

Indian Beauty & Cosmetics Market

→ India is one of the fastest growing consumer markets in the world, moving from informal markets to a more organized retail sector including shopping malls. Cosmetics is one of the booming retail sectors.

→ The emergence of a young urban elite section with increasing disposable income in cities, increase in the number of working women, changing lifestyles, increased affordability of lifestyle-oriented and luxury products, mounting aspirations, penetration of satellite TV, increasing appetite for western goods, and greater product choice and availability are the main drivers of demand for imported cosmetics products. Indian consumers tend to look towards international brands as lifestyle enhancement products.

→ The total size of the Indian retail beauty and cosmetics market is currently estimated at \$950 million [Color cosmetics account for 14%, Fragrances - 21%, Haircare - 19%, Skin care - 17%, Beauty services - 13%, Herbal products - 9%, others - 7%]. The overall beauty and wellness market, which includes beauty services, is \$2.68 billion.

→ **Market trends:** The cosmetics market growing at 15-20% annually, twice as fast as the United States and European market; Rapid growth of skin care products; Men's grooming market continuing to grow - hair care major growth segment; Beauty services is an emerging growth area; Premium global brands gaining sales as Indian consumers gain exposure to the global media and move from functional items to advanced and specialized cosmetic products.

With the beauty service industry growing rapidly in India, the spa segment in India is attracting a lot of focus. The spa industry over the last five years has shown tremendous growth, not only in the number of spas, but also in the diversity of spas and products available. The spa and body treatment segment is estimated to be approximately \$772 million over the next five to eight years.

→ **Cosmetic sector opportunities:** Dynamic growth areas include color cosmetics, fragrances - fragrance is the most popular purchase, specialized skin care and hair care products; professional salon items, and make-up cosmetic products. Some of the major cosmetics items imported by India are fragrances, non-transfer long-stay lipsticks, liquid lip color, eye make-ups, anti ageing/anti wrinkle creams, professional hair-care products, and preparations for shaving creams.

→ **Now is the time to enter the market** - Exponential growth expected

- Estimated growth rate of 20% per year for next 3-5 years
- European competitors have been very aggressive
- U.S. products viewed as high quality but awareness levels low for smaller U.S. brands.

Even with a good growth rate, penetration of cosmetic and toiletries is very low in India. Current per capita expenditure on cosmetics is approximately \$10.68 as compared to \$36.65 in other Asian countries. The low market penetration of cosmetics and personal care products offers room for growth.

→ **Current available medium of sale:** large format retailers, department stores, company stores, distributors and importers. Companies continue to innovate on selling methods. An increasing number of cosmetics companies are dealing with consumers directly through exclusive counters in department stores and malls featuring their own beauty consultants. Exclusive one-stop shop for import only cosmetic brands are coming up in major metros. Some Indian companies have set up exclusive franchised beauty salons across the country to promote their products.

→ India permits import of cosmetics and toiletries without any restrictions. Imports have been made easier, and import tariffs have been substantially reduced to the current rate of 31.7%.

→ **How to approach the market:** Create awareness - attend major retail events; Work with the U.S. Commercial Service in India to meet with major Indian retailers, locate suitable agent/distributors, and also for due diligence before entering market. Visit the market soon, and as often as possible.

Note.: The term "cosmeceuticals" is not recognized in India. Doctors in India are not allowed to sell products. If a cosmeceutical product cannot be sold as an over-the-counter item and is classified as a pharmaceutical item, the product would require approval from the office of the Drug Controller of India in the Ministry of Health.