Executive Summary

China suppliers of health and personal care products are facing a difficult year, with several factors hampering growth.

Foremost among these challenges is the anticipated weakening of external demand in light of the economic woes of the US and the EU. Although several midsize and large enterprises see overseas revenue remaining on an upward track, the pace is expected to be slower than in 2011.

Rising manufacturing outlay is another critical concern, with suppliers keen on keeping prices stable to encourage purchases. Compounding this is the rising value of the yuan against the US dollar, which is cutting into margins and making China's products more expensive overseas.

Suppliers are implementing a variety of strategies to enhance competitiveness and ensure continued export growth in the months ahead.

Key findings

1. Pressure from rising production costs and a stronger yuan is expected to push prices upward in coming months. Most companies, however, will be limiting increases to the 10 percent range as higher adjustments may discourage purchases further.
2. To keep quotes under control, some companies are reducing the impact of the exchange rate on margins by using the yuan as a trade settlement currency. A few enterprises are also employing forward foreign exchange contracts to minimize the risk of profit loss.
3. Many suppliers are looking to Asia, the Middle East, South America and non-EU countries for growth. Nonetheless, the US and the EU will remain key export destinations since demand from these areas is still considerable, even with the projected slowdown.
4. Makers will be enhancing their capability to deliver products that will meet the requirements of various export destinations. Allocations for R&D are being increased to support the hiring of more technical personnel and collaborative projects with academic institutions.
5. Selections for both the low-end and upscale segments will increase. Releases will be characterized by ergonomic structures, additional functions and better aesthetics.
6. Besides offering a wider range of products, several companies are upgrading their QC capability. A few large makers have invested in facilities that will enable them to test products in-house.

Scope & methodology

This report covers the major products of China's health and personal care industry, namely massagers, hair grooming appliances and electric toothbrushes. For each category, details about the different types offered, their common features and price determinants are provided.

The Industry Overview elaborates on issues affecting production and exports. It also identifies the common strategies makers are employing to boost sales and enhance overall competitiveness.

To reflect the industry structure, the majority of suppliers in this report are local, privately owned enterprises. Businesses with investment from the government, and Hong Kong, Taiwan and Japan entities are also covered.

Nearly 65 percent of the featured companies are based in Guangdong and Zhejiang provinces, the two major manufacturing hubs.

To produce this report, Global Sources interviewed a wide range of suppliers. Rather than focus simply on high-profile makers, we compiled a representative sample of large, midsize and emerging manufacturers. All profiled companies are export-oriented professional suppliers that are verified by Global Sources.

Each supplier is confirmed to be authentic with a legally registered business. All companies are visited three or more times by Global Sources to ensure they are export-ready and have real offices and products.

The listed contact person has been verified to represent the registered company. In each case, companies were required to answer specific questions designed to verify their manufacturing and export credentials.

All profiled suppliers participated in a survey designed to provide insight into price trends, sales outlook and target markets in the next six to 12 months. All survey questions are single choice.

Results were calculated based on the actual number of valid responses to each question.

Global Sources supplier rankings

★★★★★★

Suppliers are ranked using a 6-star ranking system. Companies with a higher star ranking provide more business information and verification reports on their Global Sources online homepages.

Suppliers rated 5 or 6 stars have a Credit Check report from First Advantage or Sino-Trust and a Supplier Capability Assessment report provided by Bureau Veritas online.

The rankings are correct at the time of publication and may be subject to change.