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LVMH's guochao' beauty brand Cha Ling shuts China stores

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The shuttering of LVMH's Chinese tea beauty brand Cha Ling's physical doors and official WeChat store is cited as part of its new business strategy. But will China ever want faux Guochao' brands? Image credit: Cha Ling

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A luxury skincare brand launched by LVMH as recently as 2016 has already closed all its offline stores in the China market.

The tea and **guochao**-inspired beauty label was born following an encounter between Laurent Boillot, the then-chairman of Guerlain, and environmentalists Josef Margraf and his wife, Li Ming Guo.

According to the French luxury conglomerate, **Cha Ling "Esprit du Th"** is the first cosmetics name to integrate the anti-oxidant, anti-aging and anti-pollution properties of Pu'er tea into its products.

The launch was much feted with multiple solo boutiques opening in luxury malls across China. However, the formula has not exactly panned out after several years of COVID-19.

The shuttering of Cha Ling's doors as well as the termination of its official Wechat store is **cited** as part of its new business strategy. Instead it will now retail exclusively through LVMH's Sephora, which is the world's leading specialty chain selling beauty products.

The Jing Take: Cha Ling's exit from the market is telling.

Over the years, only a small number of Western luxury names have attempted to launch lines just for the China market also dubbed by the Chinese as "fake guochao" (or) brands.

Originators of this trend include Herms' lifestyle company, Shang Xia, which launched in 2010, and Este Lauder's Osiao ("O-Shao"), which shuttered two years later. Neither entirely **captured** the high-end market, not least due to **competition** from authentic homegrown entities.

The lower end is **being squeezed**, too.

In July, L'Oréal-owned cosmetics firm Maybelline confirmed that it will close **14** freestanding physical stores in China nearing the end of their contract, **citing** a need to "adapt to the changes in the market and consumer demand."

Now Cha Ling is also facing difficulties in the country's highly saturated beauty market, where C-beauty names have become **experts** in attracting local followers. Their new deal with the rapidly expanding Sephora which added 38 new stores in China during 2021 makes sense but even still, Cha Ling will likely face challenges in the coming months.

With pharmacy and cosmetics chains such as **Harmay** and **Watsons** gearing up to take more market share, LVMH and Cha Ling must continue to keep a close eye on and react to changes in local consumer habits.

One thing is sure: the reputational damage is done. Optics matter. This swift departure does not bode well if Cha Ling is to attempt a solo bricks-and-mortar return.

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