

Sustainability and Diversity, Reshaping Detergent Industry

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Content

Chinese Detergent Industry

The changing of China and Consumer insight

Sustainability and Diversity are reshaping detergent industry

Sustainable investment in R&D

The changing of China and Consumer insight



WeChat changes people's lifestyle.

People over 35 years finds his long lost friends/ classmates visa WeChat.

More and more people chat on WeChat in steady of talking on phone.

Generation gap is ignorance and everyone communicates with his friends visa WeChat friends.

Social media become the second largest news channel, market share is more than computer and TV combined. Largest channel for reading news is mobile News Apps.

The top reasons trigger sharing on WeChat are: value (usefulness), interest, and emotional value.

Among all company's WeChat account, traditional manufactory industry has the highest number of accounts.

WeChat official owner are investing a lot more time and monetary investment into account operation.



QQ 浏览器
我要的现在就要

Consumer becomes more and more impatient and turns into the model of “IWWIWWIWI”

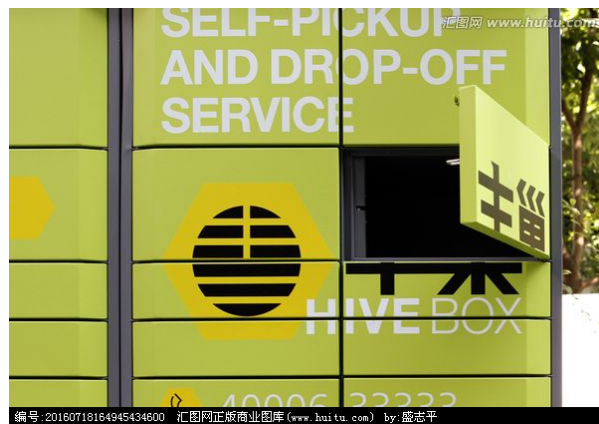
Consumers are often impulse shopping, and the desire for fast shopping satisfaction. And they hope they can communicate with the real brand visa real time on line platform.

Convenience is the King.

Fast logistics distribution system wins consumer, JD



HIVE BOX system penetrates into the community and provides self-pickup and drop-off service.



Seven-day return policy.

亲 您还在担心 买到的宝贝不喜欢怎么办?

7天
无理由退换货
买贵了、不值了、后悔了.....7天无理由退换货!

liby立白 The awakening of self-consciousness



Ms Huang, 73,
From shy little woman to Grandma Harley

Mr. Wang, 80, an actor and DJ,
with perfect body and muscle.

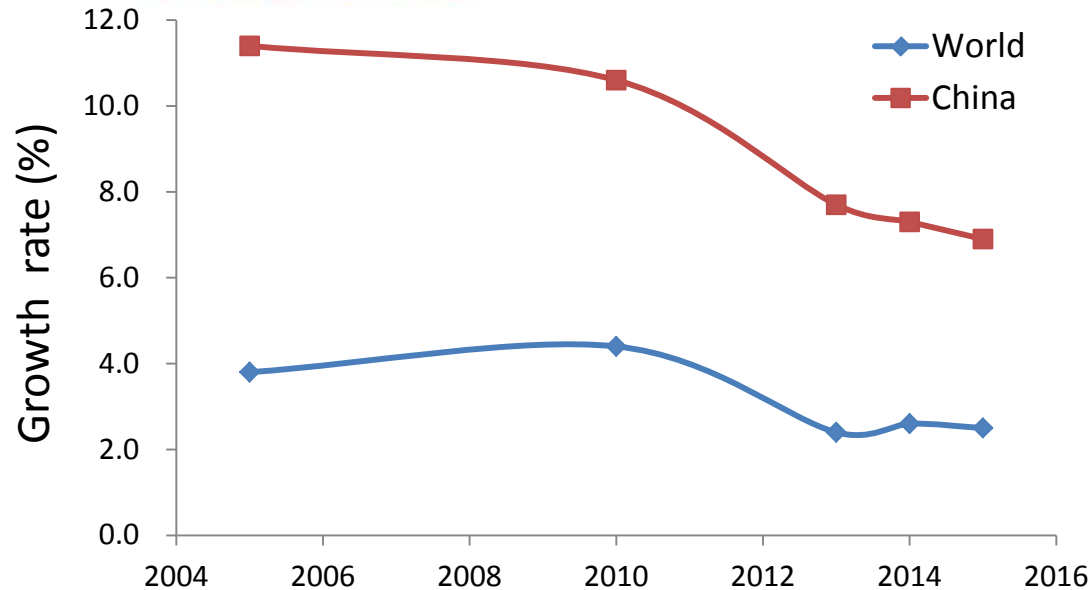
liby立白 The awakening of self-consciousness

Rapid expansion of Marathon in China

	Marathon games	The number of runners in the marathon
2014	51	0.9 million
2015	134	1.3 million
2016	328	2.8 million



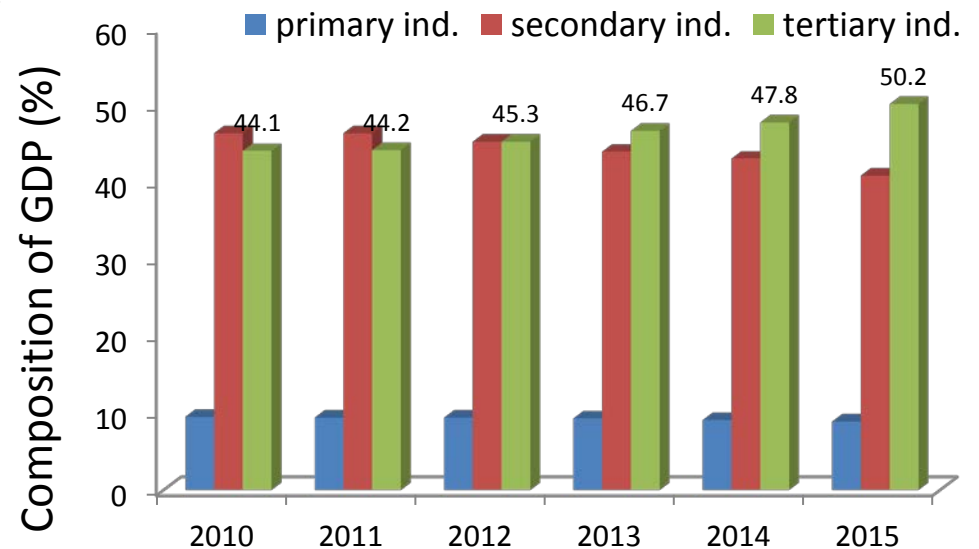
People at middle age (34-53) are the main runners in the marathon games, accounting for 57% of the total number of participants. 21.1% of participant runs for keeping health, 13.3% of people runs for release pressure, 18.3% of people runs for social communication, 15.8% of people runs for self-expression. 67.4% of people runs for tasting/experience freedom.



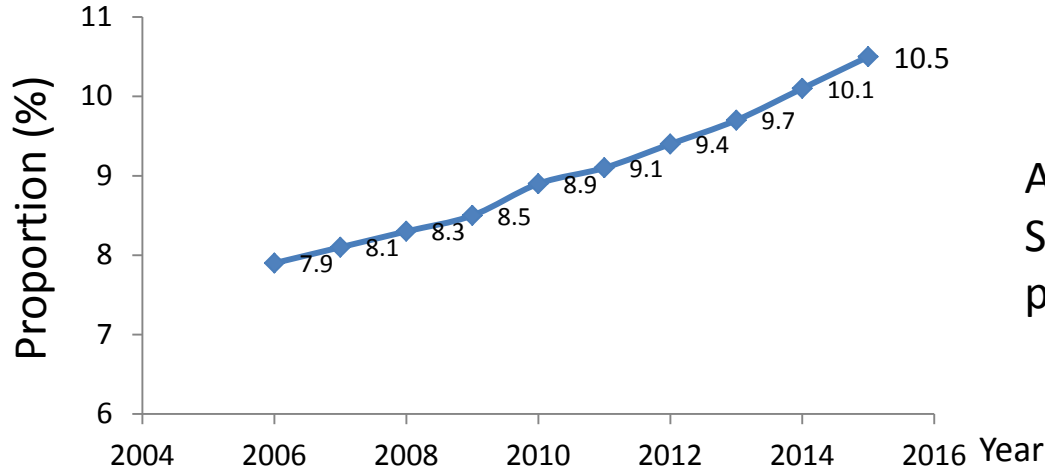
GDP of China was 10.87 trillion in 2015 and it took 14.8% of GDP of the world.

Gross Domestic Production and it's Growth Rate

In 2015, the contribution of the tertiary industries to GDP exceeded the sum of the primary industry and the secondary industry for the first time.



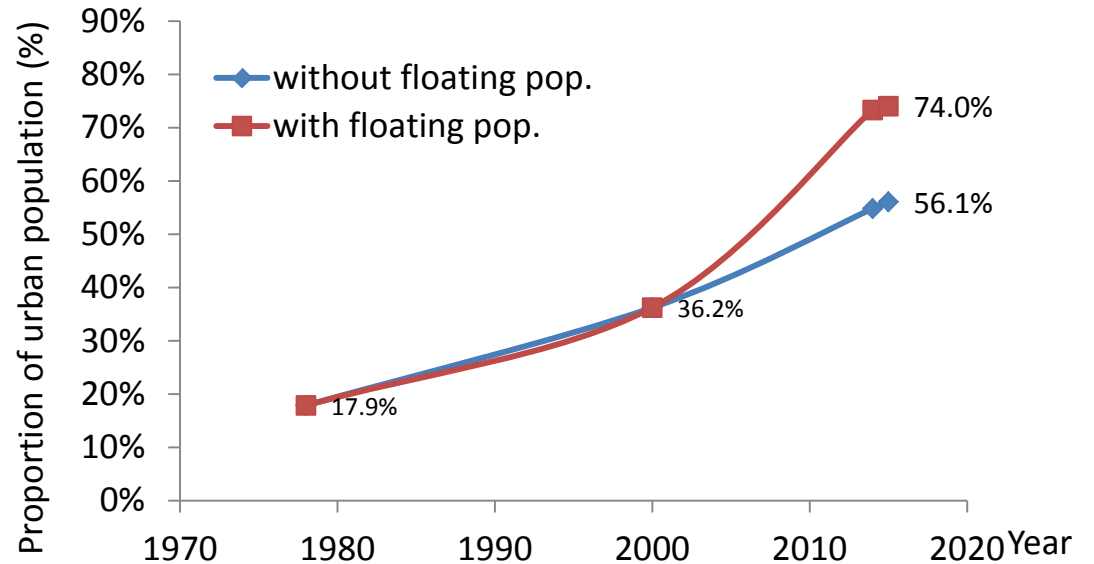
Composition of Gross Domestic Production



Aging is a big trend in China. Second baby policy is a way to prevent from working

proportion of aged 65 and over

The population in urban area accounts 56.1% of the total population without considering floating population. Actually, 74% of population lived in urban area.



Urbanization with/without considering floating population

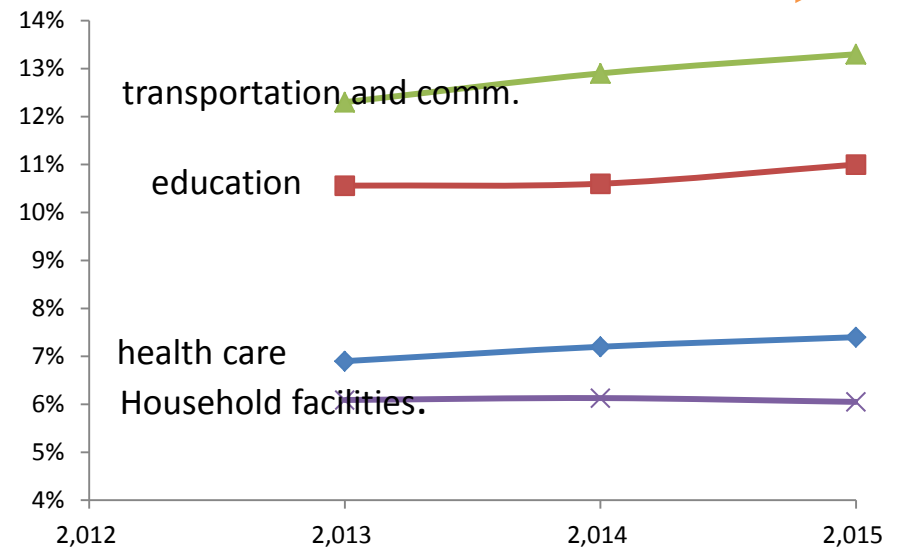
General information

Average family size: 3.1 persons/household
 Annual per capita disposal income
 Nationwide: 21,916 yuan;
 in urban: 31,800 yuan;
 In rural : 11,420 yuan;
 Washing machine: 86.4% total,
 92.3% in urban,
 78.8% in rural.

Average per capita expenditure: 15,712yuan
 In urban: 21,392 yuan;
 In rural : 9,222 yuan;
 Automobile: Nationwide: 22.7%,
 urban 30.0% in,
 rural 13.3%.

Consumption expenditure in 2015 nationwide

Food, tobacco and liquor	30.6%
Clothing	7.4%
Residence	21.8%
Household facilities, articles and services	6.1%
Transport and communication	13.3%
Education, culture and recreation	11.0%
Health care and medical services	7.4%
Miscellaneous goods and services	2.5%



Expense on Health care, education, transportation, and household facilities

Market size

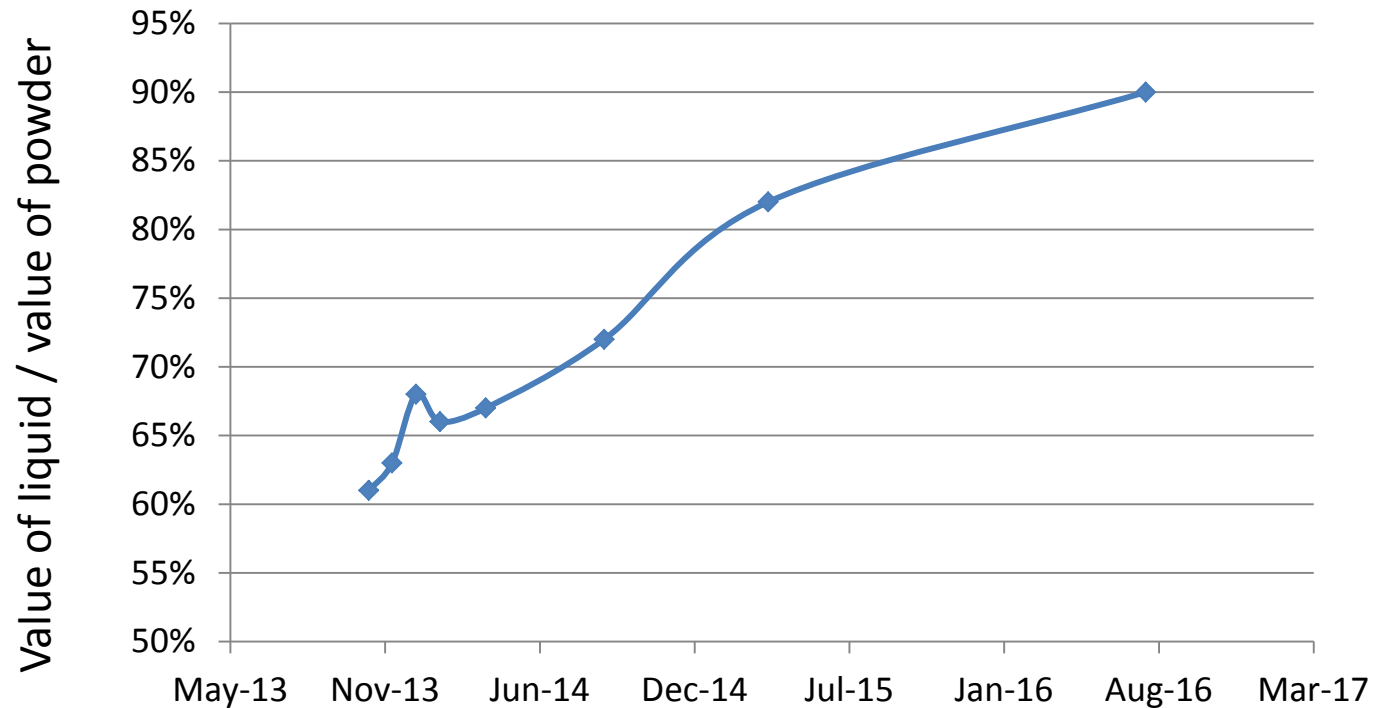
Category	Volume (million tons)	Growth rate 2016 vs 2015 (%)
Synthetic detergent	10.99	1.94
Soap	0.8	- 2.4
Synthetic powder detergent	4.46	- 5.7
Liquid detergent (including dishwashing and liquid laundry detergent etc.)	6.53	7.16
liquid laundry detergent	2.64	8.6
dishwashing	2.32	4.1
Hard surface cleaner	0.5	12

The total main business income of the industry was ¥183.2 billion in 2016, with 6.33% of annual growth in value vs 2015.

Source from CCIA, the statistic data of 2017.3.

Portfolio of laundry detergent: powder and liquid

Liquid made a continuous growth in last 4 years. In urban area, the ratio in value of liquid to powder is over 90%, which means it becomes the alternative of powder and consumers accepted it as commonly used laundry product.



The ratio of retail price of liquid to powder was 1.38 by the end of last November. It decreased to 1.25 in first half in 2016 due to the big promotion of Nice, Liby, Blue Moon, Unilever and P&G.

from A C Nilsson retail audit, from Nov 2013 to Aug 2016.

A Battle of Environment Protection and Economy development



国务院 新闻 专题 政策 服务 问政 数据 国情

国务院关于印发水污染防治行动计划的通知
国发〔2015〕17号

各省、自治区、直辖市人民政府，国务院各部委、各直属机构，现将《水污染防治行动计划》印发给你们，请认真贯彻落实。

国务院
2015年4月2日
(此件公开发布)

水污染防治行动计划

环境保护事关人民群众切身利益，事关全面建成小康社会，事关实现中华民族伟大复兴中国梦。当前，我国一些地区水环境质量差、水生态受损害、环境隐患多等问题十分突出，影响和损害群众健康，不利于经济社会持续发展。为切实加大水污染防治力度，保障国家水安全，制定本行动计划。

总体要求：全面贯彻党的十八大和十八届二中、三中、四中全会精神，大力推进生态文明建设，以改善水环境质量为核心，按照“节水优先、空间均衡、系统治理、两手发力”原则，贯彻“安全、清洁、健康”方针，强化源头控制、水陆统筹、河海兼顾，对江河湖海实施分区治理、分河段科学治理，系统推进水污染防治、水生态保护和水资源管理等，

中华人民共和国中央人民政府
The Central People's Government of the People's Republic of China

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国务院发布《大气污染防治行动计划》十条措施

国务院印发《大气污染防治行动计划》

日前，国务院发布《大气污染防治行动计划》（以下简称《行动计划》）。这是当前和今后一个时期全国大气污染防治工作的行动指南。

党中央、国务院高度重视大气污染防治工作。新一届政府成立伊始，就将其作为改善民生的重要着力点，作为生态文明建设的具体行动，作为统筹稳增长、调结构、促改革，打造中国经济升级版的重要抓手，作出全面部署。《行动计划》在深入研究、反复论证的基础上发布实施，体现了中央科学严谨、实事求是，对人民群众高度负责的态度和坚持以人为本、着力改善环境、保障公众健康权益的坚定决心。

我国大气污染问题是长期积累形成的。治理好大气污染任务重、难度大，必须付出长期艰苦的努力，必须坚持防治大气污染人人有责，在全社会树立“同呼吸、共奋斗”的行为准则，必须坚持在保护中发展、在发展中保护，实现环境效益、经济效益和社会效益多赢。

《行动计划》按照政府调控与市场调节相结合、全面推进与重点突破相配合、区域协作与属地管理相协调、总量减排与质量改善相同步的总体要求，提出要加快形成政府统领、企业施治、市场驱动、公众参与的大气污染防治新机制，本着“谁污染、谁负责，多排放、多负担，节能减排得收益、获补偿”的原则，实施分区域、分阶段治理。

中华人民共和国国务院新闻办公室
The State Council Information Office of the People's Republic of China

《中共中央 国务院关于加快推进生态文明建设的意见》

国务院新闻办公室网站 www.scio.gov.cn 2015-08-02 来源：中国政府网

中共中央 国务院 关于加快推进生态文明建设的意见

(2015年4月28日)

生态文明建设是中国特色社会主义事业的重要内容，关系人民福祉，关乎民族未来，事关“两个一百年”奋斗目标和中华民族伟大复兴中国梦的实现。党中央、国务院高度重视生态文明建设，先后出台了一系列重大决策部署，推动生态文明建设取得了重大进展和积极成效。但总体上看我国生态文明建设水平仍滞后于经济社会发展，资源约束趋紧，环境污染严重，生态系统退化，发展与人口资源环境之间的矛盾日益突出，已成为经济社会可持续发展的重大瓶颈制约。

加快推进生态文明建设是加快转变经济发展方式、提高发展质量和效益的内在要求，是坚持以人为本、促进社会和谐的必然选择，是全面建成小康社会、实现中华民族伟大复兴中国梦的重大举措。要充分认识加快推进生态文明建设的极端重要性和紧迫性，切实增强责任感和使命感，牢固树立尊重自然、顺应自然、保护自然的理念，坚持绿水青山就是金山银山，动员全党、全社会积极行动、深入持久地推进生态文明建设，加快形成人与自然和谐发展的现代化建设新格局，开创社会主义生态文明新时代。

一、总体要求

(一)指导思想，以邓小平理论、“三个代表”重要思想、科学发展观为指导，全面贯彻党的十八大和十八届二中、三中、四中全会精神，深入贯彻落实习近平总书记系列重要讲话精神，认真落实党中央、国务院的决策部署，坚持以人为本、依法推进，坚持节约资源和保护环境的基本国策，把生态

Construction of ecological civilization

Regulation of water pollution control

Regulation of air pollution control

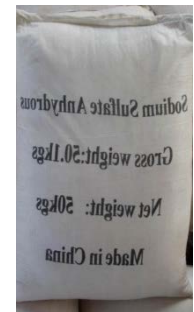
A Battle of Environment Protection and Economy development

- The target of air pollution control: The concentration of inhalable particles in cities at and above prefecture level is expected to less than 10% compare with that in 2012.
- The target of water pollution control : by the end of 2017, the black and odorous water bodies should be eliminated in all provincial capital city.

Cost rising of chemicals and packaging



www.liby.com.cn



Carton:
Price: 40%
more

Plastic
Price: 10%
more

Surfactant
Price: 20%
more

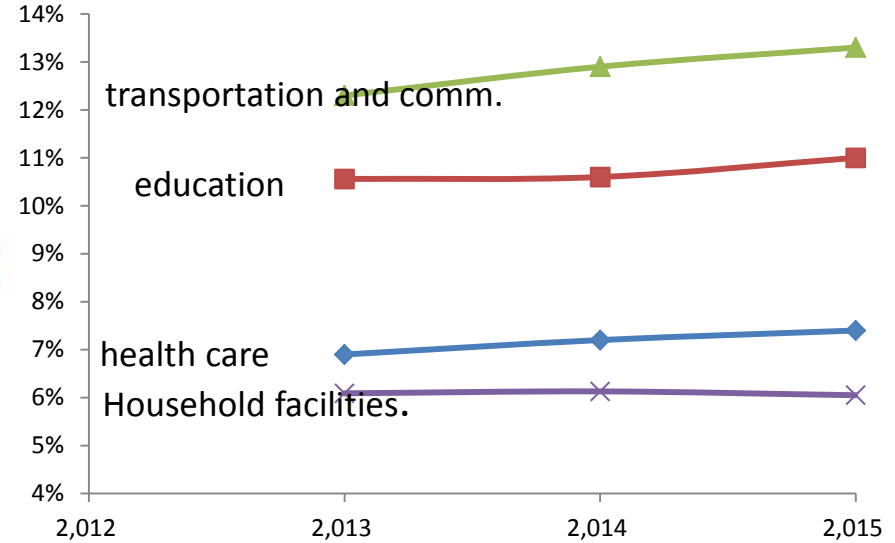
Builder
Price: 20%
more

Filler
Price: 30%
more

How can we get new growth in tough economic situation?

Mom got lots of work to do.

- Job
- Baby care
- Shopping
- Cooking
- Housekeeping



Flat expenditure on detergent

Detergent get less attention. Housewife need products with high performance and good to health.

Emotional and experience



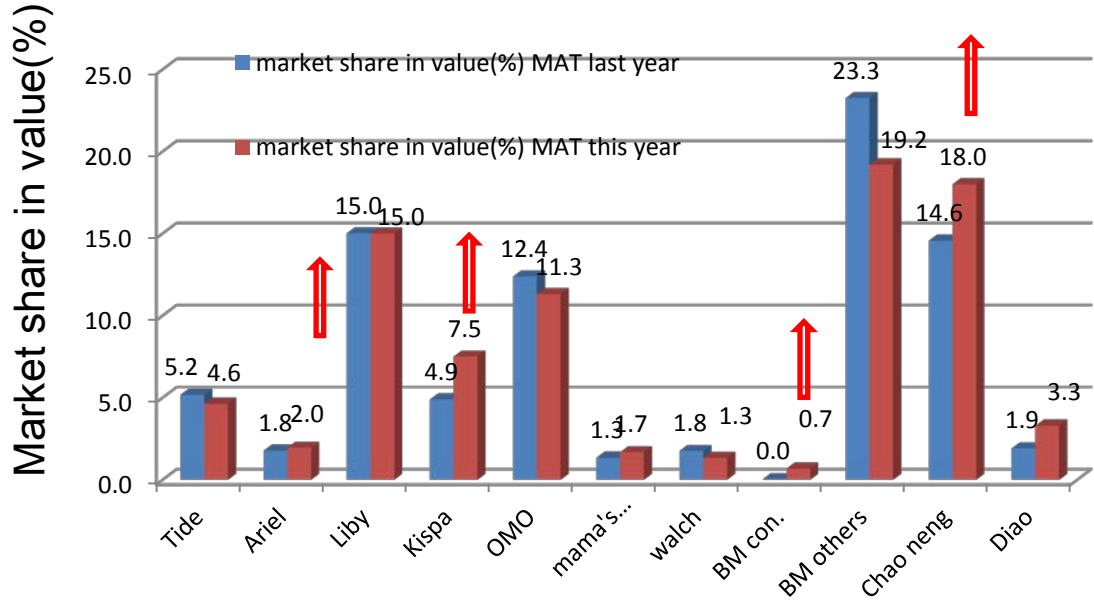
Green and healthy
With notable benefit



Smart

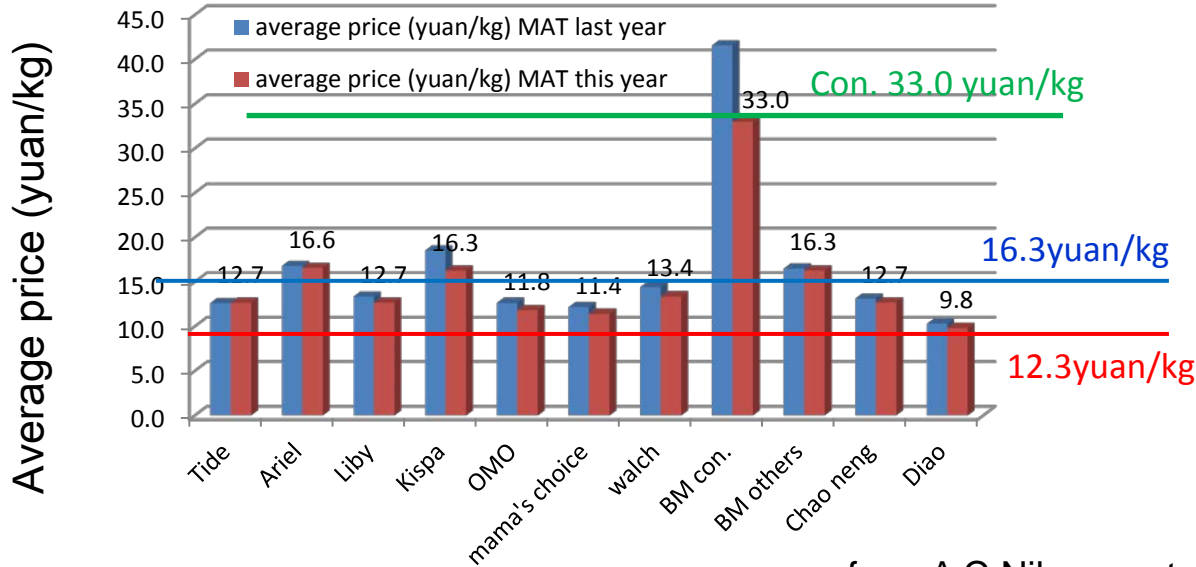


Love and Smart



The high end products increased 6.9% in market share and got 47.4% in market share .

There was a fierce price cut competition in last two years.



High end products achieved new growth

Sustainability and convince



Liby soap
liquid
Natural ing.
stain remove
Easy rinse



Kispa
Mild to skin
Stain
remove



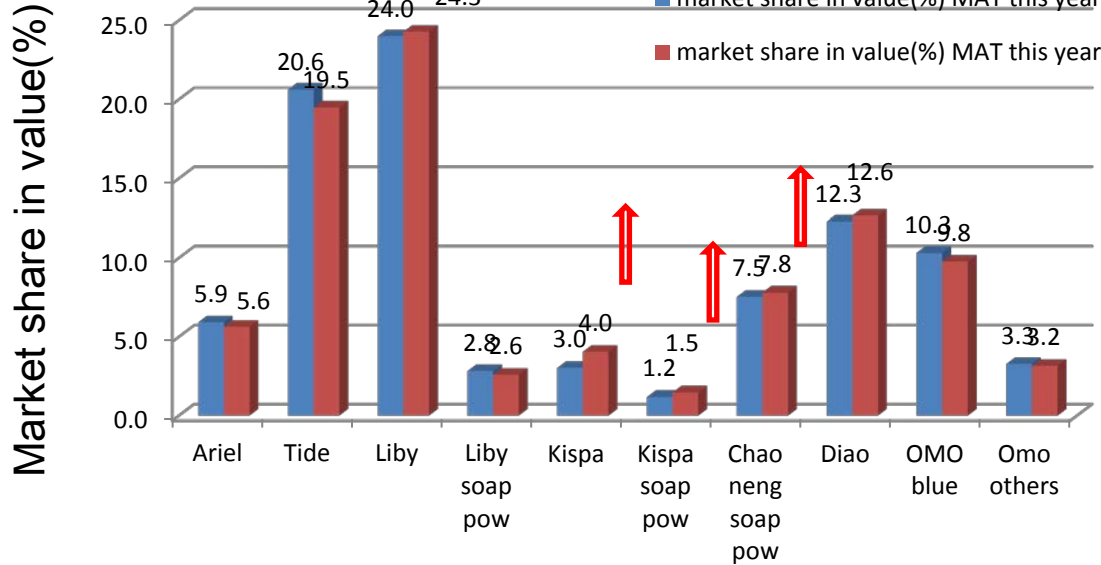
Chaoneng
Natural ingredients
Easy rinse



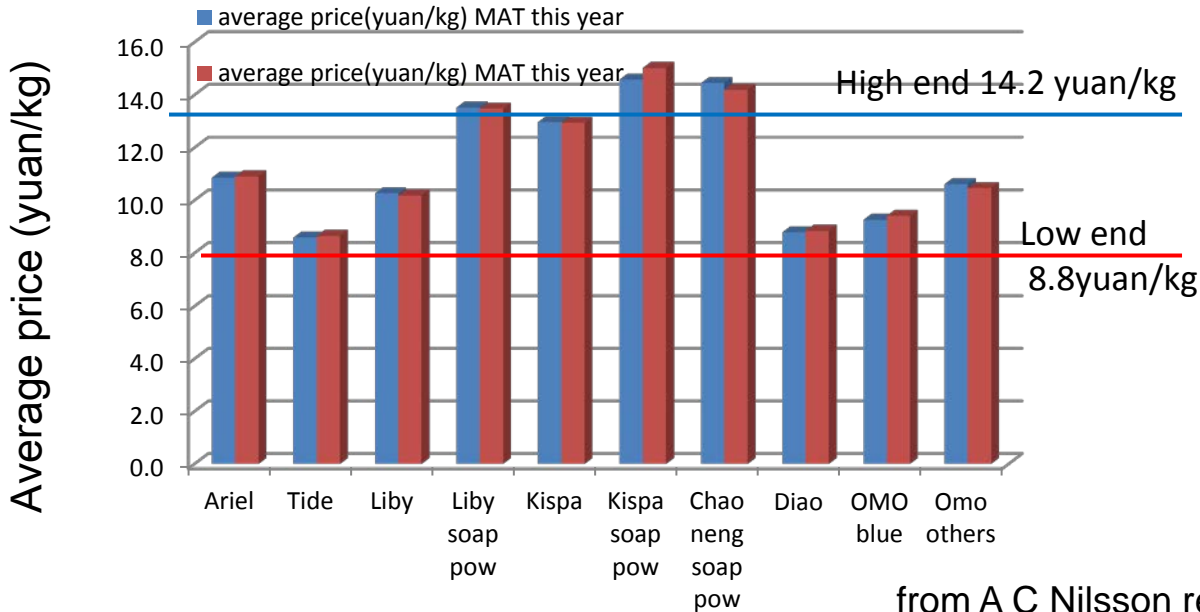
Blue Moon
Easy handle,
3 X concentrated



Ariel
Easy rinse,
quick washing



The market share of high end products was over 24.3%. Average price of soap powder was 14.2 yuan/kg, 61% higher than that of standard powder (8.8 yuan/kg).



High end products achieved new

Sustainability and healthy



Soda ash free,
 Natural ingredient
 No heat emission when
 dissolve in water.
 Less CaCO3 scale on fabric

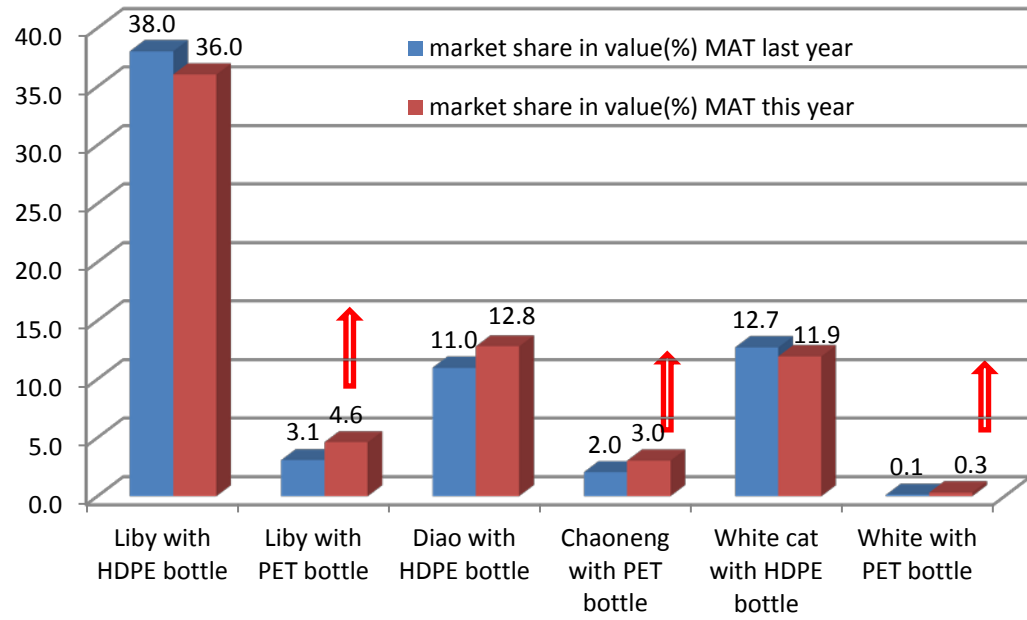


Microscope image of fabric after washing for 20 cycles.

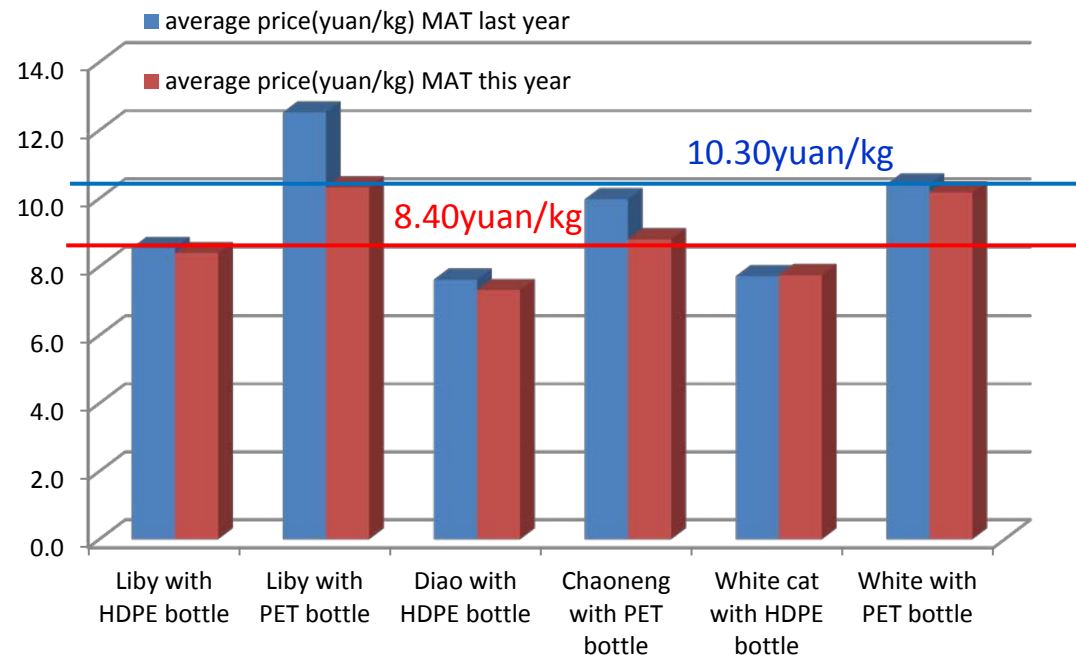
liby立白 Development of dishwashing detergent



Market share in value (%)



Average price (yuan/kg)



High end products with PET bottle are on the rising tide. Liby increased 1.5%, Chaoneng increased 1.0%, White cat increased 0.2%.

The average price of the category decreased from 8.40 yuan/kg to 8.30yuan /kg within 2 years.

High end products gained more share.

from A C Nilsson retail audit, from May 2015 to Apr 2017.

High end products achieved new growth



Dish washing detergent with natural ingredient
——get rid of the chemical residue

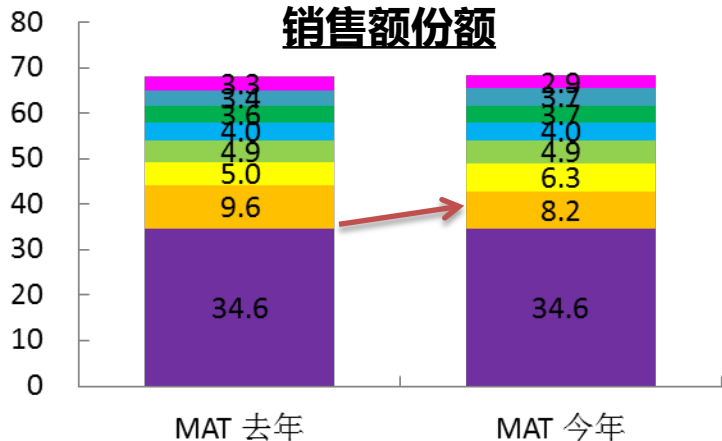
Sustainability
and healthy

消费者从此放心无忧



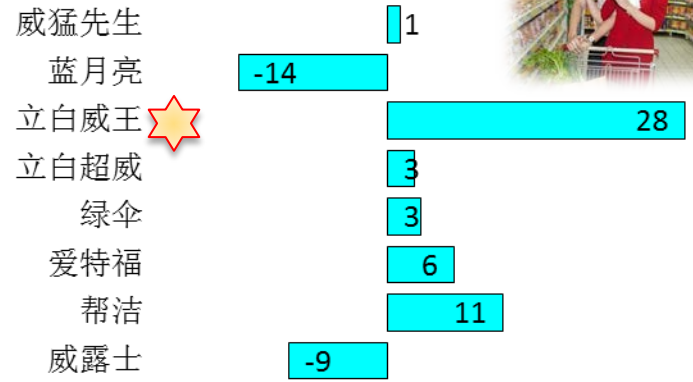
Growth rate of sales value

销售额份额



- 威猛先生
- 蓝月亮
- 立白威王
- 立白超威
- 绿伞
- 爱特福
- 帮洁
- 威露士

销售额增幅



■ MAT今年



healthy + convince + happy



Natural ingredient



Convenient and powerful



Malodor control

from A C Nilsson retail audit, from May 2015 to Apr 2017.

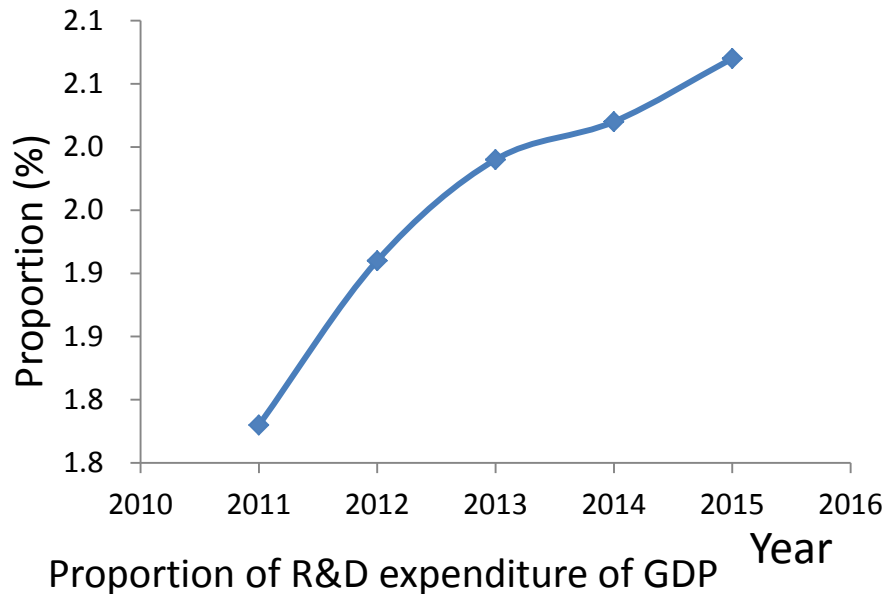


General information in 2015

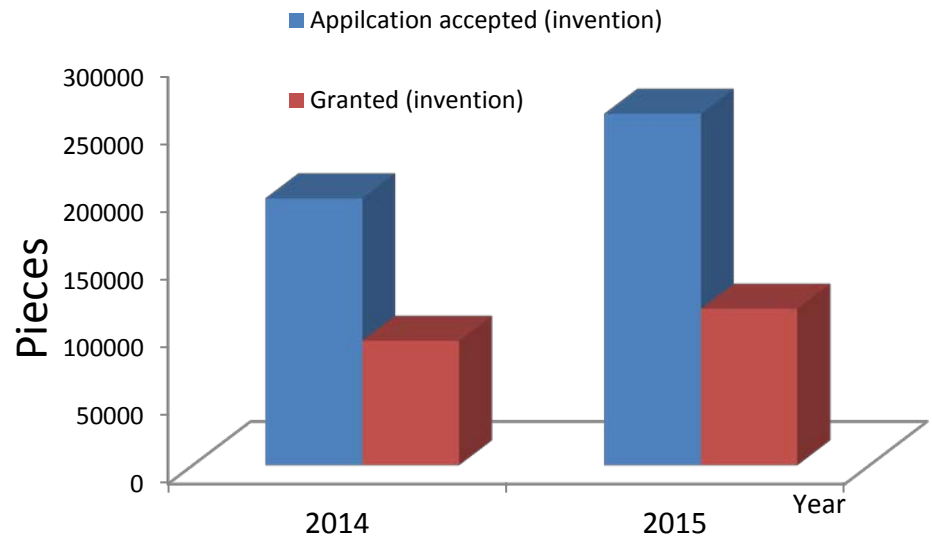
- Promotion rate from senior secondary school to higher education: 92.5%
- Proportion of R&D expenditure of GDP: 2.05%
- Composition of Expenditure of R&D:
 - basic research: 5.05%;
 - applied research: 10.79%
 - experimental development: 84.16%

High education in 2015: 44.2% of postgraduates work in the science and engineering.

item	Graduates	Entrants	Enrolment
Postgraduates	551522	645055	1911406
Doctor's degree	53778	74416	326687
Master's degree	497744	570639	1584719
Undergraduates	6808866	7378495	26252968



patent granted (invention): 359316 pieces, annual growth rate: 54%. Domestic: 73.3%, foreign: 26.7%.



Granted Patent in section C and section D



A large number of graduates with PhD.

Rising investment in R&D

More than 25% annual growth in granted invention patents.

Rapid development of computer science, information technology and analytical science.



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New generation of product
Not the single new product



iPhone 6

iPhone 7

New generation



New generation of product

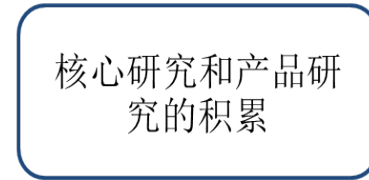


Consumer experience is the core of the new product design

Consumer insight



Combines core technology research and products research



Differentiation

Consumers' needs

消费者需要的性能

差异化所在

Performance not achievable in the industry

目前的产品不能做到的地方

Collaborate with innovation net



消费者如何使用的研究

差异化的产品
显著的感知和功能

Differentiated product with notable performance and satisfaction

Summary

- 1. Great changes in China:
awakening of self-consciousness and rising of middle class.**
- 2. High end of detergent is getting more market sharing.
Products with green and sustainability claim are popular.**
- 3. More R&D investment speeds up innovation in detergent industry.**



THANK YOU!

liby 立白