



Beauty and Personal Care in India

Complete transition to the GST allows companies to bring the focus back on consumers

Implementation of the Goods and Services Tax (GST) during the second half of calendar year 2017 caused business interruptions as companies transitioned to the new tax regime. However, in 2018 beauty and personal care was on the path to recovery with most product categories witnessing higher growth during 2017-2018 compared to the previous year as business continued to resume manufacturing and supply of products. Bath and shower and hair care remained the largest categories in 2018 whilst fragrances, depilatories, baby and child-specific products and color cosmetics witnessed the most dynamic growth during the same year. Across all categories, major focus for companies was on expanding their online presence, deepening product penetration, leveraging innovative technology, adding value and increasing consumer connection through social media initiatives. With changing consumer preferences towards ethical living and holistic wellbeing, consumers are demanding more transparency and experiences, which provides opportunities for companies in the future.

Manufacturers launch smaller pack sizes to promote trials and convenience

The desire to experiment with different beauty and personal care products is growing in India, especially amongst young consumers. While there is a growing need for variety, consumers remain price conscious. As a result, companies focussed on launching smaller pack sizes and “mini” variants of the traditional sizes to increase penetration in rural areas and incentivise consumers to trade up to premium products in urban areas. Further, small pack sizes are considered to be more convenient, especially among “on the go” consumers.

This trend has cut across major beauty and personal care categories including color cosmetics, skin care and deodorants, amongst others. Over the last year, brands such as Engage, Axe, Set Wet and Yardley introduced pocket size deodorants, a convenient pack size for working consumers in urban areas. Similarly, color cosmetics brands including Mac, Forest Essentials, Bobbi Brown and Huda Beauty launched “mini” variants of lipsticks, facial cleansers and mascara. Going forward, small pack sizes will play a crucial role with increasing focus on ethical living, meaningful consumption and sustainability.

Multinational players sustain leadership position despite competition from niche brands

In 2018, multinational players such as Unilever Group, Colgate-Palmolive, Procter & Gamble, and L’Oréal Groupe maintained their leadership positions in the Indian beauty and personal care market. Along with other top players, these companies are focusing on improving their distribution channels, both store based and non-store based, to cater to larger audiences. In addition, launching new products backed by widespread marketing campaigns for both new and existing product lines are allowing them to create strong brand recall amongst consumers. Companies are also focusing on building a stronger natural products portfolio to benefit from the health and wellness trend. The beauty and personal care market continues to be a highly fragmented industry with a good mix of large multinational players and small domestic players that are catering to consumer demands. Smaller domestic companies such as Kama Ayurveda are receiving attention from multinational players such as Puig, who are acquiring a stake in such domestic players, thus, helping them become future’s global brands.

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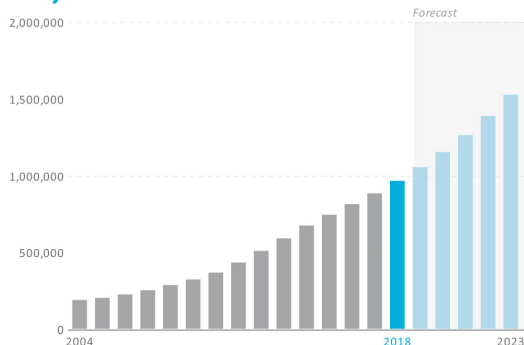
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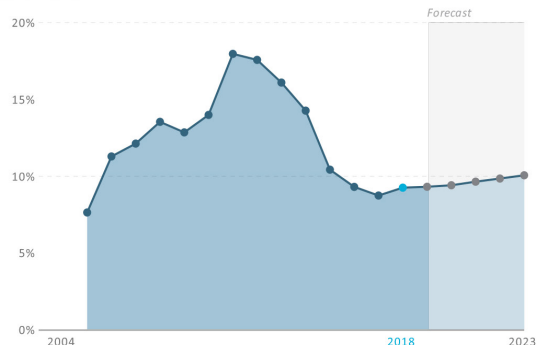
Sales of Beauty and Personal Care
Retail Value RSP - INR million - Current - 2004-2023

962,301



Sales Performance of Beauty and Personal Care
% Y-O-Y Retail Value RSP Growth 2004-2023

9.2%

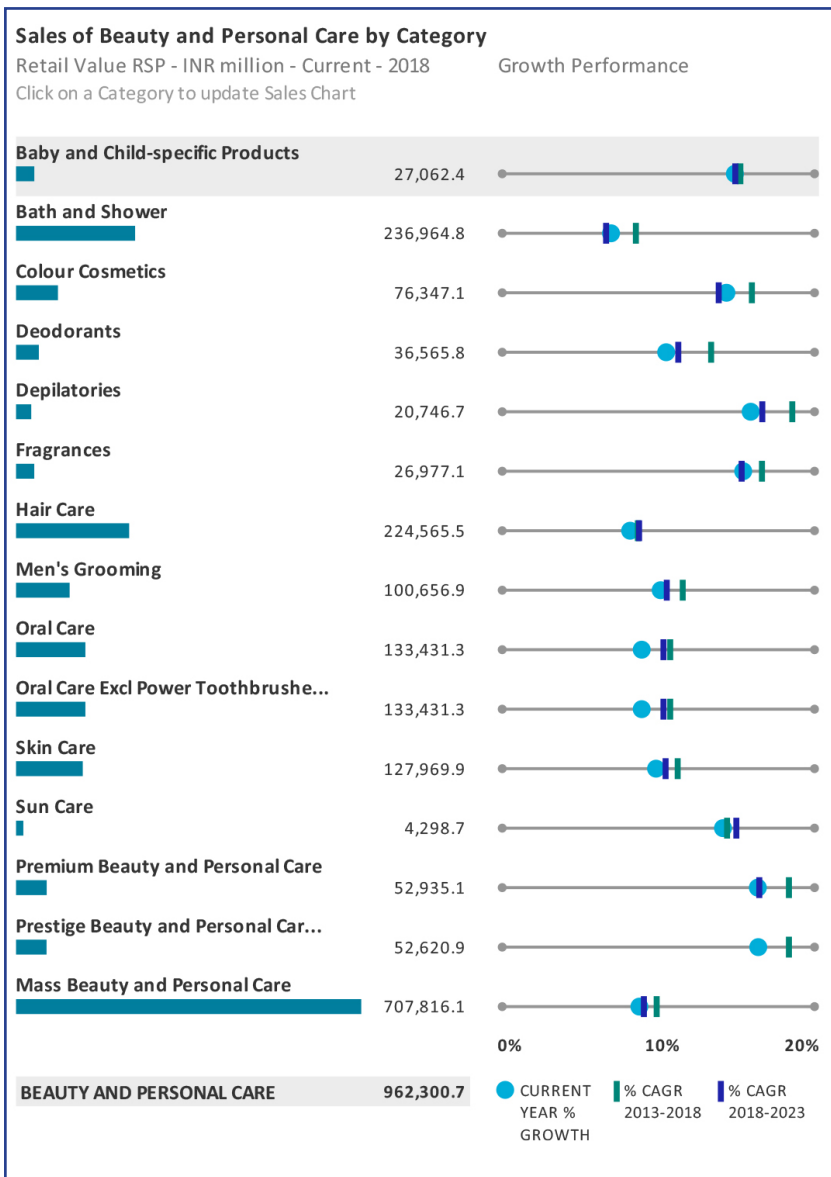


Premiumization through collaboration and curation to enhance brand image

There were many new launches in 2018, with some companies focussing on enhancing their ingredients mix and adding value while others focussed on improving brand perception and positioning through collaborations with famous personalities. The latter has strengthened in India with beauty brands partnered with fashion designers and Bollywood celebrities. In October 2018, L'Oréal Paris collaborated with fashion designer Sabyasachi Mukherjee to launch L'Oréal Paris x Sabyasachi, a 21-piece limited edition line of color cosmetics. In December 2018, MyGlamm collaborated with celebrity designer Manish Malhotra to launch an exclusive cosmetic collection – Manish Malhotra Haute Couture Makeup. Further, Mac collaborated with Bollywood celebrity Disha Patani to launch Mac Shades of Disha Patani in March 2019, a limited edition collection of lipsticks. Going forward, more companies are anticipated to focus on such partnerships to enhance brand image and tap the premiumization trend through limited edition product lines.

Internet retailing serves as a platform for niche players seeking to expand consumer reach

As internet retailing continues to build its prominence in the country, sales of beauty and personal care products through this distribution channel are projected to grow further during the forecast period. Domestic and international manufacturers, online grocery stores, e-commerce players as well as online beauty specialist stores are using this channel alike to provide beauty and personal care products. This is allowing penetration of beauty and personal care products in far-flung rural areas as well, which earlier had a lot of unmet potential. In addition, this distribution channel has allowed new domestic players such as Arata, Bombay Perfumery, and Beardo, etc. to market their products through social media and their own websites. Thus, during the forecast period, many new domestic and international players are expected to continue leveraging this distribution channel and capitalize on the market opportunity, as they do not have to invest in physical outlets. Moreover, consumers during the forecast period are expected to leverage this distribution channel as they gain access to year-round discounts, online consumer reviews, home delivery options and the like, and thus further create demand.



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