Webinar: Beauty Product Opportunities in Asia 2017

Markets include:
- Philippines
- Malaysia
- Myanmar
- Indonesia

Thursday 7 September 2017
1:30pm-2:30pm
HOW TO ASK QUESTIONS

1. Select "Chat" function
2. Select "Host & Presenter"
3. Type your question here
3. Press ‘Send’
AGENDA

➢ Introduction

➢ Regional market snapshots:
  • Philippines
  • Malaysia
  • Myanmar
  • Indonesia

➢ Trade Events

➢ Q&A
### AUSTRADE TEAM

<table>
<thead>
<tr>
<th>Name</th>
<th>Role</th>
<th>Office</th>
<th>Email</th>
<th>Phone</th>
</tr>
</thead>
<tbody>
<tr>
<td>Damien Zumbo</td>
<td>Trade Advisor</td>
<td>Austrade Sydney</td>
<td><a href="mailto:damien.zumbo@austrade.gov.au">damien.zumbo@austrade.gov.au</a></td>
<td>+61 (2) 9392 2898</td>
</tr>
<tr>
<td>Tina Sendin</td>
<td>Business Development Manager</td>
<td>Austrade Manila</td>
<td><a href="mailto:tina.sendin@austrade.gov.au">tina.sendin@austrade.gov.au</a></td>
<td>+63 (2) 902 5520</td>
</tr>
<tr>
<td>Sandra Lim</td>
<td>Business Development Manager</td>
<td>Austrade Kuala Lumpur</td>
<td><a href="mailto:sandra.Lim@austrade.gov.au">sandra.Lim@austrade.gov.au</a></td>
<td>+60 3 2782 5628</td>
</tr>
<tr>
<td>Pwint Thu</td>
<td>Business Development Manager</td>
<td>Austrade Yangon</td>
<td><a href="mailto:pwint.thu@austrade.gov.au">pwint.thu@austrade.gov.au</a></td>
<td>+95 1 251810</td>
</tr>
<tr>
<td>Armelita Adhitya</td>
<td>Business Development Manager</td>
<td>Austrade Jakarta</td>
<td><a href="mailto:armelita.adhitya@austrade.gov.au">armelita.adhitya@austrade.gov.au</a></td>
<td>+62 (21) 299 45431</td>
</tr>
</tbody>
</table>
MARKET SNAPSHOT
PHILIPPINES

TINA SENDIN
BUSINESS DEVELOPMENT MANAGER
MANILA
MARKET OVERVIEW

Key growth drivers:
- Overseas Filipino Workers (OFW) remittances
- Business Process Outsourcing (BPO)/call center industry
- Domestic consumption that grows at 6% per annum comprising 75% of the country’s GDP.

Premiumization Stage

Demographic window
MARKET DEMAND

Table 2: Sales of Beauty and Personal Care by Category: % Value Growth 2011-2016

<table>
<thead>
<tr>
<th>Category</th>
<th>2015/16</th>
<th>2011-16 CAGR</th>
<th>2011/16 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baby and Child-specific Products</td>
<td>1.6</td>
<td>3.3</td>
<td>17.6</td>
</tr>
<tr>
<td>Bath and Shower</td>
<td>2.7</td>
<td>2.5</td>
<td>13.0</td>
</tr>
<tr>
<td>Colour Cosmetics</td>
<td>11.5</td>
<td>9.6</td>
<td>57.8</td>
</tr>
<tr>
<td>Deodorants</td>
<td>8.4</td>
<td>5.8</td>
<td>32.8</td>
</tr>
<tr>
<td>Depilatories</td>
<td>3.2</td>
<td>5.1</td>
<td>28.0</td>
</tr>
<tr>
<td>Fragrances</td>
<td>5.2</td>
<td>0.6</td>
<td>3.0</td>
</tr>
<tr>
<td>Hair Care</td>
<td>2.6</td>
<td>3.7</td>
<td>20.2</td>
</tr>
<tr>
<td>Men's Grooming</td>
<td>4.7</td>
<td>5.6</td>
<td>31.1</td>
</tr>
<tr>
<td>Oral Care</td>
<td>3.5</td>
<td>3.7</td>
<td>20.1</td>
</tr>
<tr>
<td>Oral Care Excl Power Toothbrushes</td>
<td>3.5</td>
<td>3.8</td>
<td>20.2</td>
</tr>
<tr>
<td>Skin Care</td>
<td>7.9</td>
<td>5.4</td>
<td>36.3</td>
</tr>
<tr>
<td>Sun Care</td>
<td>9.6</td>
<td>11.4</td>
<td>71.3</td>
</tr>
<tr>
<td>Sets/Kits</td>
<td>17.4</td>
<td>11.1</td>
<td>69.5</td>
</tr>
</tbody>
</table>

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources.

Note 1: Premium/mass beauty and personal care sales are additionally included within baby and child-specific products, bath and shower, colour cosmetics, deodorants, fragrances, hair care, sets/kits, skin care and sun care.

Note 2: Sum of categories is greater than market size because of double counting in men's bath and shower, men's deodorants, men's hair care, men's skin care, men's fragrances, colour cosmetics sets/kits, skin care sets/kits, fragrances sets/kits and baby and child-specific sun care categories.

Beauty Category is seen to be “growing exponentially”

- Skin whitening
- “Simplified beauty routine”
- Natural, organic and hypoallergenic products

Sources: Euromonitor – Beauty and Personal Care in the Philippines, May 2017
CHALLENGES AND ISSUES

- Natural and organic terms used loosely
- Logistics – PH is an archipelago
- Force majeure
- Highly competitive, limited retailers
- Heavy American influence
OPPORTUNITIES

- Heavy American influence
- Regulations are quite open
- Proximity to Australia
- Public consciousness of health & well-being
- Retail expansion
• Know your competitive advantage
• Partner with local distributor / retailer
  ▪ Network of retailers and experience
  ▪ Marketing and promotions
  ▪ Influencers
• Company commitment – exporting takes time and money
  ▪ Marketing and promotions
  ▪ Do your research; investigate market entry options and strategies
  ▪ Do you have capacity?
  ▪ Travel to market
• Blister packs/small packaging
• Solid pricing strategy
• Be able to compete with international competitors, especially US brands
Business match-making with key retailers and distributors from all over the Philippines
http://www.philbeautyshow.com/
MARKET SNAPSHOT
MALAYSIA

SANDRA LIM
BUSINESS DEVELOPMENT MANAGER
KUALA LUMPUR
MARKET OVERVIEW

Malaysia’s GDP growth recovers alongside oil prices.

Consumer confidence is strong and expected to reach an all time high.

MARKET DEMAND

- Store-based retail sales outperform non-store retail and non-retail channels.

- **Top 4 categories** are:
  - Skin care
  - Hair care
  - Oral care
  - Bath and shower

- Men's grooming
- Colour cosmetics
- Fragrances
- **Sets / kits**
- Baby, child-specific
- Deodorants
- Depilatories
- Sun care
MAJOR TRENDS

- Use and application of exotic ingredients and holistic rituals
- Power of digital platforms in beauty product marketing
- Influence of celebrities as brand ambassadors
- Growth of men’s grooming products
- Appeal of Korean beauty brands
MARKET ENTRY

4 DISTINCT PATHWAYS

- **Pharmacy chains** with online websites are well established
- **Retail outlets** with digital platforms are fast expanding
- **Local distributors** are some of the largest participants in this market
- **Online retailers**, both local and international are increasingly popular
MARKET SUCCESSES

• Aesop is a well known skin care brand in Malaysia.

  • Although recognised as an expensive brand, it is highly associated with quality and assurance.

  • Aesop is available in flagship stores at KLCC.

• Jurlique is well known for their skin care treatments in Malaysia.

  • Although slightly less well known than Aesop, it is considered a reliable and established brand.

  • Jurlique operates as beauty salons at Gardens.

• The Olive Tree (local company) contracts an Australian manufacturer.

  • They specialise in natural ingredients sourced from plants i.e. olive oil, lavender essential oil.

  • Their products are also vegan and biodegradable.
DOING BUSINESS (SUCCESSFULLY) IN MALAYSIA

- **Cost Sensitive**: Major drivers of online discount purchases

- **Local Partnerships**: Rigid regulatory approval requirements

- **Brand Positioning**: Brand loyalty might restrict switching
OPPORTUNITIES FOR AUSTRALIAN COSMETICS

MARKET DRIVERS

- **Quality**: Natural ingredients / healthier alternative
- **Reputation**: Eco-friendly & safe
- **Suppliers’ commitment to promotions**: Greater volume sales
- **Digital platform**: e-Commerce & social media
- **MAFTA**: Malaysia-Australia Free Trade Agreement
MARKET RESTRAINTS

- Market access
- Price sensitivity
- Technological innovations
- Preference of ‘Halal’ cosmetics
- International brands dominate sales
MARKET SNAPSHOT
MYANMAR

PWINT THU
BUSINESS DEVELOPMENT MANAGER
YANGON
A rich tradition of wearing Thanakha on their faces and bodies as skin protection and to enhance beauty for many years,

Most well-known international brands are already available and new brands are rapidly entering into the market as well,

Growing wealth with increased tourism, repatriates and higher disposable incomes among younger people influencing behaviour,

Becoming more quality conscious and demanding premium skincare, beauty products, thanks to internet access and a growing numbers of beauty bloggers to educate Myanmar consumers.
MAJOR TRENDS

- **Market follows regional trends** – Western, Korea, Thailand, Japan

- **Strong influence from celebrities and a new group of online bloggers** – which is relatively new to Myanmar as internet access has not been readily available

- **Buying decision are made according to their trusted network** – Social media group, review and feedback from close friends

- **Skin lightening, brightening cream, assorted cosmetics and tools** – are most popular
CHALLENGES AND ISSUES

1) Competitive Environment
- Growing number of international brands operating stores in malls and premium supermarkets
- Korean cosmetics are No 1 due to the influence of TV soaps
- Two or three local brands at low price points and good quality recently in the market

2) Market Restrictions
- Consumers tend to wait for promotion periods to save money
- Thanaka is still commonly used in areas outside major urban centres

3) Weak Legal Framework
- Myanmar FDA has no current law yet to take action on fake and illegal cosmetics in market

4) Pricing
MAIN OPPORTUNITIES

- Quality brands with good marketing (social media presence, supporters) can take advantage of this opening market as loyalty is still up for grabs.
- Expand reach through beauty bloggers promoting and educating young generation about the importance of cosmetic products.
- Growing interest from specialty stores seeking a complete range.
- Skin lightening cream, sunscreen, foundation, pressed powder, eyes shadow, lipsticks, hair products, fragrances.
- Myanmar Cosmetic Association is looking for more investors in OEM Businesses.
- The IP and regulatory landscape is rapidly improving as the Myanmar FDA improve protection.
MARKET SNAPSHOT
INDONESIA

ARMELITA ADHITYA
BUSINESS DEVELOPMENT MANAGER
JAKARTA
MARKET OVERVIEW

INSIGHT:

- Indonesia is projected to be world’s 7th largest economy by 2030
- Indonesia’s ‘consuming’ class number of 45 million is forecast to increase to 135 million by 2030
- Imported cosmetic sales in 2015 reached US$441 million
- Indonesian consumers are becoming increasingly aware of their wellbeing
MARKET OVERVIEW

- The cosmetics sector has growth 10%-15% annually due to increases in disposable income and aggressive marketing efforts.

- People in urban areas of Indonesia are the biggest buyers of cosmetic products, while the rural population is showing higher interest in personal care products.

- The Indonesian Government is prioritizing cosmetics as a focus of its National Development Plan for Industry until 2019.

- The large Muslim population in Indonesia is a huge potential market for halal beauty products. The majority of Halal products are still offered by local manufactures.

- Local partners (distributor/importer) are mandatory.
MAJOR TRENDS

- Growing popularity and awareness of natural and organic products

- International Brands dominate beauty and personal care

- Korean Beauty and personal care products are booming in Indonesia

- With the world’s largest Muslim population, there is increasing interest in Halal products and local brands such as Wardah have been the quickest to leverage this trend

- E-Commerce continues to grow rapidly but is not without challenges
CHALLENGES AND ISSUES

- Distributors – It is mandatory to have a local partner (distributor/importer)

- Marketing – promotion support from the principal is mandatory

- Pricing – on average Indonesian people spend US$15/month for skin care and cosmetics. In larger cities it is significantly higher.

- Regulation:
  - Registration process through BPOM (National Agency of Drug and Food Control)
  - Halal Certification
  - Animal Testing
OPPORTUNITIES

➢ The demand for cosmetics and toiletries has increased substantially over past years. Imported cosmetics with International brands now hold a 70% share
  • Skin care products account for 76% of total imports
  • Cosmeceutical product increases also include male products

➢ Increased demand from the service industry such as beauty parlors and spas
  • Natural, organic, certified organic products
  • Specialty product such as professional hair care
  • Aromatherapy supplies

➢ Indonesian is among the most active users of the internet and this has proven to be a huge opportunity for beauty and personal care.

➢ E-commerce will be an opportunity but it is still very early and all products sold online must be registered in-country first and can’t be sent directly from overseas.
AUSTRADE ACTIVITIES & EVENTS

DAMIEN ZUMBO
TRADE ADVISER
SYDNEY
INTRODUCTION – COSMOPROF ASIA

- Asia’s leading business-to-business beauty trade show event
- Strong participation from industry players – 2,698 exhibitors from 49 countries and regions including 24 national and groups pavilions
- 76,818 trade visitors from 129 countries and regions attended Cosmoprof Asia 2016

www.cosmoprof-asia.com
To coincide with the regions leading cosmetics show, Cosmoprof Asia, Austrade invites you to the Cosmoprof Beauty Products Mission on 14-17 November 2017.

Activities include:

- Pre-event marketing in the Australian Beauty Product Guide which is distributed to buyers across the Asian region,
- Schedule and coordination of meetings with key customers, industry players and potential in-market partners (15-17 Nov),
- Australian Beauty Products Showcase (14 Nov),
- Roundtable market briefings and discussions with local Austrade experts to better understand Asian markets (14 Nov),
- Welcome to Hong Kong Networking Reception in Hong Kong (14 Nov).
<table>
<thead>
<tr>
<th>Date</th>
<th>Event Name</th>
<th>Location</th>
<th>Website</th>
</tr>
</thead>
</table>
THANK YOU!

ANY QUESTIONS?
1. Select “Chat” function

2. Select “Host & Presenter”

3. Type your question here

3. Press ‘Send’
## Austrade Team

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Location</th>
<th>Email</th>
<th>Phone</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Damien Zumbo</strong></td>
<td>Trade Advisor</td>
<td>Austrade Sydney</td>
<td><a href="mailto:damien.zumbo@austrade.gov.au">damien.zumbo@austrade.gov.au</a></td>
<td>+61 (2) 9392 2898</td>
</tr>
<tr>
<td><strong>Tina Sendin</strong></td>
<td>Business Development Manager</td>
<td>Austrade Manila</td>
<td><a href="mailto:tina.sendin@austrade.gov.au">tina.sendin@austrade.gov.au</a></td>
<td>+63 (2) 902 5520</td>
</tr>
<tr>
<td><strong>Sandra Lim</strong></td>
<td>Business Development Manager</td>
<td>Austrade Kuala Lumpur</td>
<td><a href="mailto:sandra.Lim@austrade.gov.au">sandra.Lim@austrade.gov.au</a></td>
<td>+60 3 2782 5628</td>
</tr>
<tr>
<td><strong>Pwint Thu</strong></td>
<td>Business Development Manager</td>
<td>Austrade Yangon</td>
<td><a href="mailto:pwint.thu@austrade.gov.au">pwint.thu@austrade.gov.au</a></td>
<td>+95 1 251810</td>
</tr>
<tr>
<td><strong>Armelita Adhitya</strong></td>
<td>Business Development Manager</td>
<td>Austrade Jakarta</td>
<td><a href="mailto:armelita.adhitya@austrade.gov.au">armelita.adhitya@austrade.gov.au</a></td>
<td>+62 (21) 299 45431</td>
</tr>
</tbody>
</table>