



Beauty and Wellness Market – India

August 2014

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- **Skin Care**
 - Color Cosmetics
 - Hair Care
 - Nail Care
 - Personal Care
 - Professional Beauty
 - Aesthetics & Dermatology Machines
 - Essential Oil & Fragrances Used in Cosmetics
 - Perfumery & Deodorants
 - Beauty Packaging
 - Cosmetic Raw Materials

Skin Care Market – Overview (1/2)

Market Size

- The market size for skin care in India is about INR 62 bn in 2013

Estimated Growth Rate

- The estimated growth rate for skin care in India is around 16% over the period 2013-18e

Fastest Growing Sector

- Anti-ageing and fairness creams are considered to be the fastest growing segment in this sector
- While anti-ageing segment is expected to grow at an estimated rate of around 30%, fairness creams have been a major revenue earner for most players in the country, especially fairness creams for men

Skin Care Market – Overview (2/2)

Key Reasons for Growth

- Growing consumerism, rapid urbanization and rising disposable income are said to be the most dominant factors driving this market
- Presence of different types of skins in the country makes it conducive for the players to have the largest product concentration across varied skin types
- Young consumer population is characterized by the increased exposure to media which holds a key determinant in driving the overall growth for the same
- Excessive obsession with young looking skin has catapulted the sector towards growth as more and more consumers ask for cosmetic treatments as well as anti-ageing products to achieve the same
- Product innovation and a increased demand for looking good has made this segment poised for significant growth in the future

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Color Cosmetics Market – Overview (1/2)

Market Size

- The market size for cosmetic industry in India is around INR 58 bn in 2013
The market size for color cosmetics is around INR 17 bn in 2013

Estimated Growth Rate

- While the Indian cosmetics industry is expected to grow between 15-20% over 2013-15e, the growth rate for color cosmetics industry in India is expected to increase rapidly making it the fastest growing segment within the personal care market

Fastest Growing Sector

- Nail enamel and lipsticks/lip gloss are considered to be the highest revenue generating products in this sector
- However, lip gloss and mascaras are considered to be the fastest growing products in this sector
- Mascara's penetration in the country has risen from 17% in 2004 to 60% in 2013, while lip gloss posted a rise in penetration to 50% in 2013

Color Cosmetics Market – Overview (2/2)

Key Reasons for Growth

- Increasing awareness and rising consciousness for cosmetic products are the chief reasons for growth of this sector
- Growing income levels are reasons potent enough to bolster the growth of color cosmetics in the country
- Influence of the western world has also shaped the growing demand for such products
- While lip gloss or lipsticks continue to be the fastest growing product in this sector owing to the gradual increase in working women population who consider lip gloss or lipsticks as the basic ingredient for make-up in the present scenario
- Penetration of mascaras can be attributed to the factor of heightened importance to eye make-up and the relative ease in usage in case of mascara also acts as an additional factor that characterizes its rising adoption in the beauty wallet for common women
- Color cosmetics have graduated from a occasion-based usage to that of everyday make-up which significantly contributes to the overall growth
- Rapid urbanization and influence of media especially television has conditioned the growth of mascara and lip gloss as they seem to infuse a notion that though a premium product, they can be owned and used by commoners which is reflected in its rapid adoption in recent years

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Hair Care Market – Overview (1/2)

Market Size

- The hair care market is currently estimated to be at INR 125 bn in India and can be segmented into hair oil, shampoo, hair colorants and dyes, conditioners and hair gels

Estimated Growth Rate

- The Indian hair care market is expected to show a growth of 30-35% during 2013-18e

Fastest Growing Sector

- Shampoo and conditioners are still considered to be the fastest growing segments in this sector
 - Riding on the off-takes from rural and urban population, hair oil and shampoo is slated to show steady growth in the next 5 years
 - However, hair colorants and styling products have started gaining traction and is expected to register major growth in future

Hair Care Market – Overview (2/2)

Key Reasons for Growth

- Entry of domestic and international players has characterized major influx of styling products in this sector
- Styling products and hair colorants have registered favorable growth owing to rapid urbanization and growing consciousness towards fashion trends
- A number of brands of professional hair care services have also opted for franchising route for expansion
- Indian consumers have moved from shampoos and conditioners and graduated into increased demand for hair colorants, styling products, hair repair treatment, hair spa treatment, transplants, hair weaves and even smoothing
- Growing awareness and increased media exposure have made consumers aware of the latest trends which has worked well for the players
- Moreover, affordability in prices of such products launched by different players to capture the emerging market has also translated into growth of this particular sector
- Men's hair care products have also shown deeper penetration though proportion of female in the overall market is still high

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Nail Care Market – Overview (1/2)

Market Size

- The market size for nail color segment in India is estimated to be around INR 2.5 bn at present

Estimated Growth Rate

- The nail care cosmetics are expected to register a growth of around 25% till 2015

Fastest Growing Sector

- Though nail polish is still the fastest growing segment, yet nail art is slated to make a major breakthrough in recent years
- Nail art services have evolved as a recent addition to salons in the country and it is moving on a steady curve of growth

Nail Care Market – Overview (2/2)

Key Reasons for Growth

- Rapid urbanization and rising disposable income are said to be the most dominant factors driving this market
- Exposure to media and heightened awareness among consumers have propelled the sector towards considerable growth
- It is said that the cost of adding nail art services is minimal compared to the huge returns that one gets with the existing set of clientele
- Nail art services find its takers not only among youth but also is a rage among the older population
- Growth in working women who spend a considerable amount of income towards fashion and attach importance towards looking good has emerged as a chief reason for growth
- Moreover, with an increase in the number of households upgrading to higher consumption lifestyle, nail care business has also received a major fillip

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Personal Care Market – Overview (1/2)

Market Size

- Currently, the personal care market stands at around INR 608 bn

Estimated Growth Rate

- The sector is expected to post a growth of 20% over the years 2013-18e

Fastest Growing Sector

- Color Cosmetics and men's grooming products are touted as the fastest growing sector
- Though men's personal care and grooming segment does not hold more than 10% of the total personal care sector, yet is expected to grow at 10-15% in future

Personal Care Market – Overview (2/2)

Key Reasons for Growth

- Rapid urbanization and rising disposable income are said to be the most dominant factors driving this market
- Another chief reason for growth can be categorized as the growing exposure to fashion and global fashion trends that Indians are fast catching up
- Young consumer population is characterized by the increased exposure to media which holds a key determinant in driving the overall growth for the same
- Oral care is expected to register a growth of 14% over 2013-18e and a major reason for its growth will be the incidence of tooth problems in the country, with a proportion of 45% of the population still in need for adopting toothpastes
- Men constitute a major segment in the current day scenario as they emerge to contribute to the off-takes of increasing number of grooming and personal care products
- Bath and shower have also posted steady growth and is slated to grow between 10-15% over 2013-18e, wherein soaps are used almost daily by an average Indian household

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Professional Beauty Market – Overview (1/2)

Market Size

- The market size for professional skin care and hair care is estimated to be around INR 25 bn in urban India
- The market size for professional products (excluding the service) is said to be around INR 11 bn in 2013

Estimated Growth Rate

- The estimated growth rate for the market is slated to be around 15-20% on a year-on-year basis
- Salons have witnessed a growth rate of 35% and cosmetic treatments have seen a growth rate of around 5%

Fastest Growing Sector

- Hair colorants and hair smoothing agents are the two fastest growing sectors in professional hair care segment
- Hair colorants are expected to register the highest growth rate between 30-35% in the next 5 years in the country from its current INR 20 bn

Professional Beauty Market – Overview (2/2)

Key Reasons for Growth

- Increased awareness about presence and advantages of such services with the penetration of net and media can be considered as dominant factors for growth
- Rapid urbanization and rising disposable income are said to be the most dominant factors driving this market
- Skin care treatment services like skin brightening, hydration, hair loss treatments are now being made affordable which reasons out why middle-class population is opting for such services
- Increase in working women population who spend considerable amount to such services yields significant hold for the overall growth
- Young consumer population is characterized by the increased exposure to media which holds a key determinant in driving the overall growth for the same
- Growing consciousness towards usage of professional products can also be witnessed in the large proportion of males choosing beauty services in the country over recent years
- Banking on the expanding discretionary income of the people in India, a certain number of players are considering entering the professional beauty market in the country

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Aesthetics and Dermatology Machines Market – Overview

(1/2)

Market Size

- The market size of Aesthetics and Dermatology Machines is valued at INR 2.9 bn in 2013

Estimated Growth Rate

- The sector is estimated to grow at a CAGR of 33% over the next five years

Fastest Growing Sector

- Laser treatment machines are currently the fastest growing sector
- Epilators have 50% market share, while the rest includes machines for body fat reduction, vein treatment and wrinkle, dark circle and lip fillers
- India is expected to witness 5.5 mn laser treatments by the year 2017, implying strong growth for such machines

Aesthetics and Dermatology Machines Market – Overview

(2/2)

Key Reasons for Growth

- Advent of Do-It-Yourself (DIY) kits like microdermabrasion systems and dermal fillers for wrinkles and lips has contributed to the popularity of aesthetics and dermatology machines across the Indian population
- With the introduction of laser technology, the industry has seen decline in retail prices and increase in success rate of usage, thereby gaining increased acceptance in the market
- Rising consciousness about looking youthful and beautiful has fuelled adoption and usage of aesthetic and dermatology machines
- With the urban Indian population perceiving excessive body hair as a deterrent factor, sale of epilatory machines has seen tremendous growth in recent times
- Rising obesity among the urban middle-class population has fuelled the usage of lipolysis machines

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Essential Oil and Fragrances Used in Cosmetics – Overview

(1/2)

Market Size

- The market size Essential Oil and Fragrances used in cosmetics have been valued at INR 65.9 bn during 2013

Estimated Growth Rate

- The sector is estimated to grow at a CAGR of 10% over the next five years

Fastest Growing Sector

- Mint and menthol oils constitute the fastest growing sector
- India supplies more than 50% of world's mint and menthol oil
- Such oils are naturally anti-bacterial, impart a cooling effect, have a distinctive soothing odor and possess natural healing properties
 - Primary uses in cosmetics include lotions, skin creams, lip balms, moisturizers and facial wipes

Essential Oil and Fragrances Used in Cosmetics – Overview (2/2)

Key Reasons for Growth

- Strong demand of cosmetics in the Indian market has prompted the consequent rise in demand for essential oils
- Increasing inclination of the consumers towards ayurvedic and herbal cosmetic products has given a boost to the application of essential oils in cosmetics
- Advancement in technology and favorable climatic conditions has helped maintain a consistent output of mint and menthol oils
- Stable pool of procurers, both within and outside India has helped the industry grow sustainably
- Widespread usage in sectors other than cosmetics, such as healthcare, fragrances, hair care, skin care and bath and body care has ensured continued growth for essential oils
- Cost-competitiveness of Indian suppliers compared to other countries has ensured India to gain a dominant share of global essential oils' trade

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Perfumery and Deodorants Market – Overview (1/2)

Market Size

- Perfumery and Deodorants market size is valued at INR 51.6 bn during 2013

Estimated Growth Rate

- The sector is estimated to grow at a CAGR of 40% over 2013-18e

Fastest Growing Sector

- Deodorants constitute the fastest growing sector, growing at a CAGR of 55% per year
- In recent years, it has seen increased penetration and has expanded beyond metro cities

Perfumery and Deodorants Market – Overview (2/2)

Key Reasons for Growth

- Rising affluence of the population in Tier II and Tier III cities has resulted in a shift from traditional products such as talcum powder to the more modern deodorants
- Increasing penetration among the young urban is fuelling the growth of perfumes in India
- Deodorant for women, although still a nascent segment, can no longer be classified as niche and is providing an additional medium of growth for the deodorant market
- Shift in perception from being discretionary to utilitarian has led to the rapid adoption of perfumes and deodorants among the Indian population
- Extensive marketing campaigns and promotional activities have ensured a very high visibility of the market players and their products among the consumers

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Beauty Packaging Market – Overview (1/2)

Market Size

- In 2013, the beauty packaging market was valued at INR 398.3 bn

Estimated Growth Rate

- The sector is estimated to grow at a CAGR of 12.3% over the next five years

Fastest Growing Sector

- Plastic packaging is the fastest growing sector, with annual growth rate of about 25%
- In recent years, plastic packaging has been overshadowing other packaging materials such as rigid containers and tubes

Beauty Packaging Market – Overview (2/2)

Key Reasons for Growth

- Expanding market of beauty and personal care products is fuelling the consequent growth in India's packaging industry
- Phenomenal rise in male grooming has created an additional market for men's-only products' packaging, besides packaging for traditional products for women
- Increasing affluence of the Indian population has resulted in a shift from small packaging such as single-use sachets and pouches to larger packaging such as plastic containers
- Slowing economic environment has influenced the urban population to switch to mega packs to save on costs, thereby consuming more plastic per purchase
- Increasing market penetration of beauty segment across Tier I and Tier II cities as well as rural areas is consequently attributing to rising market size for packaging in India

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Cosmetic Raw Materials Market – Overview (1/2)

Market Size

- The raw materials for cosmetics is valued at INR 31.8 bn in 2013

Estimated Growth Rate

- The sector is estimated to grow at a CAGR of 9% over the next five years

Fastest Growing Sector

- Inactive ingredients hold about 60% share of total cosmetic raw materials
- Surfactant, an inactive ingredient, has been witnessing maximum growth at 13% per year

Cosmetic Raw Materials Market – Overview (2/2)

Key Reasons for Growth

- Expanding market of beauty and personal care products is fuelling the consequent growth in India's cosmetic raw materials industry
- High effectiveness of surfactants in cleaning dirt has seen it replacing traditional face wash products, thereby driving the growth of inactive ingredients
- Easy customization on the basis of hair or skin types has led to intensive use of inactive ingredients such as surfactants in cosmetic products
- Strong penetration of cosmetic products among the female population of India has ensured a sustained and consistent growth for cosmetic raw materials
- Entry of multinational cosmetic companies along with expansion of Indian companies to cosmetic products segment has contributed to steady demand for raw materials

Thank you for the attention

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