



Report From China: U.S. Retailers Moving Into China Must Target The Young

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With the relaxing of requirements and restrictions the welcome mat is in place and the doors are open for United States based retailers to expand into the Peoples Republic of China (PRC). The demand is strong for U.S. branded products in the medium price range that targets the young consumer. U.S. retailers including Wal-Mart have focused on the less expensive merchandise. The Europeans, on the other hand, have promoted the products that attract the wealthy.

The Chinese middle class closely mirrors the United States middle class in absolute numbers and is growing. With less than one hundred U.S. retail chains operating in the PRC, the opportunity is great to satisfy the thirst of this emerging nation for branded products easily available in the U.S. Disposable income is greater than one might think as many young professionals are earning salaries similar to that earned in the Americas.

There has been the tendency for some retailers to lessen the quality of products sold in China perceiving that quality products will not sell. This is a myth that in the long run will erode the demand for U.S. made and marketed products.

Companies such as Teflon Cookware, Heinz, Nestle, and Colgate may have lost creditability as noted in *China Today*, August 2005 report.

The message is for U.S. retailers are that there will be a bright future for those who target the young middle class and maintain tight quality control over the merchandise.