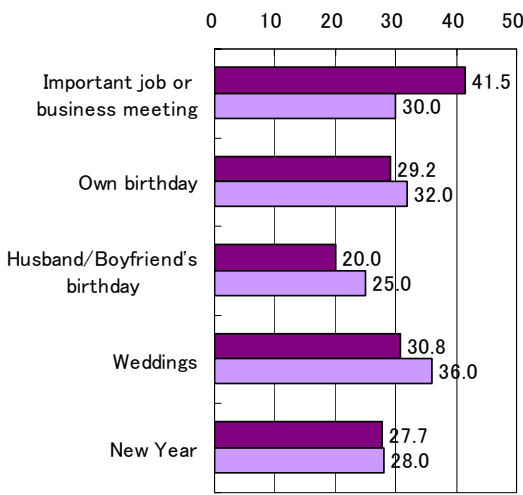
Interest in fashions of various countries (%)



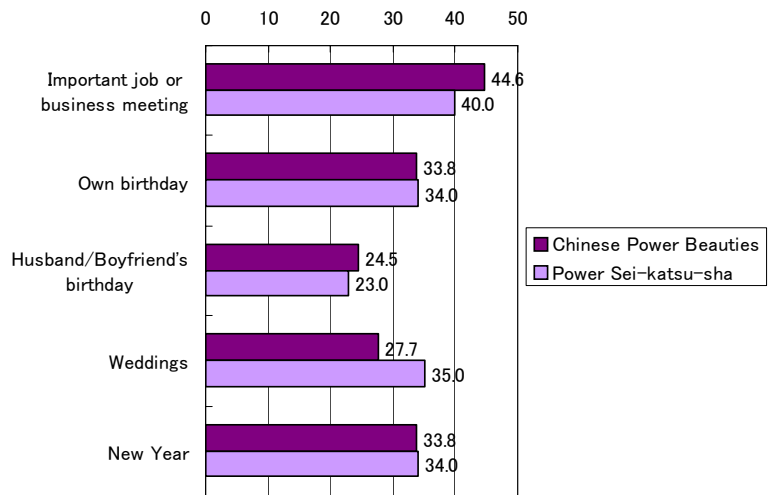
- **Work is a key occasion for style for Chinese Power Beauties**

When we asked Chinese Power Beauties what occasions they dress up for, important work/business meetings came out as the top occasion for both wearing one’s finest clothing, shoes, bags and accessories and for buying something new to wear. The top occasion for buying something new to wear for all female Power *Sei-katsu-sha* was also important work/business meetings, indicating the importance of the workplace to Chinese women.

Occasions for wearing one’s finest (%)



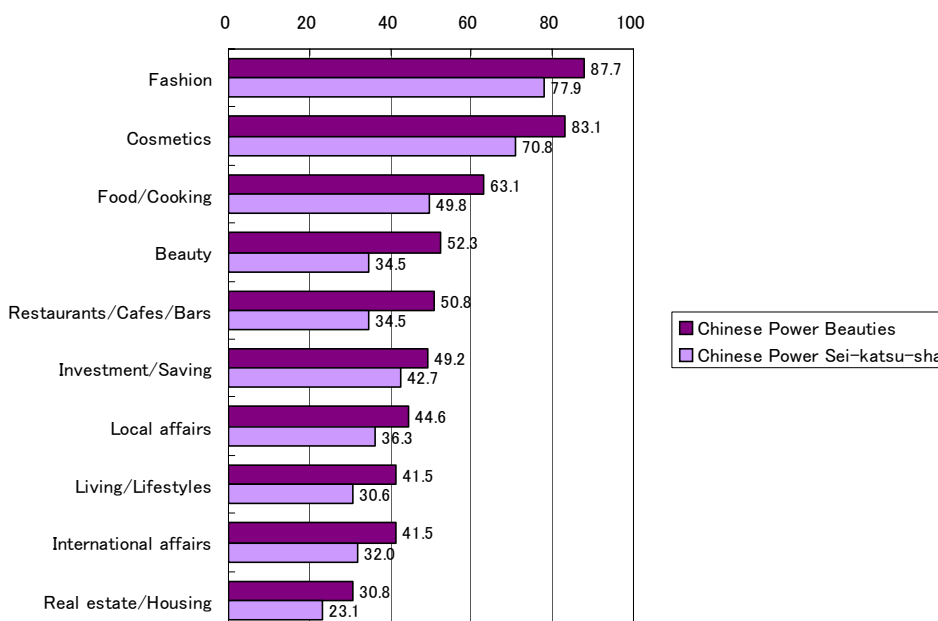
Occasions for buying something new to wear (%)



- **Chinese Power Beauties have a wide range of interests besides fashion. Most have traveled abroad**

Chinese Power Beauties may be highly sensitive to fashion, but their interests range well beyond fashion, cosmetics and beauty. Their interest in food/cooking, restaurants, cafes/bars, and other food-related topics topped the Chinese Power *Sei-katsu-sha* average, as did their focus on local issues, international issues and life/lifestyles. Moreover, close to 60% of Chinese Power Beauties have traveled abroad, well ahead of the Chinese Power *Sei-katsu-sha* average.

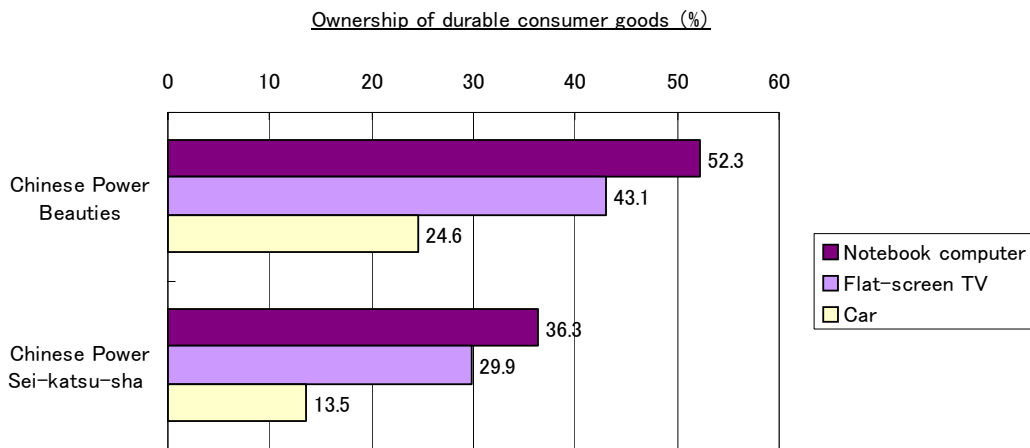
Information of interest (%)





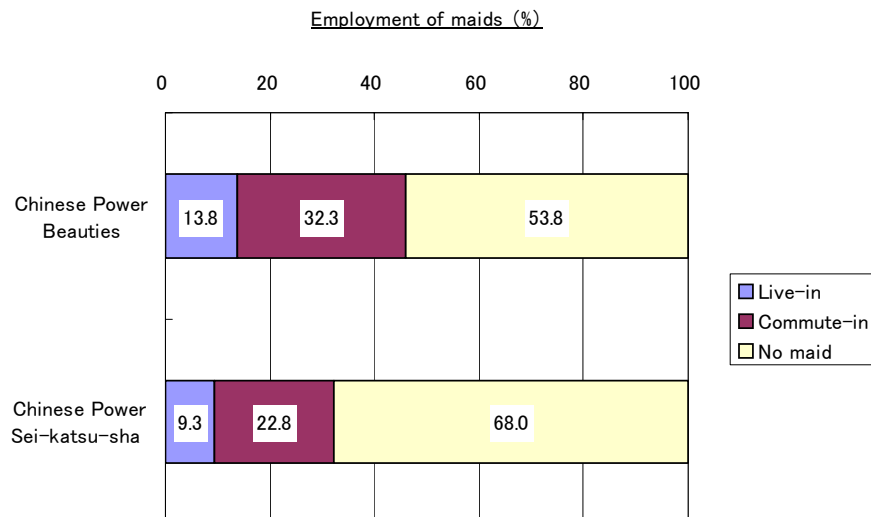
- **Chinese Power Beauties have high rates of ownership of notebook computers, flat-screen TVs and cars**

Chinese Power Beauties do not shop solely for fashion. Their ownership of expensive durable consumer goods like notebook computers, flat-screen TVs and cars outstrips the Chinese Power *Sei-katsu-sha* average by a large margin.



- **Maids support the active lifestyles of almost half of Chinese Power Beauties**

Close to half of Chinese Power Beauties employ a live-in or commute-in maid. Outsourcing household duties in this way appears to support Chinese Power Beauties' active lifestyles.



Overview of Hakuhodo's Chinese Power Beauties Survey

City surveyed: Shanghai

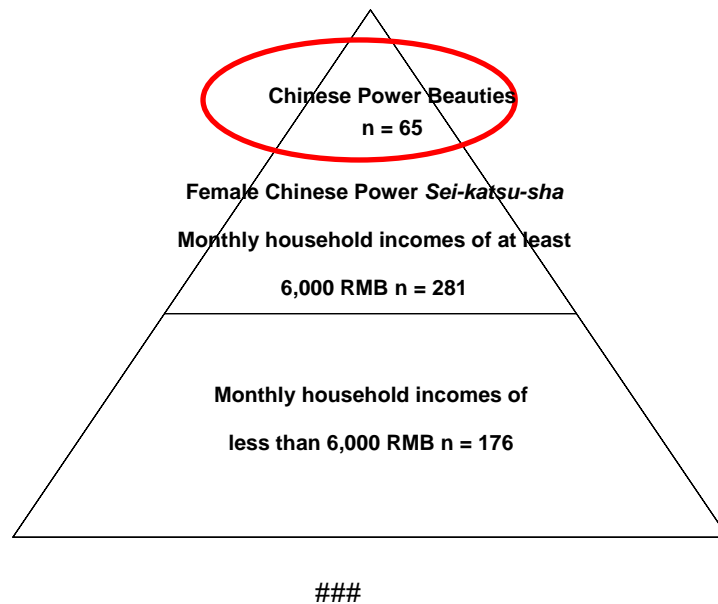
Population: Females aged 20–34 with monthly personal incomes of at least 1,500 RMB (accounting for 57% of Shanghai women aged 20–35; source: CNRS 2006 (Jan.-Jun.)); university and college graduates n = 457

Allocation:	Income	Age 20–24	Age 25–29	Age 30–34
	1,500–1,999 RMB	50	51	51
	2,000–2,999 RMB	51	50	51
	3,000 RMB+	51	51	51

Period: September 2006

Reference

Chinese Power Beauties Survey headcount distribution



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■ About Hakuhold Inc.

Founded in 1895, Hakuhold Inc. (www.hakuhold.jp) is the second largest advertising company in Japan, and the tenth largest core agency in the world according to *Advertising Age's* agency report 2007. Today, innovation and creativity are still at the heart of its operations. Hakuhold shares with its clients an unmatched depth of knowledge about the relationship between people and brands – knowledge that has grown from the concept of *sei-katsu-sha* (“consumers with a heartbeat”) which Hakuhold pioneered in advertising. Through its global network, Hakuhold provides comprehensive marketing and communications services and solutions for some of the best-known brands in the world. Hakuhold has 64 offices in 16 countries/regions, and approximately 5,000 employees.

Sei-katsu-sha insight is the foundation for Hakuhold's thinking, planning, and brand building. It reminds us that consumers are more than shoppers performing an economic function. They have heartbeats. They are individuals with distinct lifestyles. Hakuhold introduced this term in the 1980s to emphasize our commitment to a comprehensive, 360-degree perspective on consumers' lives.

Hakuhold is one of three advertising agencies under the umbrella of Hakuhold DY Holdings Inc. (TSE: 2433) (<http://www.hakuholddy-holdings.co.jp/english/index.html>) a holding company which was established in 2003 through the management integration of Hakuhold Inc., Daiko Advertising Inc. and Yomiko Advertising Inc. Hakuhold DY Holdings Inc. was listed on the first section of Tokyo Stock Exchange in 2005.