



# INDIA

## Beauty's resurgence

India's beauty market is on an upward trend, driven by new entrants and a rash of innovation in brick-and-mortar and online retail  
by Mayu Saini

India's beauty market has seen a resurgence, in terms of consumer interest, in the brand offer and in distribution. The change has partly been ushered in by digital. A market that was not so long ago characterized by a very limited number of brick-and-mortar stores, has given way to almost unlimited access to consumers across the country thanks to e-commerce. This digital push has been driven by the success of beauty e-commerce platforms such as Myntra, Amazon, Nykaa and Purple. However, physical stores have also seen a strong return of consumers, since Covid.

According to Euromonitor, prestige beauty sales grew by 17.2% to \$689.5m in 2021, the highest growth rate in four years. The overall beauty and personal-care market, meanwhile, was estimated at \$15.3bn.

Within prestige, skincare had the biggest share in 2021, accounting for \$183m in sales. Skincare sales rose 15.4% in 2021. Fragrance saw sales of \$148.5m, and color cosmetics sales reached \$94.5m. Prestige fragrance saw the strongest growth, at 22.9%; however, compared to 2019, fragrance sales in 2021 were still down 27.5%. Color cosmetics grew 18.8%. "I would say that overall business has bounced back, and most [companies] are at higher sales levels than 2019.

Certain environments have done better, especially in the premium business in physical retail," says Vivek Bali, former CEO of Sephora India, who recently launched a new specialty store concept called Enrich.

Biju Anthony, CEO and Executive Director of distributor Baccarose Perfumes and Beauty Products Pvt Ltd, which also owns perfumery chain Parcos agrees: "We are seeing fantastic numbers. People are back to buying and consumers are spending. Skincare has grown considerably, and color is also growing. People are traveling a lot and our airport stores are doing well."

### Renewed interest

Major players are looking at the Indian market with renewed interest. L'Oréal India, one of the biggest beauty players in India, relaunched Lancôme in the market. "Over recent years, we have seen a rise in high-end and luxury categories in



▲ Shoppers Stop opened a new beauty stand-alone store concept this year, and has big ambitions to expand it

personal care and beauty segments," says Amit Jain, Managing Director of L'Oréal India. "By bringing back Lancôme to India, we aim to cater to India's growing beauty consumers who are looking for such premium beauty products." He adds: "The Indian beauty industry is undergoing a transformation, not only in response to the pandemic but also in redefining the true meaning of beauty and continuing to embrace technology."

LUXASIA, one of the biggest distributors across Asia Pacific, is back in India, distributing brands such as Caudalie, Kora Organics, with more to come. Talking about the potential of the market, LUXASIA Country Manager for India Praseed Changarath says: "Consumers have gone beyond just the cleansing, toning, moisturizing regimen to adapt an eight or 10-step process. They are also informed about ingredients."

Satyaki Banerjee, Group COO of LUXASIA, and Managing Director of LEAP Commerce (the company's e-commerce business) adds: "The next decade will see a lot of movement in terms of brand, market share and what wins."

In terms of initiatives from international players, Estée Lauder Companies (ELC) launched a new program in conjunction with Indian beauty retailer Nykaa to support emerging Indian beauty brands. The program supports Indian premium beauty companies and entrepreneurs in both the pre-launch and in-market stages.

There has also been much activity among local brands, especially

### Key happening

The Estée Lauder Companies (ELC) and Indian beauty retailer Nykaa have launched a new program in a bid to support emerging Indian beauty brands this year, called Beauty&You India. The program will support what ELC calls India-focused, premium beauty companies and entrepreneurs in both the pre-launch and in-market stages and aims to discover, spotlight, and propel the next generation of Indian beauty brands. The winners of the award program, announced in November 2022, included Bahut Beauty and Skinvest.

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Enrich CEO Vivek Bali

when it comes to M&A. Lotus Herbals, for example, acquired a 20% stake in Yogic Secrets Healthcare, a research-based nutraceutical start-up in early October 2022. The link between health and beauty has also become stronger as a result of the pandemic, with consumers showing a greater interest in cosmeceuticals, and clean, organic beauty.

In January 2022, Lotus Herbals also acquired a 25% stake in Conscious Chemist, a new-age clean beauty, direct-to-consumer brand, and a 10% stake in French luxury brand Lili Margo Paris, (whose sales are mostly from China). In addition, the company purchased 100% of the luxury Ayurveda brand SoulTree.

“Consolidation has already started happening to establish economies of scale in the Indian beauty industry,” says Nitin Passi, Chairman and Managing Director of Lotus Herbals. “This has been driving down the cost of customer acquisition and cost of goods and services. The pure-play DTC era in the developed world ended in early-2022, and now we are seeing a lot of stress in the Indian DTC segment. As we had forecast, most Indian DTC players are now being forced to go omni-channel and target mainstream audiences, as they do not have much brand and product level differentiation. It will be interesting to see what happens to their core consumer group if they go mainstream. In the developed world it has not played out well

at all.” Passi believes that there is much more opportunity ahead for beauty, especially when it comes to the luxury segment. “We remain very bullish on the beauty industry in India. Brands with innovative concepts, manufacturing expertise and efficient ways to reach consumers will scale and grow. However, spurious micro-hustlers with sub-standard product quality, deep discounting and fly-by-night operators propelled by accessible capital are already losing relevance,” he observed.

### New retail concepts

Consumers returned to physical stores in 2021 and in 2022, despite various recurring waves of Covid-19. There has been much innovation in brick-and-mortar retail. ■■■

### India beauty and personal-care sales 2021

Category	Sales 2021 \$	Sales 2020 \$	Sales 2019 \$	% change 2021/2020	% change 2021/2019
Prestige skincare	183.0m	158.6m	161.8m	+15.4	+13.1
Prestige fragrance	148.5m	120.8m	204.9m	+22.9	-27.5
Prestige color cosmetics	94.5m	79.5m	87.1m	+18.8	+8.5
<b>Total prestige beauty</b>	<b>689.5m</b>	<b>588.5m</b>	<b>800.0m</b>	<b>+17.2</b>	<b>-13.8</b>
<b>Total beauty &amp; personal care (mass &amp; prestige)</b>	<b>15.3bn</b>	<b>14.09bn</b>	<b>15.3bn</b>	<b>+9.0</b>	<b>flat</b>

Source: Euromonitor International



▲ Purple is a strong player in India's e-commerce market, and became a unicorn this year

### India at a glance

- **Population:** 1.43 billion
- **Urban population:** 34.5% of population
- **Men vs women population:** 51.6% male/48.4% female
- **Youth population (ages 15-59):** 66% of population
- **Predicted GDP growth 2022:** +7% vs 2021

Source: countrymeters, census commission, Moody's

### India's beauty market

- **Total beauty & personal-care sales 2021:** \$15.3bn, +9% vs 2020; flat vs 2019

Source: Euromonitor International

- **Per capita consumer spend on beauty 2021:** \$12 per year





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### Trending

**There has been a rash of new brick-and-mortar retail concepts, such as Enrich and Shoppers' Stop SS Beauty. At the same time, online players like Nykaa, Purple, Amazon and Myntra are adding more private-label brands, as well as bringing more international brands to India. Amorepacific brand Sulwhasoo launched in India with Nykaa, while the retailer's private-label brand SKINRX Ceramide Moisturizers has been popular. On the consumer side, there has been a strong shift towards cruelty-free, vegetarian and vegan formulas, as well as towards natural skincare.**

■ ■ ■ Department store Shoppers Stop launched a new beauty concept store, called SS Beauty earlier this year and now operates six doors under the new format. The new standalone multi-brand concept is in direct competition with Sephora or retailer Nykaa Luxe. "We have been leaders in the department-store space with a large beauty section in the store. But there is a new consumer who is evolving and a young consumer who wants to be in a similar environment to Sephora and Nykaa Luxe," says Biju Kassim, President Beauty of Shoppers Stop. "The concept was developed in 2018-19, but was put on a back burner due to the pandemic and we weren't sure about which malls would work as things changed. The roll out started from this year and the aim is to open 70-80 stores in the next three years," he says.

While SS Beauty is a multi-brand concept store, the company also launched an SS Beauty store in Mumbai at the Oberoi Mall, Goregaon in May retailing only brands from the Estée Lauder Companies portfolio. "Our 15+ year partnership with Shoppers Stop has helped us grow our presence in India exponentially," says Rohan Vaziralli, General Manager, Estée Lauder Companies India. We plan to open more exclusive SS Beauty stores across India to intensify our reach."

Kassim adds: "Beauty is one of our vital strategic growth pillars. We have aggressive plans [for the category] for the next three years. We are actively growing our beauty portfolio of Estee Lauder stores, SS Beauty stores and Shoppers Stop department stores to provide our customers with a luxury beauty experience, and we continue to invest in this avenue."

Sephora, meanwhile, which has 26 stores across India, has finally caught the imagination of consumers. Although it took three partnerships and several years of fine tuning, now in partnership with Arvind Fashions Ltd, the LVMH-owned beauty chain is seen as trendy place to experiment with new make-up styles. It is also becoming an inspiration for the changing ethos of beauty retail.

Also of note is local perfumery chain Parcos, which is owned by distributor Baccarose. The retailer has been fine-tuning its offer. The company waited for the market recovery to launch a new retail concept that had long been in the works. The new concept sees the retailer add color and skincare to its traditional fragrance-format. The first store with the new concept is located in UB City mall, Bengaluru. Parcos now has a total of 48 stores across the country,



Consolidation has already started happening to establish economies of scale in the Indian beauty industry



Lotus Herbals Chairman and Managing Director  
Nitin Passi

Overall, the number of beauty stores in India is on the rise. With customers' return to physical retail, Nykaa accelerated store expansion this year, with 32 new physical stores across the country including stores in tier-two and tier-three cities. As of March 31, 2022, Nykaa had 105 Nykaa stores in the country, with a gross merchandise value growth of 72% year-on-year in its financial year 2022 (ending March 31, 2022).

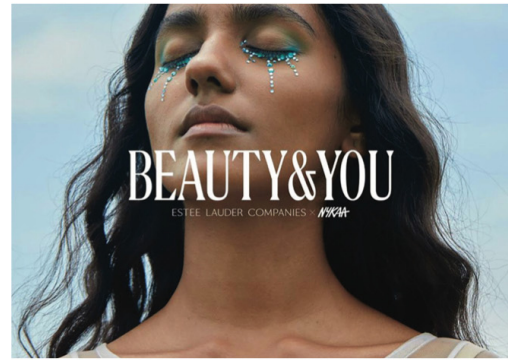
Nykaa, which has fast become one of the biggest beauty retailers in India, went public in November 2021. The company has extended its reach through the country to 19,000 pin codes, as well as focusing on physical retail, with 105 stores in India, around half of which are in the luxury space. In the July to September 2022 quarter, the company announced a revenue increase of 39%, and a 333% rise in net profit. "Post Covid, our accelerated investments in new store rollouts as well as store upgrades has resulted in improved footfall and higher same-store sales," Falguni Nayar, CEO of Nykaa commented.

Meanwhile, salon chain Enrich entered the beauty retail space in November 2021 by combining retail and services, with a wide offering of premium beauty brands, and a focus on experiential beauty. Enrich includes click-and-buy, store collection, and its website launched August 2022. "It's about creating the omni-experience for the consumer," says Enrich CEO Vivek Bali. "Physical stores continue to do well. E-commerce will always remain a strategy for everybody now, and during Covid the levels went up. But the moment things opened up, customers started coming back in the stores," he says.

More new stores are expected. Market watchers say that Tata Cliq, Reliance and Enrich will open new beauty stores. Tata Cliq and Reliance come with the strength of being India's biggest industrial conglomerates. Reliance has announced plans to enter the beauty space, with a large number of doors, with details to be shared in coming months. Meanwhile, French department store Galeries Lafayette partnered with Aditya Birla Fashion and Retail to open two stores in India. A flagship store is expected to open in Mumbai in 2024, and another in Delhi in 2025.

### Online progress

The rise of specialist online beauty players in India is changing the market and fueling sales in the category. In the year from April 1, 2021 to March 31 2022, analysts estimated that overall e-commerce beauty



▲ Retailer Nykaa has seen strong expansion of its online and store business. It now has 105 Nykaa Luxe stores (above). The company also partnered with Estée Lauder Companies to help develop Indian start-ups

sales grew at 15%, while the premium beauty segment was up by 35%.

Covid saw beauty e-commerce players' sales boom, and their growth has continued. Key companies that have hit the headlines include Nykaa, which launched in 2012 and became the country's first beauty e-commerce player to go public, with an IPO in November 2021.

Nykaa has helped expand the beauty market and brought more variety of product for the Indian consumer. The company retails more than 3,000 brands and opened a cross-border e-commerce store to bring authorized international beauty brands to Indian consumers, as well as more premium items. Recent launches of international brands have included Morphe, Nuxe, Elemis and Nudestix.

Nykaa too has made a series of acquisitions over the past two years, including a stake in clean beauty brands Earth Rhythm, Dot & Key Wellness, Nudge Wellness, which markets nutricosmetics products, and fashion brand Kica.

Another key development in India's e-commerce landscape is the development of Purplle.com. The beauty e-commerce player, which was founded in 2011 by engineers Manish Taneja, Rahul Dash and Suyash Katyayani, joined the unicorn club in June 2022 as the company's valuation crossed the \$1bn mark.

Taneja says that a key reason for the company's success is its focus on who its consumer is and what they want. "We understood the audience in smaller towns because we ourselves grew up in those households," he explains. Purplle has more than 1,000 brands reaching more than 18,000 pin codes across India.

Purplle, plans to step up investments in technology and develop its private-label brands. "What we've built is a kind of Bloomberg of beauty, where you know what's happening in terms of trends in beauty—ingredient-specific-trends, or concern-specific-trends. For example, I can tell you if niacinamide or tea tree oil is trending, or if there are more concerns over dark knees, or dark elbows. That's how our journey into private brands started," says Taneja, adding that 30% of the company revenues come from its own brands. Private brands like Good Vibes in skincare, NYBae in makeup and Carmesi in feminine hygiene have been a key focus for Purplle.

Like Nykaa, Purplle is also acquiring its own brands. Last year, it took a minority stake in beauty brand Juicy Chemistry. Purplle also acquired retailer Faces Canada in December 2021, which already has a strong

retail presence in India following its launch in the market in 2009. The move furnished Purplle with a physical retail network.

Indeed, the company is also developing physical stores. Taneja says that 10% of Purplle's sales come from offline distribution channels, and that over the course of this year, the company will open at least 10 stores of its own, experimenting with different sizes and formats.

Taneja adds that about 80% of its revenue comes from outside the metro cities like New Delhi, Mumbai and Bengaluru—that is from smaller cities. "Purplle is addressing the enormous vacuum in the beauty and personal care industry in India in a way that the rising demand from massive Indian consumers can be best served beyond the limited set of customers in a few major cities," said Chunsoo Kim, Founder and Managing Partner of Paramark Ventures, which invested in Purplle earlier this year.

#### Retailer dot-com

While new players have made a splash in beauty's online sector, the move into premium beauty e-commerce by two of the biggest industrial conglomerates in India—Tata Ltd, and Reliance Ltd—is being watched closely. Tata entered the sector, when its e-commerce venture Tata CliQ stepped into the luxury space in 2016 with Tata luxe. "Tata CliQ Luxury will for the first time provide luxury customers across the country, access to authentic merchandise directly from top international bridge-to-luxury and luxury brands," Ashutosh Pandey, CEO of Tata CliQ, said at the time.

Reliance-owned e-commerce site Ajio, which is headquartered in Bengaluru and launched in 2016, began to take note of the luxury consumer, launching Ajio luxe in 2020. The site sells brands such as Bulgari and Estée Lauder, as well as local brands like Pahadi Local and Ras luxury oils. It recently added Korean brand Innisfree.

At the same time, the largest e-commerce players in the country, such as Flipkart, Amazon, and Myntra continue to grow their beauty offer. In July 2022, Myntra doubled the number of beauty and personal-care brands it sold over the previous year. It now has an assortment of well-known brands, and 1,100 brands offering more than 53,000 skus.

Another digital-first company, Myglamm built a platform for women to share their beauty stories and wishlists and have created products based on the insights. The company is another example of the ■■■





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■■■ strong rise of digital companies, as it too became a unicorn, with funding from entities including Prosus Ventures and Warburg Pincus. The use of technology and social media to allow consumers to create a more personalized approach and its community of beauty content creators has been enriching the online beauty space. Other notable digital-first brands that have made a mark on the sector

include Mama Earth backed by Sequoia capital and vegan skincare brand Plum, which is focused on clean beauty.

Recent developments bode well for the future of beauty in India. For 2022, market watchers predict growth of 9.6%. Looking further ahead, the market is forecast to grow in the double digits for the next five years. ■

## India's key beauty retailers

### Nykaa

**N° of stores:** 105 (including 51 Nykaa Luxe stores)

Nykaa.com is India's biggest beauty e-commerce player, which launched in 2012. It moved from e-commerce only to launch physical stores in 2015. It now has a total of 105 stores and 51 Nykaa Luxe stores, which feature more premium and luxury brands, such as Estee Lauder, Dior and Huda Beauty. After completing an initial public offering in November 2021, Nykaa has continued to grow its physical stores, as well as its e-commerce base, with more than 3,000 brands.

### Shoppers Stop

**N° of stores:** 96 department stores

Shoppers Stop is India's leading department store and was established in 1991. Spread across 88 department stores in 48 cities, the company also operates home concept stores (11 stores), and 130 beauty stores for MAC, Estée Lauder, Bobbi Brown, Clinique, Smashbox, Jo Malon, and Arcelia, as well as 23 airport doors. The retailer opened a new beauty concept this year, which now has six doors.

### Parcos

**N° of stores:** 48

The Parcos perfumery chain, which is owned by distributor Baccarose has 48 stores and continues to focus on prestige fragrance. The perfumery chain has also launched a new concept store including color and skincare.

### Sephora

**N° of stores:** 26

Sephora operates in India in partnership with Arvind Lifestyle Brands and has brought new brands to India. The retailer now has more than 25 stores in the country. It has seen its strongest growth in the make-up category, with best-sellers including eye products, such as mascara, eyeliners, and eye shadow.

### Kama Ayurveda

**N° of stores:** 59 standalone stores & 75 shop-in-shops

The ayurvedic beauty brand marks its 20<sup>th</sup> year in India and has grown its retail presence. Puig increased its investment in the brand this year and now has a majority stake in it.

### Forest Essentials

**N° of stores:** 110

Launched in 2000, the Forest Essentials brand, rooted in Ayurveda, now has 110 standalone stores. The Estée Lauder Companies took a minority stake in the company in 2008.

### Purple

Purple is a strong player in the e-commerce segment and became a unicorn in June 2022, crossing the \$1bn mark in valuation. Purple has more than 1,000 brands reaching more than 18,000 pin codes across India and is now opening physical stores, with nine stores launched in 2022

### Enrich

Enrich has been a strong player in the beauty services segment and since last November embarked on a new format whereby every new Enrich Salon will have space dedicated to beauty as the company undergoes a reset transitioning from being a beauty services player to a beauty retailer. There are currently four doors with the format. Its retail offer includes brands across beauty segments, from make-up, skincare to hair care and fragrances. Enrich's strategy reset is focused on becoming an experiential retail with service elements, such as express facials, free 'mini makeovers' and a lipstick bar, where shoppers can have customized lipsticks made.

### Amazon.in

The subsidiary of the US based e-commerce giant, Amazon in India works with a marketplace model, as foreign direct investment is prohibited in e-commerce. Beauty and personal care, including, prestige skincare, is a strong category on the platform.

### Myntra.com

Myntra is a major Indian fashion e-commerce company headquartered in Bengaluru, Karnataka, India. It was founded in 2007 to sell personalized gift items. In May 2014, Myntra.com was acquired by Flipkart, which in turn was acquired by US retailer Walmart for \$16bn in 2018. Myntra has been growing its beauty assortment and lists more than 1,100 brands offering more than 53,000 skus.

### Flipkart.com

Flipkart is India's largest e-tailer. Walmart took a majority stake in Flipkart in 2018, the largest-ever acquisition by the US retailer.

### Tata CLiQ luxury

Tat CLiQ Luxury s the Tata Group's e-commerce venture and was launched in May 2016.

### Luxe.ajio.com

Luxe.ajio.com is the luxury e-commerce venture from Reliance retail's ecommerce site Ajio and was launched in 2020.

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# Southeast Asia

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## On the up

Indonesia is one of the most dynamic markets in Southeast Asia, and its strong growth is set to continue *by Mayu Saini*

Indonesia is a lighthouse among beauty markets in the Asia Pacific region. This is partly due to a young population—more than 42.4% of the population is between 25 and 54 years old, according to the World Population Review. In addition, the government has launched a string of initiatives to boost the country's economy and attract investment.

The country's total beauty market saw sales increase 9% in 2021 to \$7.16bn, according to Euromonitor. The market is forecast to grow by 12% in 2022 to reach \$8.03bn. "Growth in Indonesia is far surpassing our expectations, even though we know that the country is the fastest-growing beauty market in the region," explains Karen Ong, Chief Commercial Officer of distribution company LUXASIA and Regional Managing Director for Singapore, Malaysia, Vietnam and Thailand.

One reason is the demographics—Indonesia has the fourth-largest population in the world. But along with that and the youth population, changes as a result of Covid have driven growth in beauty. "Shopping within the country increased locally through the pandemic versus travel-related buying. Consumers found local

stores where they built relationships and that kind of shopping behavior has been sustained: It is one of the catalysts and factors why Indonesia is rebounding so fast," Ong observes.

The per capita spend on beauty was \$25.9 in 2021, and is expected to increase to \$28.8 in 2022, according to Euromonitor.

### Key happening

E-commerce player Tokopedia's focus on beauty provides support for local brands to compete with internationally known players. For example, Indonesian beauty brand BLP Beauty was sponsored by Tokopedia at the Paris Fashion Week (PFW) trade show in October 2022. Lizzie Parra, Founder and Chief Marketing Officer of BLP Beauty, says that BLP Beauty was the first local cosmetics brand to be chosen by the Indonesian Embassy in Paris and L'Adresse Paris Agency to display its collections together with other brands from Southeast Asia.

### Fragrance down, skincare up

Prestige beauty's growth was lower than the total beauty market, at 3.5% in 2021 to reach sales of \$565.5m. Both prestige color (+5.5%) and skincare (+10.8%) showed growth in 2021.

However, prestige fragrance sales declined last year—the segment was down 5.3%, due to the work-from-home trend and fewer social occasions.

Skincare is expected to see further growth. The per capita spend on skincare in Indonesia increased from \$2.6 in 2016 to \$3.2 in 2021. While this is far below the global average (\$9.8) and the regional average (\$9.2) in 2021, spend is forecast to reach \$4.4 by 2026, according to GlobalData.

In prestige, brands such as SK-II, Sheisido, La Prairie and

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LUXASIA Chief Commercial Officer and Regional Managing Director for Singapore, Malaysia, Vietnam and Thailand Karen Ong

Lancôme are popular, with hydration being a big focus. Korean brands Sulwhasoo, Innisfree and Nature Republic have also been trending, according to retailers.

“Competition is intensifying between domestic and multinational skincare brands in the Indonesian market, as consumers display an increased affinity towards brands that resonate with the local heritage and ingredients,” says GlobalData Consumer Analyst Anush Shaw.

The movement towards clean beauty has continued post-Covid, particularly among the explosion of local brands.

Indeed, local brands have taken inspiration, and are beginning to compete with international players. Somethinc, and sister brand Glowinc for example, which have a range of face serums and is now among the top 50 brands in Indonesia and has more than 1.3 billion followers on Instagram.

ESQA, which launched in 2016, is a popular vegan cosmetics brand in Indonesia, which is known for its matte Lip Liquid, and has attracted the attention of the industry’s major players. Unilever’s venture capital company Unilever Ventures has invested in the brand—the group’s first investment in a Southeast Asian brand. Other popular local brands include: Dew, a vegan brand that is based on the Indonesian tradition of herbal medicine (called jamu) and Sada, which is targeted at Asian women and captures the preference for natural ingredients among Indonesian consumers.

The collaboration between Indonesian e-commerce company Tokopedia and local entrepreneurs in the beauty ■■■

## Indonesia’s key beauty retailers

### Matahari

**N° of stores:** 120+

Matahari, is the largest retailer in Indonesia, with stores located across the country and an online presence on Matahari.com. The retailer introduced the modern department-store concept to the country in 1972.

### Sogo

**N° of stores:** 18+

Sogo is the one of the premium retailers for cosmetics and perfumes in Indonesia, with more than 18 doors.

### C&F

**N° of stores:** 90 standalone stores + 50 shop-in-shops

Founded in 1994, C&F is a chain of perfumery and beauty stores, which sells a wide range of international brands.

### Sephora:

**No of stores:** 17

Sephora opened in Indonesia in 2014 and continues to be one of the top beauty destinations in Indonesia, both in terms of e-commerce and physical stores

### Sociolla:

**N° of stores:** 48

Founded in 2014, Sociolla describes itself as the leading beauty and personal care e-commerce player in Indonesia. The company retails beauty products from both local and global brands.

Indonesian online beauty retailer Sociolla opened its first physical store in 2019. It has also expanded to 13 locations in Vietnam. Its number of stores has grown 20 times since 2020. This year, the company received a \$60m investment led by existing investors L Catterton and Temasek, in addition to East Ventures, Jungle Ventures.

### Shopee

E-commerce platform Shopee has been active in marketing its products through sale campaigns, discounts and free deliveries. Launched in Singapore in 2015, Shopee is considered the largest e-commerce platform in Southeast Asia.

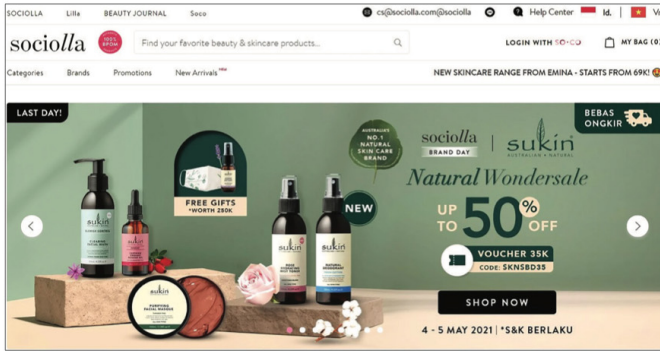
### Tokopedia

Tokopedia is an Indonesian technology company launched in 2009 with the aim of democratizing commerce through technology. It has seen the beauty segment grow through various measures, including The Beauty Dealight and Beauty Flash —special beauty festivals, offers and promotions. The company merged with ride hailing company Gojek in May 2021 and has investors such as the Alibaba Group, Tencent, and JD.com

### Bukalapak

PT Bukalapak.com is an Indonesian e-commerce company. It was founded in 2010 as an online marketplace to facilitate online commerce for small and medium enterprises





▲ Sociolla describes itself as the leading beauty and personal care e-commerce player in Indonesia. In addition, the company now has 48 brick-and-mortar stores

**Trending**

Halal formulations have become increasingly popular, and by 2026 the government has mandated that only halal products will be allowed on the Indonesian market, with formulations to be approved by the Majelis Ulama Indonesia (MUI), the halal certification body. While most global brands in the prestige segment have not tailored their formulations to the market, changes are expected in the coming years.

**Indonesia at a glance**

- **Population:** 276.36 million
- Urban population:** 57.29% of population
- Men vs women population:** 50% male/50% female
- Youth population (ages 15-64):** 68% of population
  
- **Predicted GDP growth 2022:** +5.4% vs 2021, when GDP grew 1.7%

Source: World Bank, Asian Development Bank

**Indonesia's beauty market**

- **Beauty and personal care sales 2021:** \$7.16bn, +9% vs 2020
- **Predicted beauty and personal-care sales 2022:** \$8.03bn, +12% vs 2021
- **Average per capita spend on beauty 2021:** \$25.9 in 2021; expected to increase to 28.8% in 2022

Source: Euromonitor International

**Indonesia prestige beauty sales 2021**

Category	Sales \$	% change 2021/2020
Fragrance	211.4m	-5.3
Skincare	180.7m	+10.8
Color cosmetics	133.3m	+5.5
<b>Total prestige</b>	<b>565.5m</b>	<b>+3.5</b>

Source: Euromonitor International

■ ■ ■ sector through the 2022 Tokopedia Beauty Dealight (TBD) has helped to grow this segment. "This is evidenced by the increase in transactions through TBD this year, which reached almost five times that of the previous year's campaign," says Sherine Pranata, Category Development (Beauty and Personal Care) Senior Lead Tokopedia.

**Brick-and-mortar evolves**

In terms of retail, department-store chains Sogo and Matahari continue to lead the way. However, there are changes in the distribution landscape. "If you look at the category, the fastest growing [channel] is the boutique concept, followed by department stores," says Alwyn Chong, LUXASIA Regional Managing Director for Indonesia and Philippines.

Sephora, which launched in Indonesia in 2014, now has more than 17 stores in the country. The chain is said to be performing well in the country.

Indonesian e-commerce beauty player Sociolla launched physical stores in 2019 and now has 48 stores.

More than 86% of beauty sales are still made from physical stores in Indonesia, according to industry figures. Although beauty specialist retailers showed a decline of 26% in 2021, this is expected to increase by 44.2% in 2022 according to Euromonitor International.

Euromonitor stated that e-commerce for beauty and personal care showed a 29.9% growth rate, and is expected to see growth of 31.4% in 2022

Indeed, key online players Shopee and Tokopedia, both have monthly traffic of over one hundred million. Other online companies, such as Bukalapak, Lazada and Blibli are also set to grow the online share of beauty sales in the country.

With a large youth population, online sales are only set to grow, which is also likely to be healthy for the expansion of the beauty market as a whole in the country. ■



## Driving consumer interest

The Thai market has rebounded, and is set to continue to grow given stronger consumer interest in beauty and the return of tourists *by Mayu Saini*

Thailand's beauty market has seen a strong rebound. "The beauty market in Thailand bounced back this year much stronger than we anticipated; growth has exceeded our expectations," says Srocha Zbinden, Country Manager, Thailand for distribution company LUXASIA. "There's a lot of revenge shopping, which started last year, and a lot of pent-up demand across sectors," observes Karen Ong, Chief Commercial Officer of LUXASIA and Regional Managing Director for Singapore, Malaysia, Vietnam and Thailand. She adds that changes in consumer habits that emerged during Covid have stuck. "In skincare, since facials were not available [during Covid lockdowns], consumers used the time to trade up to more premium products, and they have sustained that. Also, as face masks have come off, there is a huge demand for color."

Growth has been driven by a rise in disposable income in the country and an increase in per capita spend on beauty. The average annual consumer spend is much higher in Thailand than in other countries in the Southeast Asia region at \$99 per year in 2021. This figure is expected to rise to \$107.7 in 2022, according to Euromonitor International.

According to Euromonitor, prestige beauty and personal care grew 4.3% in 2021 to \$1.29bn. Skincare is the biggest category and has seen the highest growth, up 7.8% to reach \$702.2m in sales. Prestige color cosmetics saw a decline of 1.6% to \$241.7m, while prestige fragrances grew by 3.1% to \$96.7m.

While skincare has always been a leading category in Thailand, since

Covid, it has taken on even more importance. Within the category, consumers are moving towards cosmeceuticals formulated with clean, natural and herbal ingredients.

"Health is one of Thai consumers top beauty priorities. Coming out with clean and safe formulations is a must among beauty brands. Brands should also prioritize traceability and transparency processes as top strategies, as Thai consumers expect to see full transparency on product sourcing and performance," says Christine Chua, Beauty Analyst at trend company WGSN.

The male grooming market has been growing, while skin hydration and hair growth therapies are popular with the large trans-gender community in Thailand, as they address issues related to hormone replacement therapies.

Overall, there is a shift in consumer habits and trends, says research company Mintel. "Young consumers are reshaping the industry with demands for diversity, purpose and ethics," according to Mintel Beauty and Personal Care Analyst Sirinar Puppachatt.

### E-commerce expansion

Beauty and personal-care e-commerce has seen strong growth during the past two years. In 2021, sales in the channel more than doubled—up 121.9%, according to Euromonitor. Online sales of beauty are expected to grow another 28.5% in 2022 to \$1.02bn.

"In Thailand in particular, social commerce has driven the

### Key happening

EVEANDBOY, which has 17 beauty stores in Thailand, and is a leader in stocking K-beauty brands, held a popular 'EVEANDBOY K-Beauty Pop-Up Café' in August 2022 in front of its store at Siam Square One. The pop-up café brought in more than 100 Korean make-up and skincare brands, with more than 10,000 skus. Instead of having consumers pre-order the products, items were made available at the event, for testing, experimenting and purchase.





# THAILAND

“

The beauty market in Thailand bounced back this year much stronger than we anticipated; growth has exceeded our expectations

”

LUXASIA Country Manager Thailand  
Srocha Zbinden

■ ■ ■ beauty industry in the past two-to-three years. A lot of local brands that launched and developed during the lockdown sell through social commerce,” explains LUXASIA’s Zbinden.

O+O (offline+online) are buzzwords in Thai retail, and drawing in consumers to experience and educate using multiple platforms is key. Brands partnering with e-commerce companies for creating content has been another trend, as Alibaba-owned Lazada has been doing. What has also worked well with beauty consumers has been Lazada’s introduction of virtual try-on in March 2022 to sample products with pictures or live videos. LazMall also introduced features including ‘Try & Buy’ to try sample-size products for free or at low prices before making purchasing decisions, helping consumers cross price barriers, as well as allowing them to experiment. In addition, Lazada launched ‘brand membership,’ allowing a consumer to join branded stores and receive deals and offers on the brands they join.

Other big players in e-commerce include jd.co.th, the online retail platform created by Chinese e-commerce platform, JD.com in partnership with retail company Central Group; Singapore-based e-commerce player Shopee; and social commerce platform Line, which has more than 370,000 shops on its platform.

As in other markets, online is also fueling interest in beauty and discussion of the category, which is in turn driving product sales. According to analysts, the use of digital channels has created a thirst for product innovation—more than 80% of Thai consumers plan to spend more on beauty, especially on new brands with positive online reviews.

### Brick-and-mortar buzz

Brick-and-mortar stores have seen a strong uptick in 2022. In addition, the return of tourists to Thailand is expected to further boost store footfall and sales. “Customers want the shopping experience again. They are willing to pay more to try out the colors and the products,” states LUXASIA’s Zbinden.

Retail groups Central and The Mall continue to dominate the beauty retail landscape. Central has 22 department stores in Thailand, with 13 in Bangkok, and is in expansion mode. Earlier this year, the group said it plans to invest 100 billion baht (\$3.03bn) over the next five years to expand its retail businesses, which is expected to boost revenue growth and market capitalisation by 2.5 times. The investment will be spent on branch expansions and store revamps, with the aim of maintaining its number-one position in the premium segment, according to a company spokesperson.

The Central Department store declared itself as Thailand’s top beauty destination in 2022, with a special beauty awards event, voted on by

## Trending

Thai consumers are more ready to experiment since the pandemic and are hungry for more experiential occasions in physical stores. Having moved more towards home-grown and organic brands during Covid, consumers have also experimented and traded up to more premium beauty products.

### Thailand at a glance

- **Population:** 70.02 million
- **Urban population:** 52.16% of population
- **Men vs women population:** 49% male/51.4% female
- **Youth population (ages 15-64):** 70% of the population
- **Predicted GDP growth 2022:** 2.8% vs 2021

Sources: Worldometer, Macrotrends, World Bank, IMF

### Thailand’s beauty market

- **Total beauty & personal care sales 2021:** \$6.92bn, +5.4% vs 2020
- **Predicted total beauty & personal care sales 2022:** \$7.55bn, +9% vs 2021
- **Average annual per capita spend on beauty & personal care 2021:** \$99
- **Online sales for beauty and personal care 2021:** \$791.2m, +121.9% vs 2020

Source: Euromonitor International

### Thailand prestige beauty sales 2021

Category	Sales 2021 \$	% change 2021/2020
Skincare	702.2m	+7.8
Color cosmetics	241.7	-1.6
Fragrance	96.7m	+3.1
<b>Total prestige</b>	<b>1.29bn</b>	<b>+4.3</b>

Source: Euromonitor International

consumers. Clarins and Christian Dior emerged as the most-admired brands in the awards, while the winners in the skincare category for 2022 included Biotherm Life Plankton Elixir Serum, La Mer Crème de la Mer, SK-II Facial Treatment Essence and Estée Lauder Advanced Night Repair Eye Concentrate.

In make up, Dior Lip Glow, Nars Light Reflecting Foundation, Laura Mercier Foundation Powder, and Lancôme Grandiose Mascara were the top choices. Chanel Chance Eau Tendre Eau de Parfum was voted best fragrance

Another powerful retailer, The Mall group has nine doors, with seven in Bangkok, and in the highly coveted Em quartier area. Its Paragon department store has a selection of designer collections, while its Beauty Hall has some of the largest beauty counters in Thailand.

The group plans to invest 40 billion baht (\$1.12bn) from next year in store renovation according to company sources, of which 20 billion baht (\$576m) will be used to revamp two of its flagships—The Mall Bang Kapi and The Mall Bang Khae. Renovation and transformation of these areas is expected to result in an offer better tailored to changing consumer habits, with new brands and new concepts through the stores. This is expected to be completed by December 2023.

LUXASIA's Zbinden says that the trend for brands to take space outside in malls outside the department stores, which is common in

Singapore, is beginning to take off in Thailand.

"We see a lot of hybrid models. We have seen more beauty brands taking space outside department stores, but in conjunction with them," she comments.

Beauty stores such as EVEANDBOY a popular multi-brand beauty store, which opened in Siam Square Soi 1 in 2012, now has 17 stores. The chain has caught the interest of Gen Z consumers, and more than 80% of its shoppers are women aged between 18 to 34. The retailer is also the leader in stocking Korean beauty brands across different price levels. K-beauty continues to strongly appeal to Thai consumers.

Sephora is one of the most popular beauty destinations, especially with younger consumers looking for new brands, and more experimentation. It was launched in Thailand in 2013, and first focused on growing the number of its stores in the capital city of Bangkok. In 2019, the first store outside Bangkok opened in Phuket.

Analysts say that given the retail developments in Thailand and the return of tourists, beauty and personal care is in a good position. In addition, consumers are embracing the discounts and excitement offered by online retailers, especially events such as the 10.10 sales festival organized by Shopee. The pandemic has also spurred consumers to return to brick-and-mortar stores to experience products they are increasingly hearing about through social commerce. ■

## Thailand's key beauty retailers

### Central department stores

#### N° of stores: 22

The department-store chain owned by the Central Group has 22 stores. Four department stores are scheduled to go undergo major renovation. Next year, Central will elevate its social commerce experience with the launch of new shopping channels: TikTok Shop and Luxe Chat & Shop.

### Robinsons

#### N° of stores: 36

The department-store chain, which sells mainly mass and masstige products is more popular outside the capital. Robinsons belongs to the Central Group and has a strong footprint. While there are plans to open more Robinsons stores, beauty consumers are finding increasing traction with the Line@Robinsons, Facebook live and personal shopper on demand features.

### The Mall Group

The Mall Group is one of Thailand's largest mall operators with 12 shopping complexes that include various retail formats, such as The Mall, Emporium and Siam Paragon. Luxury shopping mall Emporium Bangkok is a key destination for beauty, as is Siam Paragon department store. The Em Quartier, which is part of the Em district in Bangkok is an important beauty destination.

### Iconsiam mall

Iconsiam mall is owned by the Siam Piwat group and is one of the largest malls in Asia. It has more than 500 shops and a variety of standalone beauty stores, including Sephora. It also has the only Siam Takashimaya store in the country (the Japanese department store chain), which is an important destination for prestige brands in Thailand.

### EVEANDBOY

#### N° of stores: 17

The multi-brand beauty store opened in Siam Square Soi 1 in 2012. It now has 17 stores. Some 80% of EVEANDBOY customers are women aged between 18 to 34.

### Sephora

#### N° of stores: 12

Sephora launched in Thailand in 2013, and first grew the number of outlets in Bangkok. In 2019, the first store outside Bangkok opened in Phuket.

### Shopee.co.th

Shopee is the leading e-commerce platform in Southeast Asia. Launched in 2015, the platform prides itself on an easy, secure and fast online shopping experience.

### Lazada.co.th

Lazada.co.th is one of the most popular e-commerce sites in Thailand, with 43.6 million visits in October 2022, and has been ramping up its beauty offer with virtual try on, and LazMall in which brands open their own virtual shops.

### Jd.co.th

Jd.co.th is the online retail platform created by Chinese e-commerce platform, JD.com in partnership with retail company Central Group. It officially launched in 2018.

### Line shopping

Social-commerce platform Line has 370,000 shops on its platform. It is finding continued success with its combination of commerce and customer engagement.





# MALAYSIA



## Trading up

Prestige beauty is performing well in Malaysia, and has overcome the worst of Covid *by Mayu Saini*

Beauty in Malaysia recovered from Covid in 2021, and has seen strong growth in certain areas, especially in prestige beauty, whose sales rose 5.6% to \$575.5m, according to Euromonitor International. For 2022, the total beauty and personal-care market is forecast to grow by 14% to \$3.11bn, says Euromonitor. This is double the 7% growth rate registered in 2021. Some industry executives say that growth could be higher at around 15% to 18%. The average annual consumer spend on beauty in 2021 was \$83.1, and this is expected to rise to \$93.9 in 2022, according to Euromonitor International, as consumers trade up to more prestige products

Prestige skincare has seen the highest growth, up 8.6% to \$391.4m, driven by moisturizers, premium anti-agers, and men's grooming, according to retailers. Fragrance sales rose 5.3%, while color cosmetics sales were down 5.5% to \$95.8m. "In Malaysia, although sales of color cosmetics dropped due to Covid-19 and the use of masks and work from home, [color collections from] brands such as YSL and Christian Dior are popular. We also see a trend where fashion designer brands are becoming even more sought after; in general, Malaysians love new things," states distribution company LUXASIA Country Manager, Malaysia Cindy Poh. Despite the decline in make up, brow pencils,

mascaras, foundations and powders, moisture lip balms and lightly tinted lip colors have seen success among younger consumers.

During the pandemic, it was difficult for foreign brands to import products to the market. As a result, more consumers began trying local products. However, this has not meant the big foreign names have lost share, but has seen consumers open to try both local and global names.

### Key happening

E-commerce platform Lazada Malaysia launched the LazBeauty Club in October 2022 to bring consumers exclusive offers and membership perks from both global and Malaysian brands. The club gives monthly exclusive vouchers from both Lazada and participating brand partners, as well as news about trending products and product recommendations by 'LazBeauty Insiders', who include local celebrities and influencers.

### Beauty stands alone

In terms of retail, there has been a big focus on branded standalone stores in the market, especially over the past year. Brands such as Tom Ford, Nars, Diptyque, Laneige, Estée Lauder and Lancôme continue to look at Malaysia through this lens, as consumers return to brick-and-mortar.

Other new store openings have included: The History of Whoo, Sulwhasoo, Chanel, Bath & Body Works, YSL and MAC Cosmetics.

There is also increased interest in niche brands, especially in fragrance. To cater to this, LUXASIA opened the first door for its high-end niche retail concept, Escentials, in Malaysia in 2021. Another door for the retail concept will open in 2023.

Also in 2021, a new Kens apothecary store opened at Sunway Pyramid, a shopping mall located in Bandar Sunway in Kuala Lumpur



The [10.10 Glam Squad] promotion included discounts up to 70%, special perks like an exclusive gift with purchase, and vouchers for up to 10% off for new followers



Lazada Malaysia Chief Business Officer  
Chenxi Zhou

featuring a shop-in-shop concept for Diptyque. The store carries a wide range of luxury niche and premium brands, including Jack Black, Goutal Paris and Malin+Goetz. Kens apothecary opened a first store in 1999, with the aim of creating a luxury beauty destination and bringing skincare and niche fragrances from around the world to Malaysia. There are six stores now in Kuala Lumpur's premier shopping malls with more than 20 luxury and niche brands.

Department store chain Parkson continues to be the preferred place for many premium and prestige brands, while LVMH-owned retailer Sephora is becoming a key retail destination for younger consumers. Recognizing the importance of the Malaysian beauty market, Sephora launched its largest store globally at the Fahrenheit 88 Shopping Mall in Kuala Lumpur at the beginning of 2020. The 17,000ft<sup>2</sup> (1,600m<sup>2</sup>) store sells brands such as Sulwhasoo Bobbi Brown, Maison Margiela and Aerin, and also houses a Sephora Lounge, a photography studio, as well as skin analysis services and personal shopper experiences.

Indeed, skin analysis tools and new ways of experimenting with make-up are catching on. Tools such as Sephora's Virtual Artist or Kiehl's Instant Skin Reader, have been embraced by consumers.

### E-commerce boost

The e-commerce market for beauty & personal care in 2021 reached sales of \$151.4m, up 10.7%, according to Euromonitor International. The market is expected to grow 17.4% in 2022 to \$177.6m.

E-commerce is helping to enlarge the beauty market in Malaysia. The sector's players have also evolved to become known for specific beauty categories. For example, Zalora, an online fashion retailer headquartered in Singapore, is known for its fast delivery, cash-on-delivery and free returns, and is also a big player in Malaysia's beauty market. Fragrance is the top seller in its beauty segment, accounting for 67% of sales within beauty.

While at Alibaba-owned Lazada, skincare accounts for 78% of beauty sales and color cosmetics make up for 18.5% of beauty sales. Asian online platform Shopee has an even bigger business in skincare, which accounts for 90% of its beauty sales, while make-up accounts for 8.5%.

E-commerce players have been drawing in consumers with special offers, discounts, and previews of new launches. Lazada Malaysia ■■■

### Malaysia at a glance

- **Population:** 33.35 million
- **Urban population:** 76% of population
- **Men vs women population:** 51% male/49% female
- **Youth population (ages 15-64):** 69% of population
- **Predicted GDP growth 2022:** +6.4% vs 2021

Source: Worldometer, Macrotrends, World Bank

### Malaysia's beauty market

- **Beauty & personal-care sales 2021:** \$2.73bn, +7% vs 2020

Source: Euromonitor International

- **Predicted beauty & personal care sales 2022:** \$3.11bn, +14% vs 2021

- **Per capita spend on beauty and personal care 2021:** \$83.10; forecast for 2022: \$93.90

Source: Euromonitor International

- **Online beauty and personal care sales 2021:** \$151.4m, +10.7% vs 2020

Source: Euromonitor International

### Malaysia prestige beauty sales 2021

Category	Sales \$m	% change 2021/2020
Skincare	391.4	+8.6
Color cosmetics	95.8	-5.5
Fragrance	67.1	+5.3
<b>Total prestige beauty</b>	<b>575.7</b>	<b>+5.6</b>

Source: Euromonitor International





Chief Business Officer Chenxi Zhou explains that customers were able to tune in to the 10.10 Glam Squad on the Lazada app starting October 5, where fans of leading brands could access only-on-Lazada daily promotions.

"The promotion included discounts up to 70%, special perks like an exclusive gift with purchase, and vouchers for up to 10% off for new followers," he says. The interest in beauty among consumers is apparent, and new stores and online development, look set to drive the market further.

**Trending**

**The number of beauty standalone stores is on the rise in Malaysia. They include Shiseido-owned Serge Lutens' first store in Malaysia at Sogo KL, as well as stores from as Tom Ford, Nars, Diptyque, Laneige, Estée Lauder and Lancôme.**

### Malaysia's key beauty retailers

#### Parkson

**N° of stores:** 38

Parkson is a home-grown Malaysian retail chain and the largest department-store group. It sells the largest number of beauty brands in the country. The opening of the second-largest Parkson store in January 2022 at Bukit Jalil in Kuala Lumpur became an important new door for prestige beauty. This new opening was located strategically with access to a 1.9 million catchment population. The flagship store, Parkson Pavilion, was opened in 2007.

#### Sephora

**N° of stores:** 21

Sephora was first launched in Malaysia in 2011 with a flagship store in Starhill Gallery, Bukit Bintang, and quickly became the go-to destination for make-up lovers. Sephora opened its largest store globally at the Fahrenheit 88 Shopping Mall at the beginning of 2020 in Kuala Lumpur.

#### Isetan

**N° of stores:** 3

Japanese retailer Isetan's third store in the country is under renovation in KLCC, and is expected to open in 2024. Isetan opened its first store in Kuala Lumpur in 1990.

#### Sogo

**N° of stores:** 3

Sogo is the biggest fragrance retailer in Malaysia, having opened its first store in Kuala Lumpur in 1994. It has expanded its luxury concept in the beauty segment, as well as increased its number of promotions for beauty brands.

#### SaSa

**N° of stores:** 30

Hong Kong-based SaSa has 30 stores in Malaysia.

#### Aeon

**N° of stores:** 12

Aeon malls have been undergoing restructuring since 2021. It has ramped up its e-commerce and delivery speeds in 2022, as well as its brand offerings. In August 2022, Aeon unveiled Real Beauty, its stamp of approval for brands related to all-things beauty from skin, body and hair care to cosmetics and fragrance. Real Beauty represents a selection from industry experts' and customers' views.

#### Zalora

Zalora, an e-commerce fashion and lifestyle retailer, which launched in 2012, is among the top beauty sellers online, and its 11.11 beauty sale in 2022 drew in consumers with discounts on a variety of brands.

#### Lazada

Launched in 2012, Lazada is the number-one online shopping and selling destination in Southeast Asia—present in Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam. As a part of its strategy, Lazada has been growing LazMall in Malaysia—offering brands their own store presence in a virtual mall. Across categories, the recent 9.9 Brands and Beyond Sale saw a large lift in sales within the first hour. At a LazMall Gala Dinner in November 2022, Lazada recognized The Estée Lauder Companies Malaysia for its outstanding growth.

#### Shopee

Online retailer Shopee launched in Malaysia in 2015. The company offers beauty tips, AR services, and deals, which has seen consumers return to the site for beauty bargains, according to industry analysts. Shopee's Beauty Bonanza in October which offered one-for-one deals (buy one get one free), discount vouchers at noon and midnight and a Beautyholi membership, which offers members-only discounts and promotions.