

The Global Cosmetics and Toiletries Market



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Presentation to In-Cosmetics

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Presentation outline

World C&T market overview

- **Regional cosmetics and toiletries trends**
- **Analysis of major markets and growth markets**
- **Focus: China**

Global product performance comparison

- **Focus: Skin care**
- **Focus: Fragrance**

Who are the market leaders?

What can we expect in the next few years?

About Euromonitor's IMIS database

- **Research is conducted in 52 countries around the world**
- **Collectively, these countries account for 95% of global GDP**
- **Other countries are included on an estimated basis**
- **IMIS research uses standardised definitions in all countries**
- **In-country researchers add “primary market awareness”**
- **Sources include trade press, trade interviews, company analysis, industry associations, official statistics, local storechecks**

What do we include?

Baby care

Bath and shower products

Deodorants

Hair care

Colour cosmetics

Men's grooming products

Fragrance

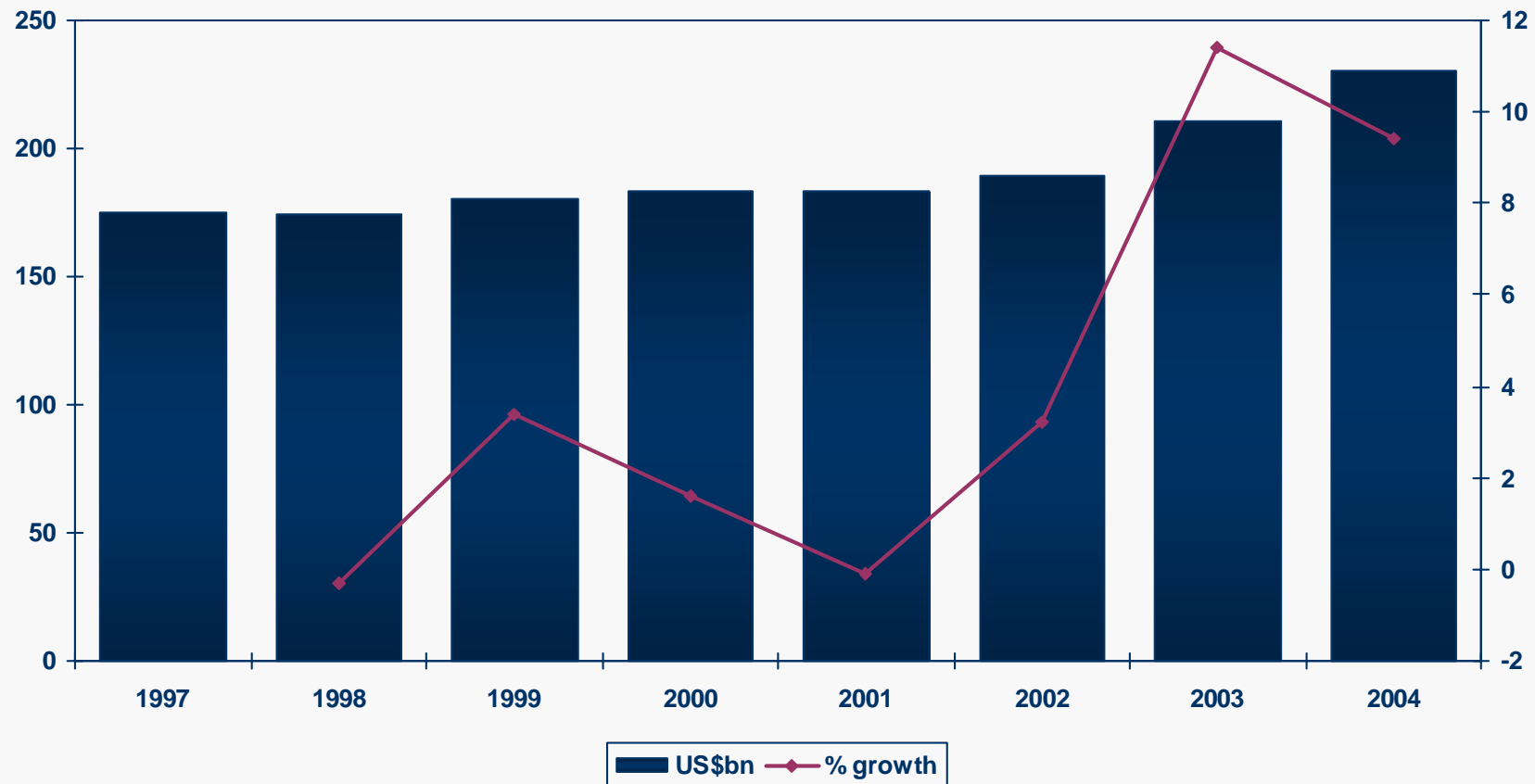
Oral hygiene

Skin care

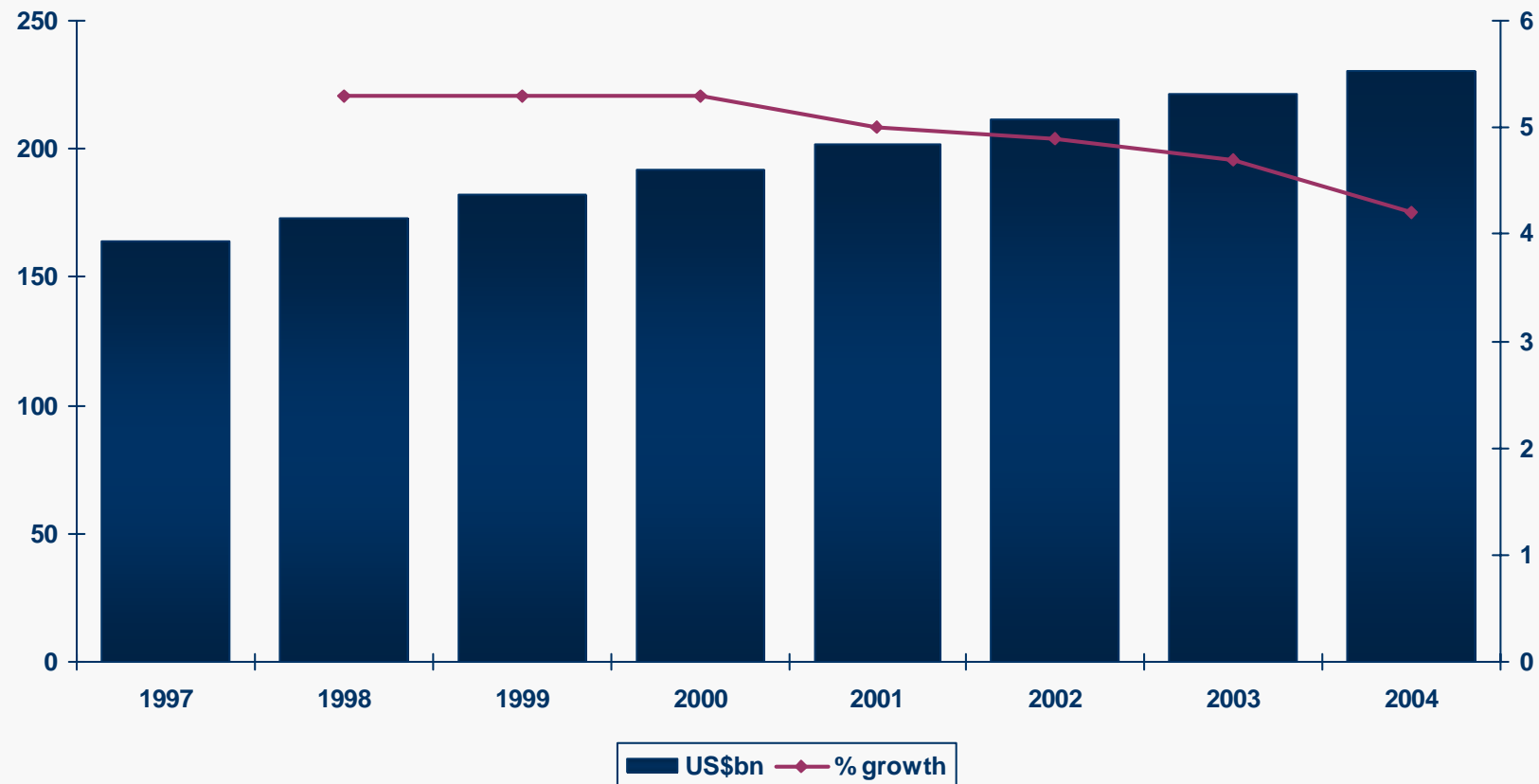
Depilatories

Sun care

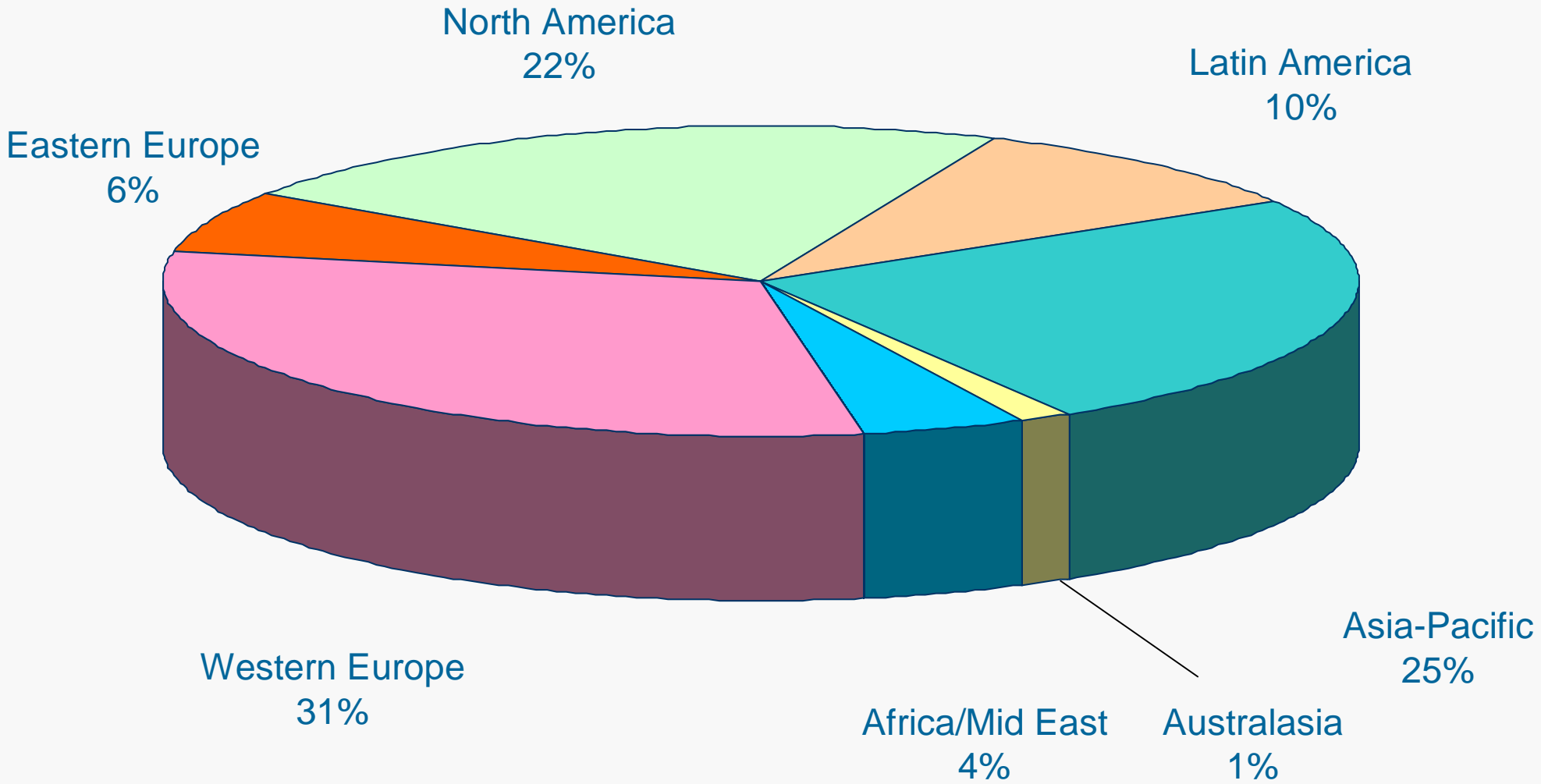
Global sales of cosmetics and toiletries 1997-2004



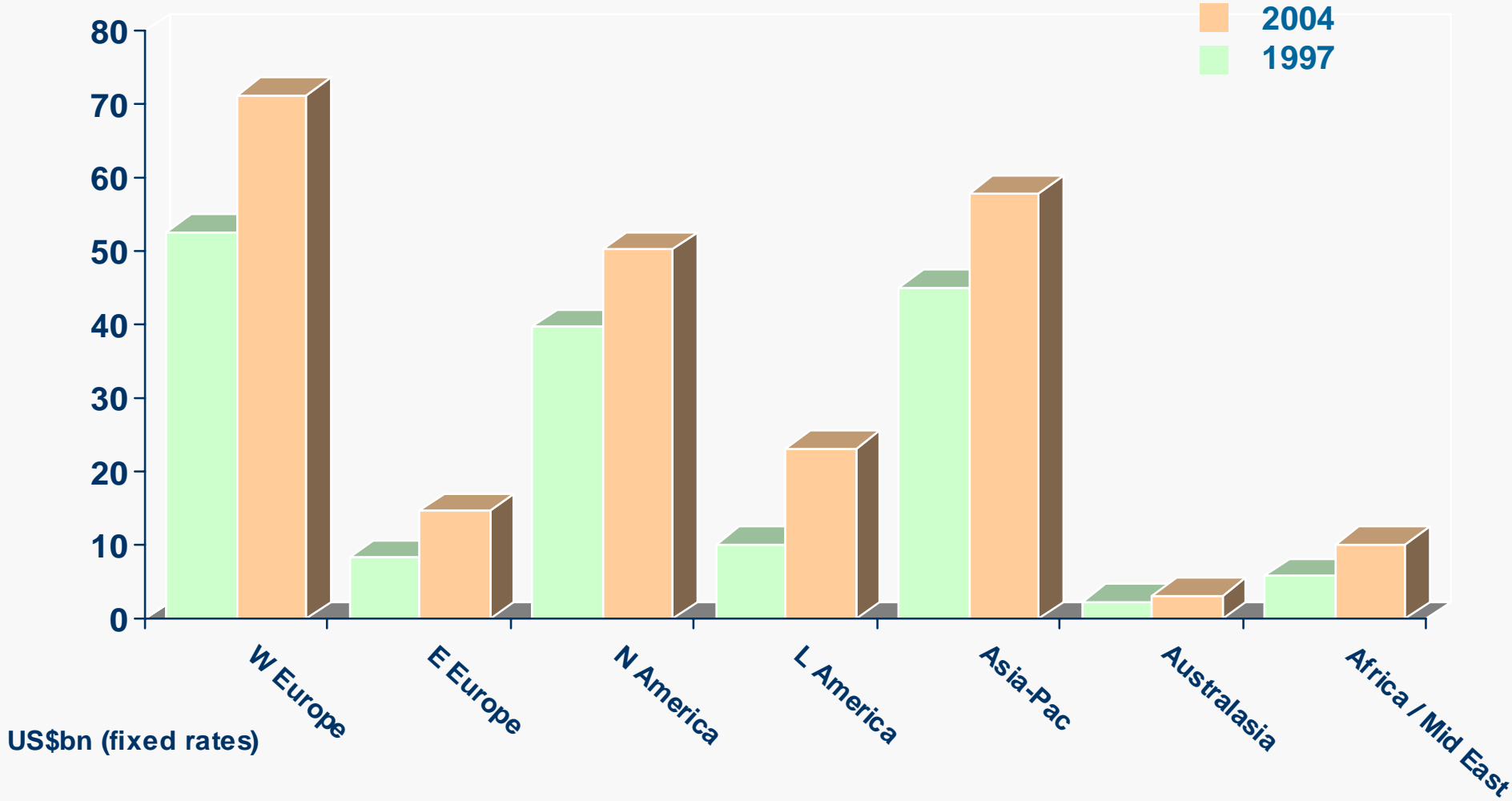
... but using fixed exchange rates the growth picture changes



Composition of global market by region 2004



Regional performance of global market 1997-2004



The largest markets

	US\$bn	% 03-04
→ US	45.6	0.5
→ Japan	30.7	1.4
→ France	14.0	5.3
→ Germany	12.4	-0.4
→ UK	11.6	3.7
→ Brazil	9.8	18.2
→ Italy	9.5	1.2
→ China	7.9	11.5
→ Spain	6.9	7.5
→ Russia	6.4	13.7

The most dynamic markets

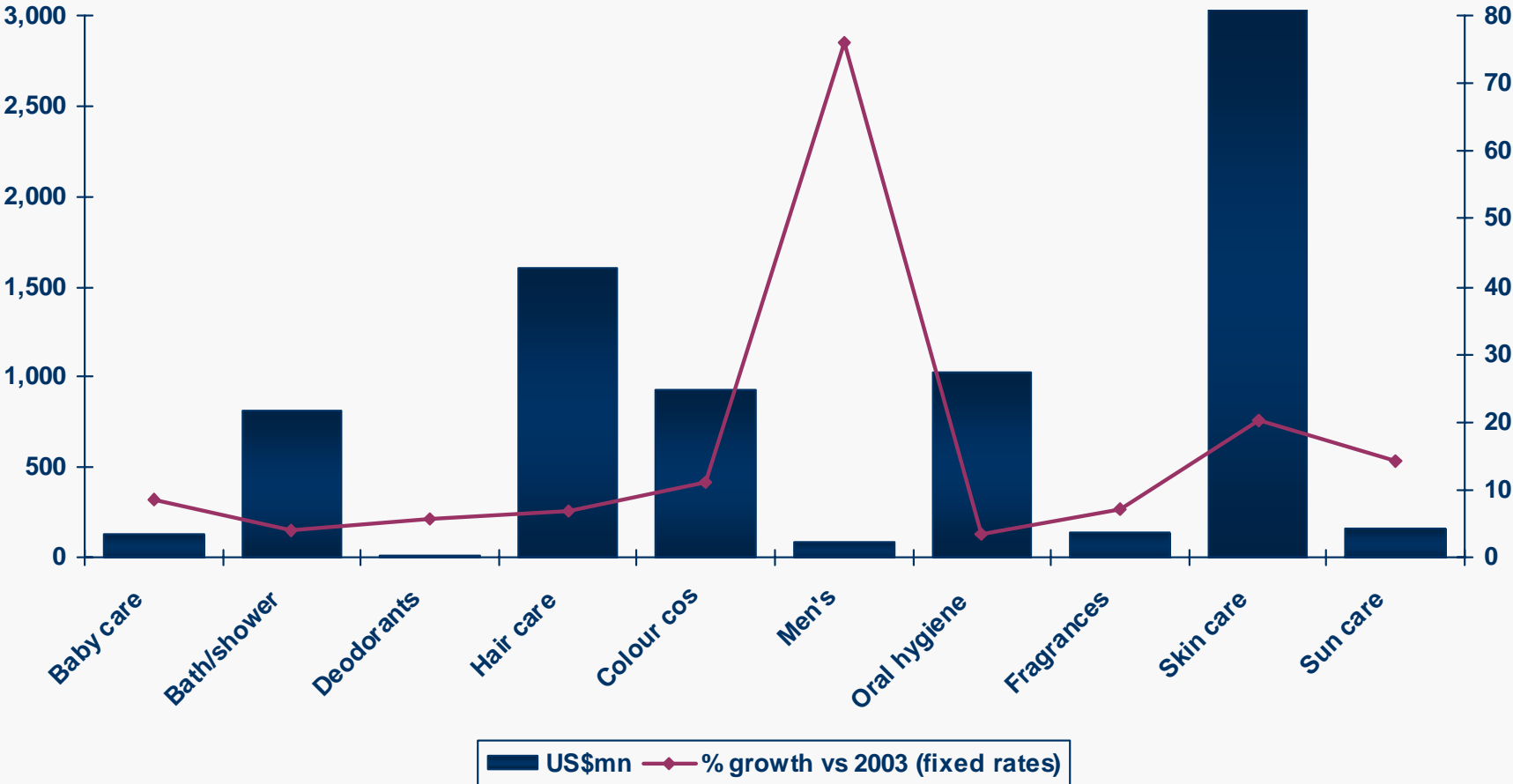
	%03-04	US\$bn
→ Venezuela	30.8	1.3
→ Romania	18.8	0.5
→ Argentina	18.5	1.5
→ Brazil	18.2	9.8
→ Ukraine	17.1	1.6
→ South Africa	15.8	2.6
→ Russia	13.7	6.4
→ China	11.5	7.9
→ Indonesia	10.5	1.2
→ Vietnam	9.3	0.4

Focus: China



Economic growth means boom time:
Sales up 94% between 1997 and 2004 to US\$7.9bn

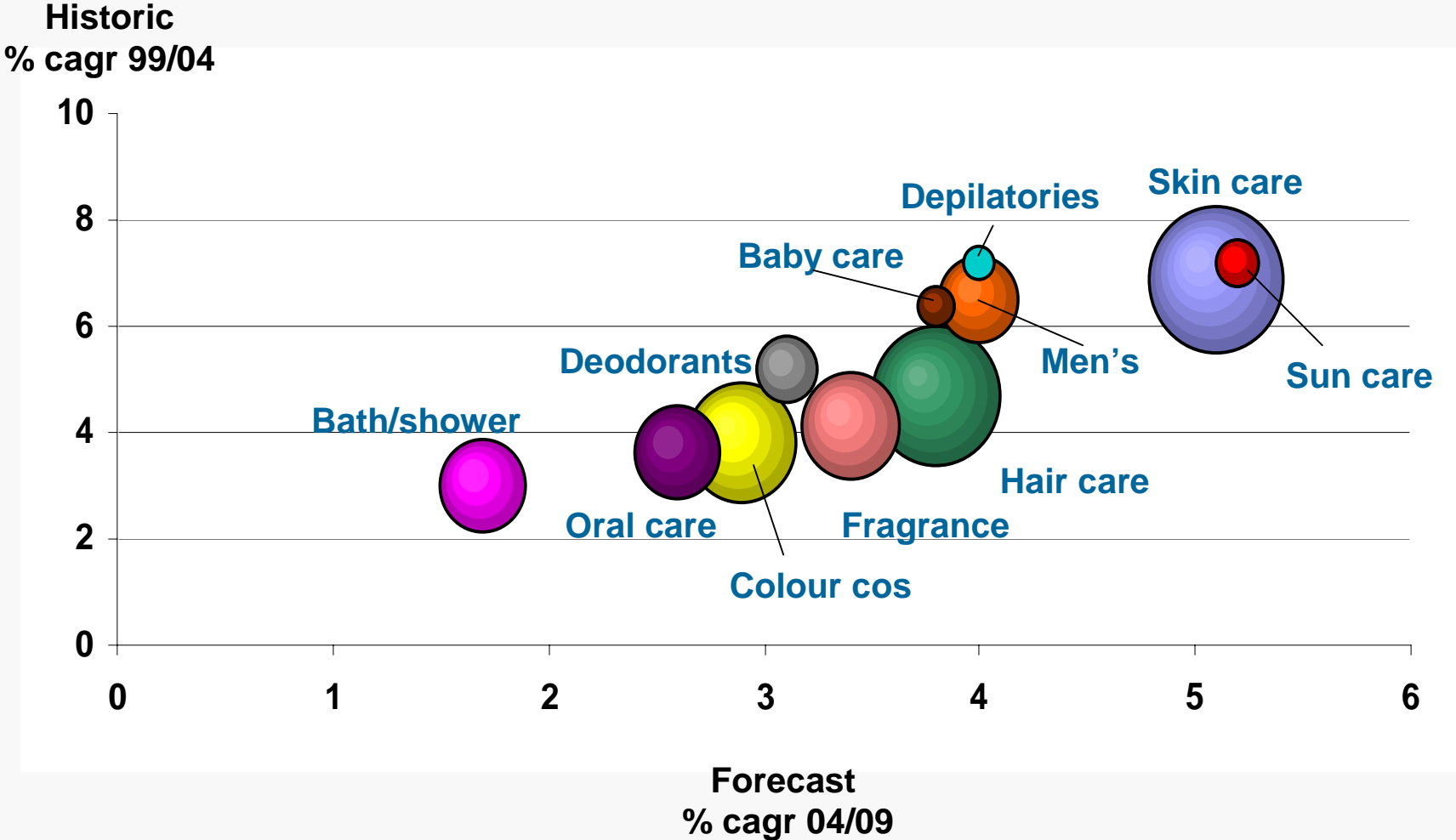
China: product performance, 2004



China: Key trends

- Skin care and hair care are most dominant sectors
- Most dynamic growth for skin care and men's grooming
- Retail scene now destined for VERY rapid growth
- Mass market set to get more competitive as multinationals rush to cash in on growth potential...
- ... and as direct selling opens up
- Joint-ventures lead the market
- Outlook most promising for skin care
- Oral hygiene expected to show slowest growth

Sector performance



Focus: Skin care



Largest sector (US\$50.2bn) and strongest grower last year
(+6.6%)

Skin care: Key trends

- Skin care the saviour! Accounting for 22% of sales, skin care's growth is a major motor in the global C&T market
- Dynamic even in mature, developed markets
- Anti-agers and anti-cellulites continue double-digit growth pattern
- Men's skin care gets specific
- Body care sees unprecedented activity
- Mainstream brands rush to cash in on clinical trend
- Average prices in both selective and mass get higher leading to widening of upper mass segment
- Developing markets Ukraine, Romania, Thailand and **China** predicted to show strongest growth through 2009

Focus: Fragrance

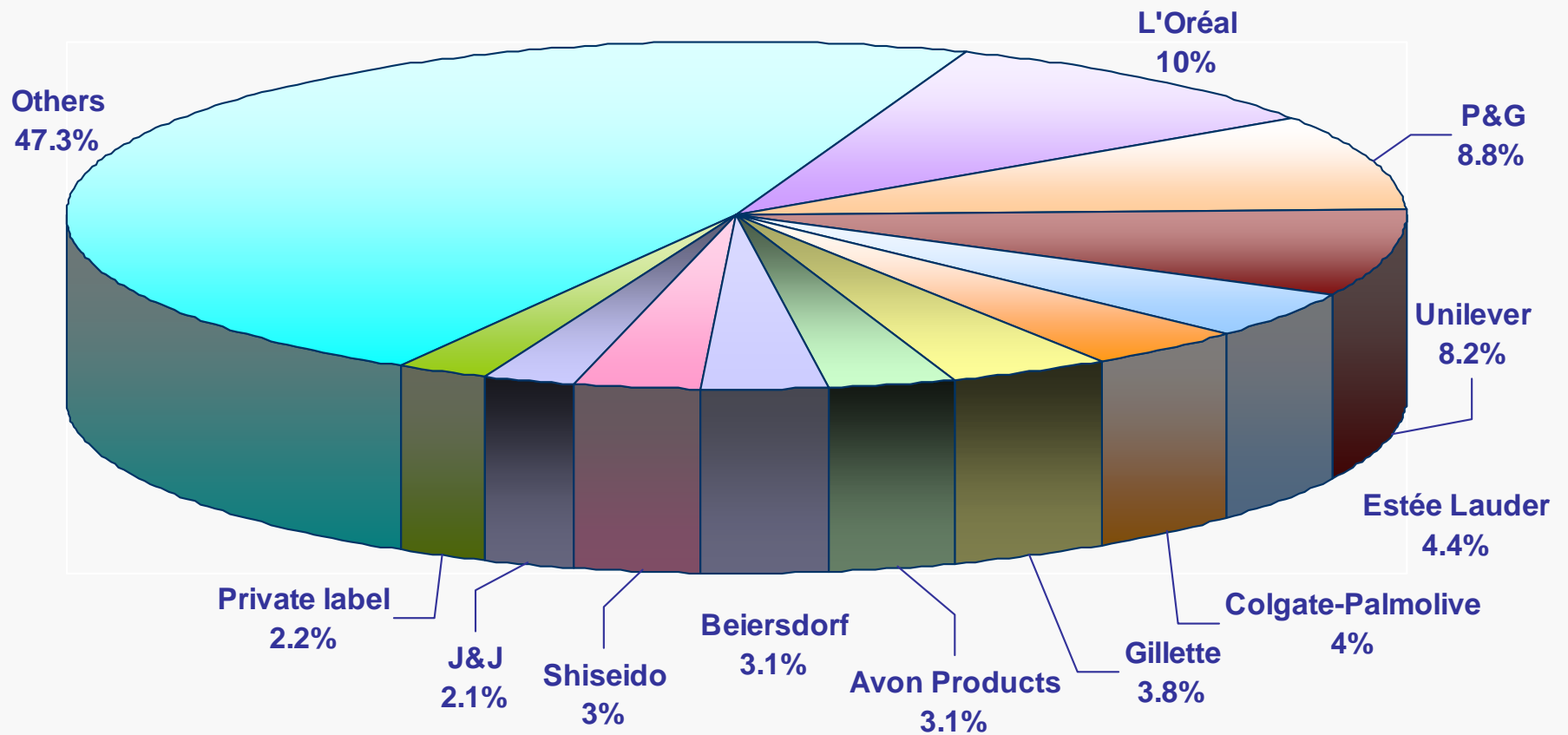


Below average growth, sales up just 3.6% to US\$25.2bn last year...

Fragrance: Key trends

- Declines in major markets last year
- Wider distribution = downward price-pressure
- Mass fragrance (37%) growing faster than premium
- Women's fragrance outperforms men's fragrance in both premium and mass
- Unisex loses appeal...
- ...2004 was all about glamour/pink for girls, urban "bad boy" for the guys
- Shorter life-spans = importance of novelty
- Youngest top 10 prestige brand is Dior's J'Adore – launched 1999...
- Is the lifestyle aspiration more important than the scent?
- Strong growth potential in emerging markets

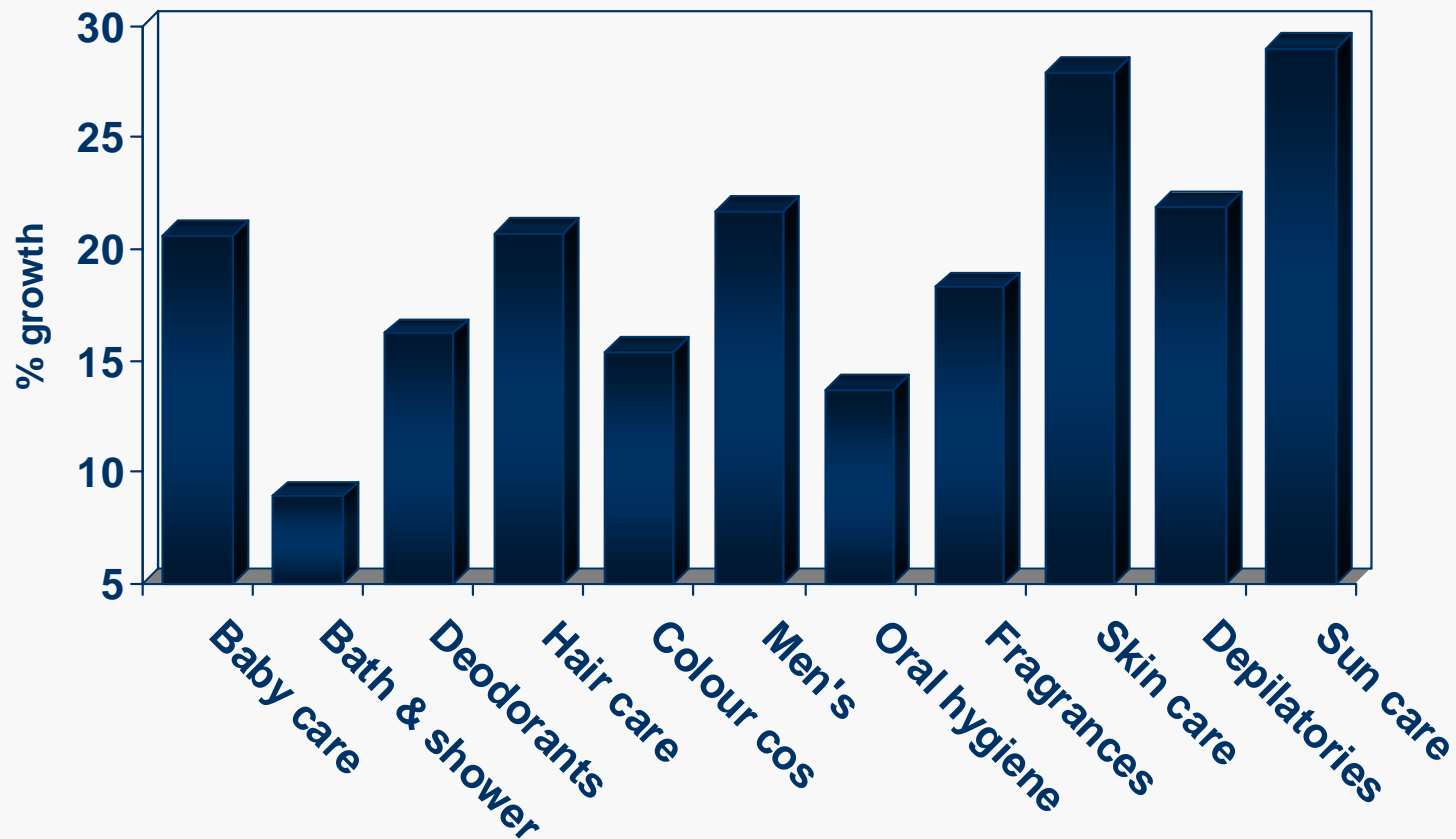
Composition of global C&T market by company 2004



What's in store for global C&T?

- Global growth average 3.6% p.a to 2009 (vs 4.8% historically)
- Emerging markets of Eastern Europe, AME, Asia-Pac and Latin America to continue to attract investment from both retailers and manufacturers
- And though growth in the large developed regions will be a challenge, brands must look to the low-spend and low penetration sectors that still exist in these regions
- Global expansion of local players (eg O Boticario, Natura etc)

Forecast growth by product sector (% 2004-09)



Q&A



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