

# Cosmetics and Personal Care Products - Recent Trends in the Asia Pacific Markets

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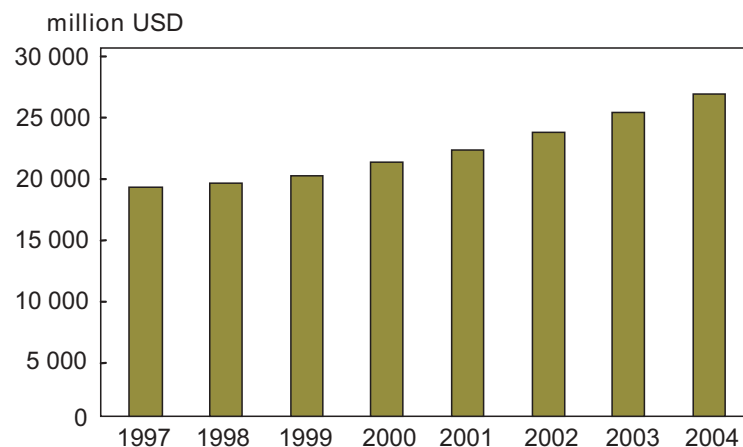
## ABSTRACT

*The cosmetics and personal care product markets of Asia Pacific are growing rapidly. Various players are entering these markets. These markets are the most expanding market among Asia Pacific for the moment. Recent trend of China and ASEAN markets are reported with statistical data of market trend. The largest market of Asia is Japan market. Products of some global players are penetrating into Japanese consumers. Japanese players are fighting against them. Hard competition of this market is reported. There are some product categories in cosmetic and personal care market such as skin care and hair care in general. However, sign of new market trends are observed in more precise product categories. New market trend in skin care field is introduced.*

## SKIN CARE MARKET

The cosmetics and personal care products market can be divided into skin care and hair care. The former is discussed first. *Figure 1* shows the trend in the skin care market in Asia Pacific (comprising

China, Taiwan, Hong Kong, Indonesia, Malaysia, Philippine, Singapore, Thailand, Vietnam, India, S. Korea and Japan) which is growing rapidly. These 12 countries or regions represent sufficiently the overall Asia Pacific market trend.



Database: Euromonitor.

*Figure 1. Skin care market size of Asia Pacific.*

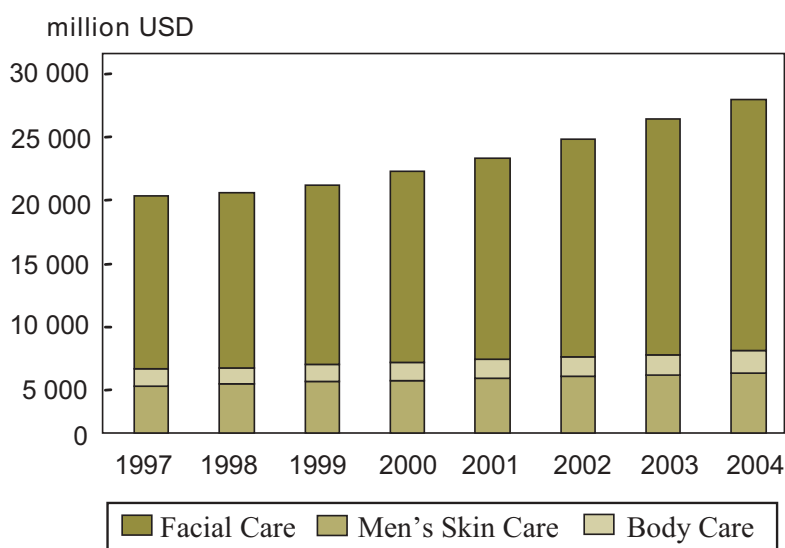
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The market has several product categories. *Figure 2* shows the market sizes of the three major product categories - body products, men's skin care and facial care. Body products include body washes, bar soaps, talcum powder and deodorants. Facial care comprises moisturizers, nourishers, facial cleanser, toners, masks and sun protection. Make-up cosmetics are not included as skin care. This paper also include information on sales channel, mass sale, premium counter cosmetic, mail order and home sales. In the skin care market, facial care is the largest product category although this may not be the case in all the countries.

### SKIN CARE MARKET IN CHINA

*Table 1* shows the growth of some of the country markets as well as that for ASEAN from 1997 to 2004, and the proportion of the total Asia Pacific market (12 countries) constituted by the individual markets in 2000 and 2004. China shows the highest growth rate and ASEAN the second. The China market had more than doubled in the eight years while the whole Asia Pacific market only grew 1.4 times. Consequently, the Chinese share of the total Asia Pacific market increased from 9.0% to 14.9%.

*Figure 3* depicts the skin care market of China showing obvious growth. The left of *Figure 4* shows the proportion of facial care/body products/men's skin care in the total skin care markets of China and Asia Pacific. The facial care markets of both China and Asia Pacific are around 75%. Facial care is important for most Asia Pacific. The right of *Figure 4* shows in detail the proportion of facial care as a product category. Typical leave-on products such as moisturizer and nourisher constitute 71% in China. On the other hand, they only constitute 58% in Asia Pacific. Leave-on facial care products are more popular in China than in the other countries of Asia Pacific. The demand for moisturizing products is especially high in northern China due to the cold winter. On the other hand, functional leave-on products such as whitening or anti-ageing products have become popular in urban areas recently. Typical functional high value-added products are premium counter cosmetics. If such products are accepted well, much higher sales can be expected in the future. Next after leave-on products in China are facial cleansers. Function oriented products such as whitening, pore minimizer and anti-acne are also popular within the facial cleanser segment.



Data base: Euromonitor.

*Figure 2. Skin care market size of Asia Pacific assorted by broad category.*

**TABLE 1. GROWTH RATE AND SIZE PROPORTION OF SKIN CARE MARKET**

	Growth rates 1997-2004	Proportion of Asia Pacific market	
		2000	2004
China	2.33 times	9.0 %	14.9 %
ASEAN	1.66	6.9	8.1
Taiwan	1.53	3.6	4.1
India	1.48	6.6	6.9
S. Korea	1.37	11.4	11.0
Hong Kong	1.15	1.8	1.4
Japan	1.24	60.8	53.6

### SKIN CARE MARKET IN ASEAN COUNTRIES

*Figure 5* shows the skin care products market in six ASEAN countries - Indonesia, Malaysia, Philippines, Thailand, Singapore and Vietnam. The market is growing.

*Figure 6* is the same market in six ASEAN countries. Among the ASEAN countries constituted by the individual countries, Thailand is the largest skin care market and Philippines come second. Together, they constitute more

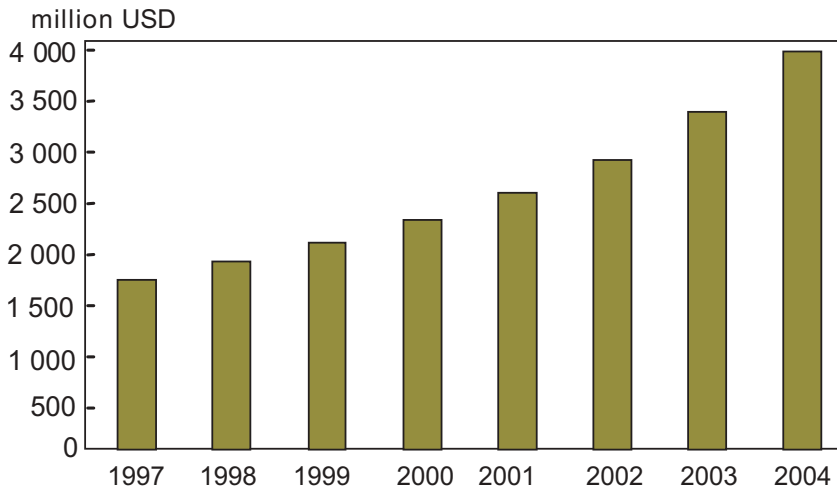


Figure 3. Skin care market of China.

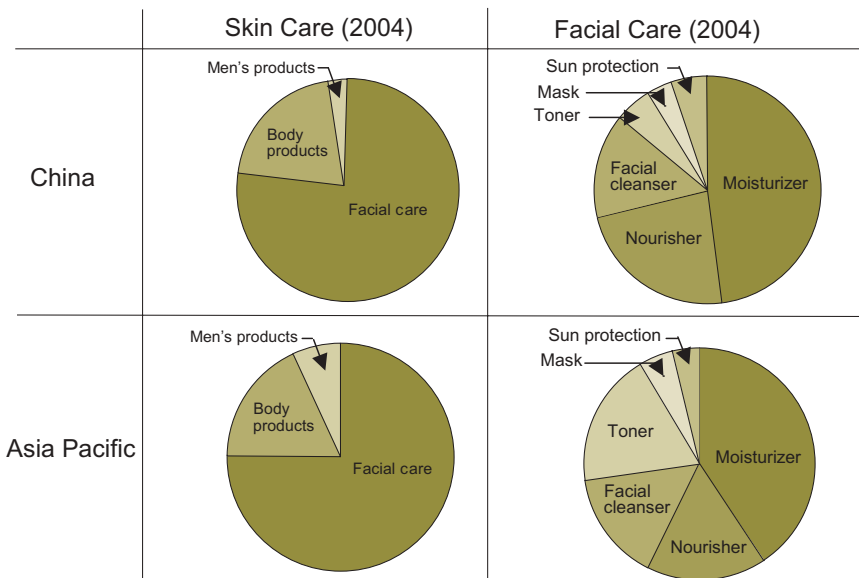


Figure 4. Left: skin care markets of China and Asia Pacific by broad product categories (2004) and right: breakdown of the facial care segment.

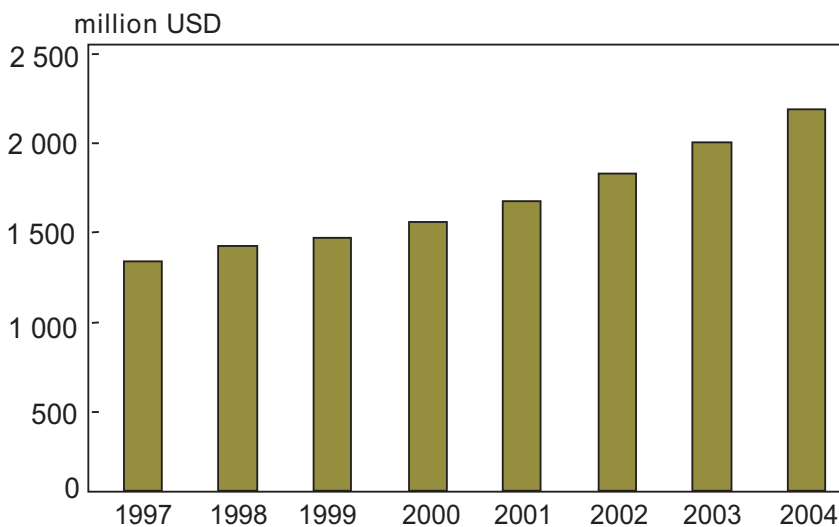


Figure 5. Skin care of ASEAN.

than 50% of the ASEAN skin care market.

Table 2 shows the growth rates of the individual countries from 1997 to 2004 and the proportion of the total market constituted by each country. Indonesia is the fastest growing, with its market becoming 2.76 times bigger in the eight years to constitute 16% of the ASEAN market in 2004. It surpassed Malaysia in 2004. Vietnam is also growing rapidly but remains a small market. Nevertheless, it portends great long-term potential. Overall, the ASEAN market can be expected to grow further, but it would depend on several factors in the individual countries – population, income level, etc. The present market data are just for the projection of business.

Figure 7 shows the proportion of facial care/body products/men's skin care in the ASEAN and total Asia Pacific skin care market. The proportion of body products in ASEAN is higher than in total Asia Pacific. The ASEAN area that is hot and humid contributed to this big volume. Therefore, the demand for washing products and refreshing body care products is high. Consequently, the proportion of facial care becomes smaller.

Figure 8 shows in detail the sub-segments within body and facial care products for the ASEAN six countries and total Asia Pacific in 2004. For body products, talcum powder is important in ASEAN, with Thailand as the leading consumer. On the other hand, bar soap and body wash are less important than in total Asia Pacific. The large bar soap markets are India and China. In Japan, the body wash market is large. These large markets influence the market shares of bar soap and body wash. In ASEAN, the body wash market is small due to a switch from bar soap to liquid body wash. Despite this, bar soap is still the biggest

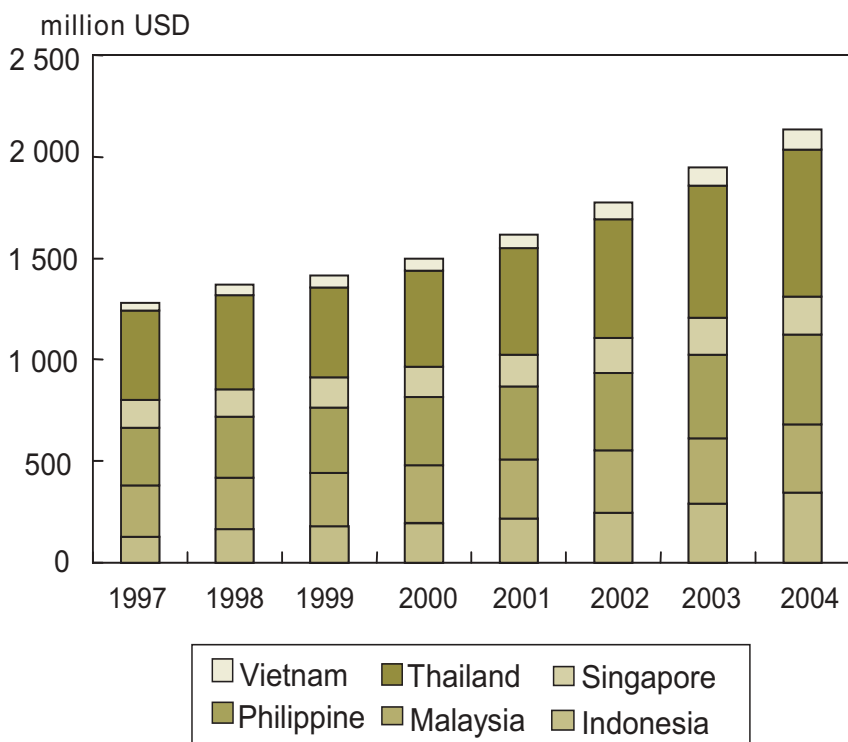


Figure 6. Skin care market of six ASEAN countries.

	Growth rates 1997-2004	Proportion of Asean market	
Vietnam	2.31 times	3.3%	4.6 %
Thailand	1.63	34.5	33.9
Singapore	1.43	10.3	8.9
Philippine	1.57	22.0	20.8
Malaysia	1.30	20.2	15.8
Indonesia	2.76	9.7	16.0

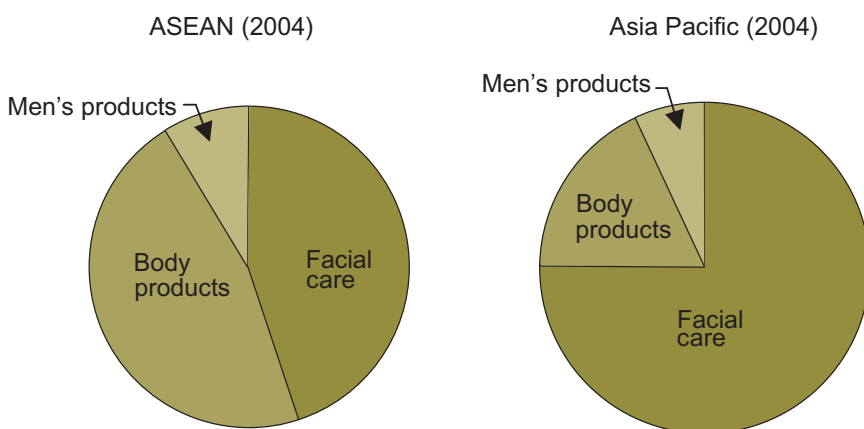


Figure 7. Skin care markets of China and Asia Pacific by broad product categories.

segment in the ASEAN body products market, and the ASEAN body wash market can be expected to grow in the future.

Facial care constitutes a larger proportion in ASEAN than in total Asia Pacific. More face washing is required in hot and humid ASEAN. Facial leave-on products (which include whitening and UV protection) have become popular recently. The consumer needs for the products is being promoted by heavy advertising and strong sunny weather in ASEAN.

### SKIN CARE MARKET - JAPAN

The largest skin care market in Asia is Japan (53% of the Asia Pacific market) although its growth is not high as in China. Figure 9 shows the Japan skin care market size since 1997 by product categories. Facial leave-on products, such as moisturizers and toners are also important. Many kinds of leave-on products are being sold, among which *bihaku* has been very successful. *Bihaku* is Japanese for skin whitening cosmetics; it works by controlling melanin production. In other Asian country markets, whitening products also claim to be *UV protective*. *Bihaku*, however, only claims melanin control. *UV protection* products are a different category in Japan. The gist of *bihaku* is a melanin-controlling active ingredient. Various active ingredients are already in use, but the cosmetics industry is still developing other active ingredients for differentiated products. The new active ingredients need to be approved by the Japanese FDA. Therefore, *bihaku* needs a longer time and higher investment than the development of other conventional cosmetic products.

A unique aspect of the Japanese market is make-up remover. The primitive function of facial foam is to clean up dirt on the face. However, conventional facial foam

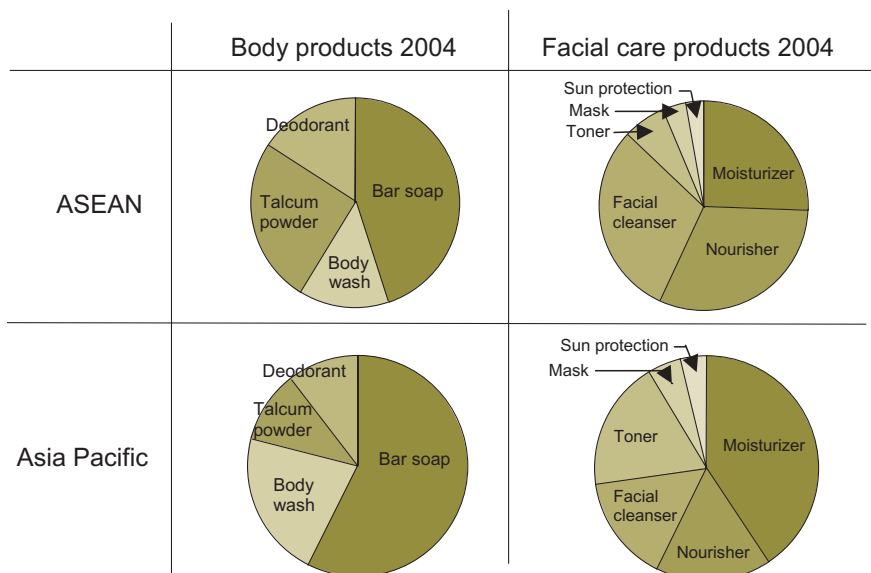


Figure 8. Left side: breakdown of body products for ASEAN and Asia Pacific and right side: breakdown of facial care products for ASEAN and Asia Pacific.

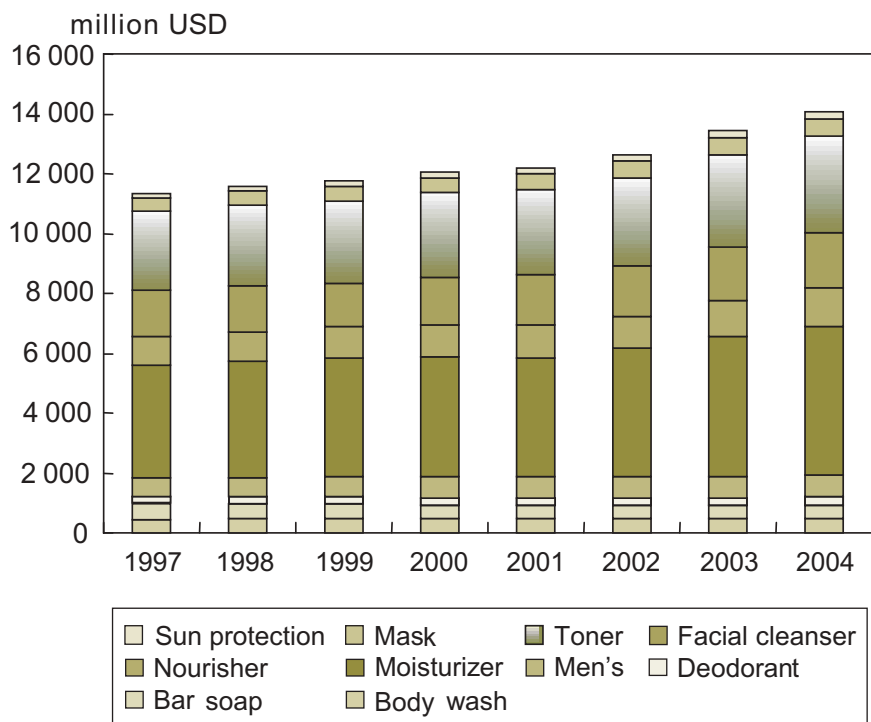


Figure 9. Skin care market of Japan by product categories.

does not remove cosmetics well. With the high use of cosmetics in the country, specialized removers have been developed. The make-up remover market in Japan is big with products such as wipe-off sheets, liquid oil, etc. Traditional cleansing cream is no longer sold as it is not very effective for

removing durable make-up. With new make-ups, new removers will be developed.

### HAIR CARE MARKET

Figure 10 shows the individual country hair care markets in Asia Pacific with Japan, by far, the largest.

### HAIR CARE MARKET – JAPAN

Figure 11 shows the shampoo shipment for the domestic Japanese market in volume and value, excluding professional products. The data include conditioners (Figure 12). While the market has increased in volume, its value has declined. It means that the consumer price has fallen.

Figure 13 shows similar data for in-bath treatment. The peaks in volume and price occurred in the early 1990s, after which the market was dull until some recovery in the last 2-3 years. The trend is not transient as there is an increasing divergence in consumer needs and market environment.

In the early 1990s, there was a hair-colouring boom in Japan. However, the consumers suffer hair damage as the bad taste has lingered into the early 2000s when many in-bath treatments, with claims to be able to repair damaged hair, were developed. These helped the market recovery in last two to three years. Today, hair-colouring is commonly done by the Japanese as part of the fashion. The development of qualified in-bath treatment products is necessary to support the hair-colouring habit. This need will last for as long as hair-colouring is popular with the Japanese. In the shampoo and conditioner market, the product prices had not recovered as of 2004. However, value-added products, such as shampoo for damaged hair, may be able to stem the overall decline in shampoo and conditioner prices. The market recovery caused by in-bath treatment suggests a good future for the Japanese shampoo and conditioner market.

Table 3 lists the surfactants and cationic conditioning polymers in 20 representative shampoo brands in Japan. Alkyl ether sulphate (AES)/amido propyl betaine (APB)/

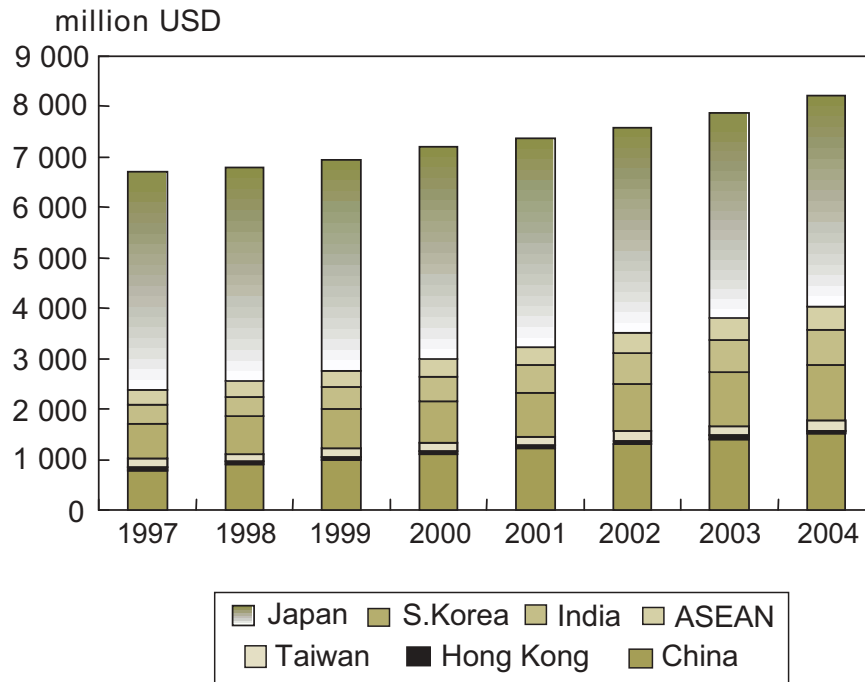
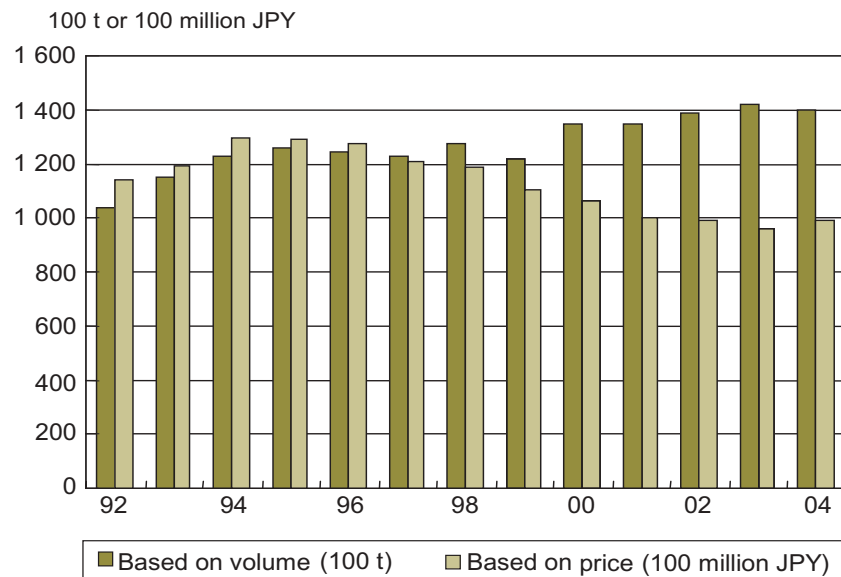


Figure 10. Individual country hair care markets in Asia Pacific.



Note: JPY-Japanese yen.

Figure 11. Shipment of shampoo in Japan in volume and value.

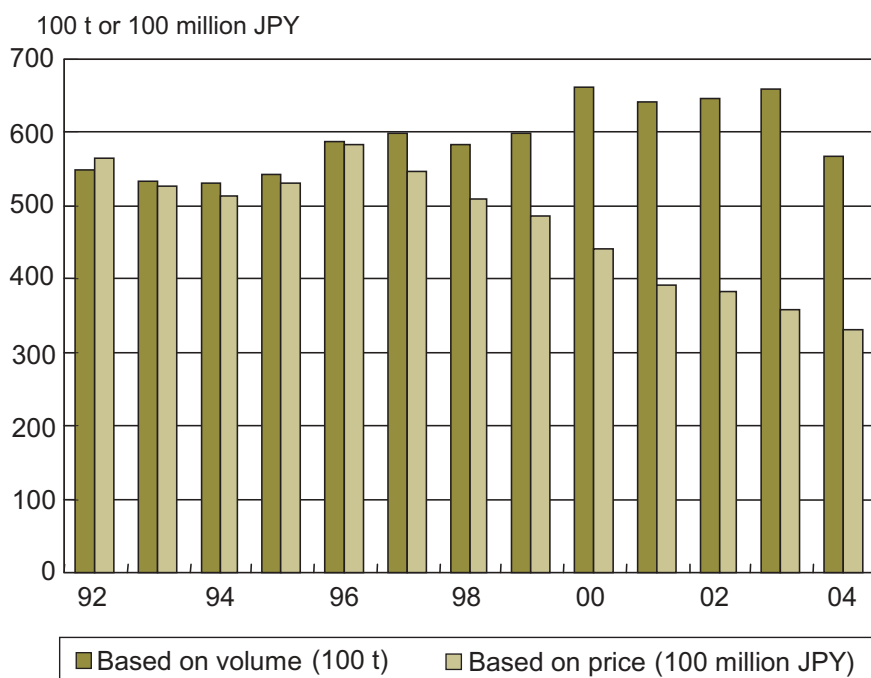


Figure 12. Shipment of conditioner in Japan in volume and price.

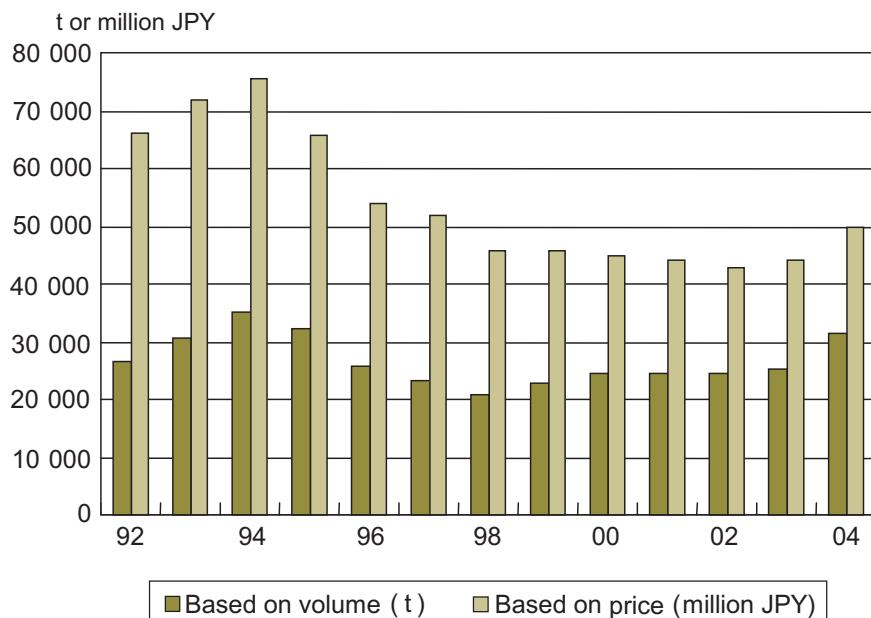


Figure 13. Shipment of in-bath treatment in Japan in volume and price.

cationic cellulose is the most popular combination, offering a good balance between cost and performance. On the other hand, imidazolinium betaine and cationic guar gum are increasingly used in new formulation shampoos for damaged hair. Such higher value products are an effective way to avoid the less profitable hard competition among manufacturers.

Table 4 lists the surfactants and conditioning ingredients in 20 representative conditioner brands in Japan. The alkyl chain of the cationic surfactants has moved from being stearyl to behenyl. The same trend can be seen for fatty alcohols. As conditioning ingredient, dimethicone is used as the basic material and amodimethicone for high performance to selectively protect damaged hair.

The formulations of shampoo and conditioner by different manufacturers have become similar under hard competition. On the other hand, a few brands have incorporated new technology to add unique value. According to several Japanese newspapers, as damaged hair has emerged as a new problem, the value-added technology trend has moved to its treatment. The key factor for success in the Japanese hair care market is to discern new consumer needs before the competition, and to produce new products to satisfy the needs (Asahi, 2004; Yomiuri, 2004).

Other Japanese business magazines have reported global players gradually penetrating the market despite the tough price competition. On the other hand, Japanese players have launched new brands for damaged hair earlier than the foreign brands and are clawing back their market share (Fuji-Sankei, 2005; Nikkan-Kougyou, 2004).

**TABLE 3. SURFACTANTS AND CATIONIC CONDITIONING POLYMERS IN 20 REPRESENTATIVE JAPANESE SHAMPOO BRANDS**

Surfactant	No. brands (main surfactant)	Cationic polymer	No. brands
AES	19 (17)	Cationic cellulose	13
AS	4		
SAS	2		
SS	1		
	4 (1)	Cationic guar gum	11
MT	3		
AGS	4		
APB	16 (2)	Cationic acryl polymers	7
Imidazolinium betaine	6		
MEA	13	Cationic locust been gum	2
DEA	2		
MIPA	2		
R-EOn	6		
Glyceril eter	1		
AO	2		

## NEW TRENDS IN SKIN CARE

The various attached market data (Figures 2, 4, 7 and 9) are on men's portion. It is as yet not a big market but is showing steady growth. Men's products can largely be developed based on women's products, saving time and cost. In addition, as men do not change their brands frequently, unlike women, heavy advertisement can be avoided. Thus, the margins would be higher for women's products. Men's business is a steady business.

The consumer wants more value-added functional products especially in leave-on skin care. This need will increase in all the countries in Asia Pacific. For instance, the anti-ageing market is growing now, and will become much more popular in the future.

## CONCLUSION

The growth of the Asia Pacific market is being led not only by the growth in use, but also by increasing wealth allowing more purchase of premium products. The improvement in living standard in Asia Pacific will be the key for the market growth.

**TABLE 4. SURFACTANTS AND CONDITIONING INGREDIENTS IN 20 REPRESENTATIVE JAPANESE CONDITIONER BRANDS**

Base ingredient	No. brands (main ingredient)	Contioning ingredient	No. brands
Cationic surfactant		Dimethicone	20
Alkyl ammonium salts		D5	5
Behenyl	12 (12)	Amodimethicone	16
Stearyl		POE-silicone	1
Cetyl	5 (3)	Alkyl-silicone	1
Di-stearyl	1	Ester oil	6
Alkyl amid amine salt	3 (3)	Paraffin	2
Alkvlester amine	2 (2)		
Fatty alcohol		Petrolatum	2
Stearyl	20 (15)		
Behenyl			
Cetyl	7 (4)		

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