Introduction

Dates and countries participating in our webinar series:

- Tuesday 17 July: India, Myanmar and Thailand
- Wednesday 18 July: Indonesia, Malaysia and Vietnam
- Thursday 19 July: Japan, South Korea and the Philippines
- Friday 20 July: China, Hong Kong and Taiwan


International Trade Shows

Q & A
HOW TO ASK QUESTIONS

1. Select “Chat” function
2. Select “Host & Presenter”
3. Type your question here
4. Press ‘Send’
MARKET SNAPSHOT
INDIA

YASER SIDDIQUI
BUSINESS DEVELOPMENT MANAGER
AUSTRADE – NEW DELHI
MARKET OVERVIEW

01
The size of India’s cosmetics market will touch $20 billion by 2025 from the current level of $6.5 billion, growing with a CAGR of 16.72 % over a period of five years, and it is expected to grow @ 25% for next 5 years.

02
The global cosmetics market is expected to garner $450 billion by 2025, with a CAGR of 4.3%.

03
By 2025, India will be among the largest cosmetics consumers, with 5% market share in the global beauty pie.

01
The unorganized channel caters 75% of total cosmetics market, and pushes products from mass positioned brands like Lakme, Loreal, Patanjali, Himalaya etc. They keep inventory of the price not more than 1000 per product.

02
The organized market caters to 25% of the total demand, and push luxury and premium positioned brands like Organix, Forest Essentials, Estee Lauder, Mac, Revlon, etc.

03
Out of 25% of organized sector, online cosmetics market place share is 2% which houses all types of brands. Flipkart, Amazon, Nykaa and Purpule are some of these successful web portals.

Source: Red Seer Consulting Report
MARKET OVERVIEW

**Cosmetics Industry**

**Category-Wise**
- Oral Care: 1.74
- Fragrances: 0.47
- Color Cosmetics: 0.16
- Hair Care: 3
- Skin Care: 1.63

**Channel-Wise**
- Retail Stores: 75%
- Direct Selling + Beauty Salons: 23%
- Online: 2%

**Gender-Wise**
- Women: 60%
- Men: 40%

**Skin Care**
- Facial care
- Body care
- Sun care
- Hand care
- Makeup removal & depilatory products

**Fragrance**
- Perfumes
- Deodorants

**Hair Care**
- Oil
- Shampoo
- Colours
- Styling products

**Oral Care**
- Toothpaste
- Toothbrush
- Toothpowder
- Mouthwash

**Colour Cosmetics**
- Eye makeup
- Facial makeup
- Lip products
- Nail products

Source: Red Seer Consulting Report
Indian cosmetic industry is growing twice as fast as markets internationally

- Shifting Trend to Organic Based Cosmetics
- Growing Demand for Innovatively Packaged Cosmetics
- Rising Women Participation in Workforce
- Increasing Availability of Small and Affordable Products
- Increase in Male Grooming products
- Increase of online retailers like Amazon adding cosmetic categories as key focus while category specialist portals like Nykaa, Purplle focusing on imported products in this category.
OPPORTUNITIES

Skincare products and cosmetics
- Anti-ageing, skin whitening and sun protection products
- Natural colour cosmetics and mineral make up
- Skin products emphasising special benefits such as anti-aging, slimming,
- Colour cosmetics & Make-up cosmetics

Baby skincare products
- Natural, certified organic products

Men’s grooming products
- Skincare products & functional hair care product

Growth of alternate sales channels
- E-Commerce
- Health and Wellness Spas/ Salons
CHALLENGES AND ISSUES

- Market access – product registration issues
- High custom duties. No FTA between India and Australia
- Product must be adapting to local end users
- Strong international competition
- Increasing cost of doing business in India including HR, property, marketing and promotions
- Intellectual Property Protection (IP)
- Layers of intermediaries (middlemen/brokers) add to the cost of importing products and reduce profitability
- Finding the right partner.
Central Drugs Standard Control Organization (CDSCO)

Timeline
- 6 months, provided all requirements are completed

Validity
- 3 years from the date of issuance

Fees
- A$340 per brand/per product

Labelling
- No local language translation required
- Clear regulations on inner and outer labelling

Cruelty Free
- No animal testing on cosmetics allowed

Who can apply?
- Manufacturer or authorised Agent/Importer
Highlight Australia and use of natural ingredients
Find the right partner
Visit the market
Develop creative ways to market and promote your products
Be Flexible. Explore small pallet orders for a start
Test the waters with E-Commerce
Blister packs/small packaging
Solid pricing strategy
Position to compete with international competitors, especially US & French brands.
E-COMMERCE

- Online market
  - Rapid growth in last 3-4 years,
  - Horizontal players like (Flipkart, Amazon) adding this category as a key focus area.

- Vertical specialists (Nykaa, Purplle, etc.) good e-tailing growth, seeking significant part of online cosmetics pie.
Social Media

- 462 million active internet users
- Over 260 million active social media users
- Facebook’s biggest social network 241 million users in 2017
- LinkedIn - 42 million users
- Twitter has 23.2 million active users, (2nd largest base in Asia-Pacific after Japan)

Source: www.livemint.com
THANK YOU!
MARKET SNAPSHOT
MYANMAR

PWINT THU
BUSINESS DEVELOPMENT MANAGER
AUSTRADE – YANGON
MARKET OVERVIEW

- From the oldest and traditional cosmetic called “Thanakha” to “International cosmetics”
- Locals concern about the effects of country’s intense sun and humid tropical climate
- Increasing number of middle class, upper-middle class, expat and elite communities
- A growing numbers of beauty bloggers to educate Myanmar consumers
- Demand for beauty services is on rise too
- Increasing numbers of beauty retail shops and cosmetic counters at shopping malls

- A country of 54 million people with large youthful population which creates a dynamic consumer market with positive growth potential
- GDP growth rate for 2016/2017 was 6.4%
- The number of middle-income consumers in Myanmar is expected to double by 2020
- Yangon and Mandalay stand as main economic centers
OPPORTUNITIES

- Quality brands with good marketing
- Expand reach through beauty bloggers
- Growing interest from specialty stores seeking a complete range
- Strong support from Myanmar Cosmetic Association
- Numbers of shopping malls and retail shops can be seen in recent years
- The IP and regulatory landscape is rapidly improving as the Myanmar FDA improves protection

Products and Services
- Skincare
- Haircare
- Colour Cosmetics
- Fragrances
- Beauty treatments

Channels
- Premium retail supermarkets
- Complete specialty store range
- Convenience stores
- Cosmetic retail shops like Sephora
- E-Commerce
Market follows
- Regional trends – Western, Korea, Thailand, Japan

Strong Influence
- Celebrities
- Beauty Bloggers
- Social Media Influencers

Buying Decision
- Trusted network – Family and close friends
- Social Media Group

Popular products
- Skin lightening
- brightening cream
- assorted cosmetics and tools – are most popular
1) Competitive Environment

- Existing international brands are operating stores in malls and premium supermarkets, and aware of best marketing strategies for Myanmar consumers
- Korean Brands are popular due to the influence of Korea Entertainment Industry
- Numbers of local brands which can offer affordable price and quite good quality in the market

2) Market Restrictions

- Promotion, discount, gift attract consumers and they tend to wait for big sales
- Thanaka is still commonly used in areas outside major urban centres
- Continuous marketing is important to build brand recognition/loyalty

3) Weak Legal Framework

- Myanmar FDA has no current law yet to take action on fake and illegal cosmetics in market

4) Pricing

- Used to be price cautious, now consumers can easily afford products within the price range of K50,000-K100,000 for good quality as per one of the famous beauty bloggers
The Food and Drug Administration (FDA) are the department responsible for ensuring the safety and quality of Food, Drugs, Medical Devices and Cosmetics in the Myanmar.

- Local partner must have a registered company with DICA and import license
- Products should be registered under FDA and samples required for testing by Myanmar FDA
- Approval process for cosmetics/beauty care items can take from few months
- Labelling- not require to have local language if it is written in English
Myanmar is a member of the ASEAN-Australia-New Zealand Free Trade Area (AANZFTA).

Reflecting its lower level of economic development, Myanmar’s commitments to reduce tariffs under AANZFTA are being phased in at a slower rate than other parties to the agreement.

<table>
<thead>
<tr>
<th>HS Codes</th>
<th>Product</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025 onwards</th>
</tr>
</thead>
<tbody>
<tr>
<td>3301.12.00 - 3301.90.90</td>
<td>Essential Oils Products</td>
<td>1%</td>
<td>1%</td>
<td>Between 0% - 1%</td>
<td>Between 0% - 1%</td>
<td>Between 0% - 1%</td>
<td>Between 0% - 1%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>3303.00.00</td>
<td>Perfumes and toilet waters</td>
<td>20%</td>
<td>20%</td>
<td>20%</td>
<td>20%</td>
<td>10%</td>
<td>10%</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td>3304.10.00 - 3304.99.90</td>
<td>Beauty or Make-up preparations</td>
<td>20%</td>
<td>20%</td>
<td>20%</td>
<td>20%</td>
<td>10%</td>
<td>5%</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td>3305.10.10 - 3305.90.00</td>
<td>Preparations for use on the hair</td>
<td>20%</td>
<td>20%</td>
<td>20%</td>
<td>20%</td>
<td>10%</td>
<td>Either 5% or 10%</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td>3306.10.10 - 3306.90.00</td>
<td>Preparations for oral or dental hygiene</td>
<td>Between 1.5% - 5%</td>
<td>Between 1.5% - 5%</td>
<td>Between 1.5% - 5%</td>
<td>Between 1.5% - 5%</td>
<td>Between 0% - 10%</td>
<td>0%</td>
<td>0%</td>
<td></td>
</tr>
<tr>
<td>3307.10.00 - 3307.90.90</td>
<td>Shaving, deodorants, bath, depilatories and other perfumery, cosmetic or toilet preparations, prepared room deodorisers, whether or not perfumed or having disinfectant properties.</td>
<td>Between 1% - 20%</td>
<td>Between 1% - 20%</td>
<td>Between 0% - 20%</td>
<td>Between 0% - 10%</td>
<td>Between 0% - 10%</td>
<td>Between 0% - 5%</td>
<td>Between 0% - 5%</td>
<td></td>
</tr>
<tr>
<td>3401.11.10 - 3401.33.00</td>
<td>Soap, laundry and organic surface-active products and preparations, in the form of bars, cakes, moulded pieces or shapes</td>
<td>Between 3% - 5%</td>
<td>Between 3% - 5%</td>
<td>Between 3% - 5%</td>
<td>Between 0% - 5%</td>
<td>Between 0% - 5%</td>
<td>Between 0% - 5%</td>
<td>0%</td>
<td>0%</td>
</tr>
</tbody>
</table>
PITCHING YOUR BRAND TO POTENTIAL CUSTOMERS

- Market Entry
- Local agents or distributors with industry knowledge in import procedures and documentation
- Plan a preliminary visit to meet potential agents, distributors, customers and government agencies
- Participate in trade exhibitions

In-Market Activity

Myanmar- Personal care product showcase

Austrade’s next sampling showcase is planned after Cosmoprof Asia 2018 - low risk/cost opportunity to assess the market potential with product samples, receive a comprehensive report and Austrade follow-up
The government is in the process of drafting first E-Commerce Law

Internet usage with cheap data and new telecommunications operator entering the market

A rising number of consumers are already shopping online

Challenges – Online payment transactions

IT companies to educate and encourage consumers

Some Online Marketplaces available in Myanmar

- Ads.com.mm
- Kaymu.com
- Shop.com.mm
- rgo47.com
- Netzay.com.mm
SOCIAL MEDIA

Source: Frontier Myanmar

Yangon In My Heart
403K like this · Blogger
Yoon Nu Wai and 319 other friends like this

ArtBy Lann
174K like this · Personal Blog
Yun Wai and 170 other friends like this
All abt Makeup; Skin Care & Beauty Products! For Business Enquiries... plz...

beautybyanyachi
4.9 ★★★★★ (68)
555K like this · Blogger
Christina Pinky and 323 other friends like this

Phyodaybyday
283K like this · Personal Blog
Christina Pinky and 253 other friends like this
A place where you can come and get inspiration, new DIY ideas and read...
THANK YOU!
MARKET SNAPSHOT
THAILAND
MARKET OVERVIEW

Thailand is Southeast Asia’s second largest economy, with gross domestic product (GDP) up by 3.9% in 2017, increasing from 3.3% in the previous year and predicted to grow by 4.1% in 2019.

In 2017:

- Colour cosmetics: 9% growth, reaching THB23.4b (approx. US$702m).
- Hair care: 4% growth, reaching THB29.6b (approx. US$888.4m).
- Men’s grooming: 5% current value growth, reaching THB13.9b (approx. US$417.3m).
- Premium beauty and personal care: 8% current value, reaching THB35.7b (approx. US$1.07b).
- Skin care: 7% current value growth, reaching THB76.4b (approx. US$2.29b).
- Sun care products: 12% growth, reaching THB4.5b (approx. US$135m).

Price is an important factor in consumers’ purchasing decisions. A 2017 Euromonitor Global Consumer Trends survey found that 42% of Thai respondents said they shop online to find lower prices.

- Forty-nine percent of respondents said that they shopped online in order to save time, and 45% said they were motivated by free shipping.
- A significant proportion of consumers turn to social media platforms when shopping online, not only looking for product reviews and recommendations but also often buying products from other social media users.

Leading sub-sector products include:

- Anti-aging facial & eye treatment
- Whitening facial & body skincare
- Baby and child-specific products
- Premium sunscreen
- Men’s grooming
- Organic beauty products
- Makeup and colour cosmetics
OPPORTUNITIES

Products likely to see increased growth:

- Anti-aging
- Baby and child-specific products
- Colour cosmetics
- Face masks
- Men’s grooming
- Skin whitening products

Australian brand = Clean and Green products

Photo credit: www.blackmores.co.th

Photo credit: www.aesop.com
CHALLENGES AND ISSUES

The dominance of modern trade in the major cities

High investment in the social media

The complication of servicing e-commerce in Thailand
The **Food and Drug Administration (FDA)** within the **Ministry of Public Health** are the government body responsible for product regulation and registration in Thailand. As a member of ASEAN, Thailand adopted and implemented the **ASEAN Cosmetics Association - ASEAN Cosmetic Directive** in 2008.

Cosmetic regulations consist of various activities in two major areas: **pre-marketing** and **post-marketing** activities.

- **Pre-Marketing**: notification, registration and labelling.
- **Post-Marketing**: inspection, surveillance and advertisement inspection, development and strengthening of manufacturing process.

Cosmetic claims are forbidden from indicating that the products have any pharmaceutical characteristics or capability to affect or alter human body's functions or structure; otherwise such products will be regarded as drugs and thus manipulated under the Drug Act instead.

- Additionally, all advertisements must neither claim nor indicate that those cosmetic products have the capability which, in fact, does not exist or is the cause of misunderstanding in their quality.
- The cosmetic products with fraudulent claims in labelling or advertising will be recalled and followed by inspections.

Source: Food and Drug Administration (FTA) Thailand: Cosmetics Control Division.
Labeling is required on all healthcare and cosmetic products by the Food and Drug Administration.

Cosmetics imported for sale in the Kingdom are not required to have a Thai-language label on the packaging or wrapping at the time of customs inspection, the Thai-language label must be affixed within 30 days after importation and prior to sale in market.

Generally, the label must bear the product name, description, net weight or volume and manufacturing/expiration dates. The label must also identify the manufacturer or importer/distributor's name and address, and the product/label registration number. All labels must be printed in Thai with the exception of medical and dental products.

<table>
<thead>
<tr>
<th>Labelling Requirements of Cosmetics</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Product Name and Brand Name</strong> <em>(Font size must be bigger than other content)</em></td>
</tr>
<tr>
<td><strong>Description/Type</strong> <em>(Shampoo, Conditioner, Whitening Skin Care)</em></td>
</tr>
<tr>
<td><strong>Full ingredient list (FIL)</strong></td>
</tr>
<tr>
<td><strong>Instructions for use</strong></td>
</tr>
<tr>
<td><strong>Name and address of manufacturer + country of origin OR Name and address of importer, including name of manufacturer and country of origin</strong></td>
</tr>
</tbody>
</table>

| **Net content in metric** *(ml or gram)*                                                          |
| **Batch Number**                                                                                 |
| **Manufacturing and Expiry Date**                                                                 |
| **Statutory Warnings**                                                                           |
| **Notification Number**                                                                          |

Source: Food and Drug Administration (FTA) Thailand: Cosmetics Control Division – Roles and Responsibilities.
Under the Thailand Australia Free Trade Agreement (TAFTA) and ASEAN-Australia-New Zealand Free Trade Agreement (AANZFTA), all products under the following HS codes attract zero tariffs.

<table>
<thead>
<tr>
<th>Product</th>
<th>HS Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>Essential Oil</td>
<td>3301</td>
</tr>
<tr>
<td>Perfume</td>
<td>3303</td>
</tr>
<tr>
<td>Skincare</td>
<td>3304</td>
</tr>
<tr>
<td>Shampoo &amp; Conditioner</td>
<td>3305</td>
</tr>
<tr>
<td>Toothpaste</td>
<td>3306</td>
</tr>
<tr>
<td>Soap</td>
<td>3401</td>
</tr>
</tbody>
</table>

Source: Department of Foreign Affairs and Trade (DFAT) – AANZFTA – Annex 1 (Thailand – HS 2012 Tariff Schedule)
Communication via social media, reviews by beauty bloggers and local influencers will play a significant role in reviewing products and aiding recognition among mass consumers.

- 74 percent of the population were active social media users.
- The most popular social network was Facebook with a 75 percent penetration rate.

Sources: Statistica Penetration of leading social networks in Thailand as of 3rd quarter 2017. Austrade E-Commerce to Thailand.
THANK YOU!
DAMIEN ZUMBO
TRADE ADVISER – CONSUMER
AUSTRADE – SYDNEY
PLEASE SUBMIT ANY QUESTIONS

1. Select “Chat” function
2. Select “Host & Presenter”
3. Type your question here
4. Press ‘Send’
<table>
<thead>
<tr>
<th>Date</th>
<th>Event Name</th>
<th>Location</th>
<th>Website</th>
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</thead>
<tbody>
<tr>
<td>10-11 Sept 2018</td>
<td>Cosmoprof India</td>
<td>India</td>
<td><a href="http://www.cosmoprofindia.com">www.cosmoprofindia.com</a></td>
</tr>
<tr>
<td></td>
<td>5-10 Nov 2018 Malaysia International Beauty Show</td>
<td>Malaysia</td>
<td></td>
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<tr>
<td>14-16 Nov 2018</td>
<td>Cosmoprof Asia</td>
<td>Hong Kong</td>
<td><a href="http://www.cosmoprof-asia.com">www.cosmoprof-asia.com</a></td>
</tr>
<tr>
<td>13-16 Nov 2018</td>
<td>Austrade Cosmoprof Beauty Showcase and Mission</td>
<td>Hong Kong</td>
<td>Contact Austrade to express your interest</td>
</tr>
<tr>
<td>25-29 Jan 2018</td>
<td>Australia Day Sale Event</td>
<td>Malaysia</td>
<td>Contact Austrade to express your interest</td>
</tr>
<tr>
<td>23-26 Feb 2019</td>
<td>BeFe BabyFair</td>
<td>South Korea</td>
<td><a href="http://www.befe.co.kr">www.befe.co.kr</a></td>
</tr>
<tr>
<td>14-18 Mar 2019</td>
<td>Cosmoprof Bologna</td>
<td>Italy</td>
<td><a href="http://www.cosmoprof.com">www.cosmoprof.com</a></td>
</tr>
<tr>
<td>18-20 April 2019</td>
<td>Cosmobeaute</td>
<td>Vietnam</td>
<td><a href="http://www.cosmobeauteasia.com">www.cosmobeauteasia.com</a></td>
</tr>
<tr>
<td>29-31 Jul 2019</td>
<td>Cosmoprof North America</td>
<td>USA</td>
<td><a href="http://www.cosmoprofnorthamerica.com">www.cosmoprofnorthamerica.com</a></td>
</tr>
</tbody>
</table>

Registrations have closed for 2018. Expression of Interest registrations are now open for 2019.
AUSTRADE PRESENTERS

Australia
Mr Damien Zumbo
Trade Adviser – Consumer
Austrade – Sydney
P: +61 2 9392 2898
E: damien.zumbo@austrade.gov.au

India
Mr Yaser Siddiqui
Business Development Manager
Austrade – New Delhi
P: +91 (11) 4575 6232
E: yaser.Siddiqui@austrade.gov.au

Myanmar
Ms Pwint Thu
Business Development Manager
Austrade – Yangon
P: +95 1 230 7410
E: pwint.thu@austrade.gov.au

Thailand
Please contact Damien Zumbo for further assistance.
THANK YOU!