

Southeast Asia and India highlighted as golden opportunities in LUXASIA & Kearney report

October 12, 2023

The luxury beauty market in Southeast Asia and India is projected to reach \$7.6bn by 2026, according to a report called *Unlocking Hyper-growth in Asia's Luxury Beauty Landscape* co-written by Asian distribution company LUXASIA and consulting firm Kearney.

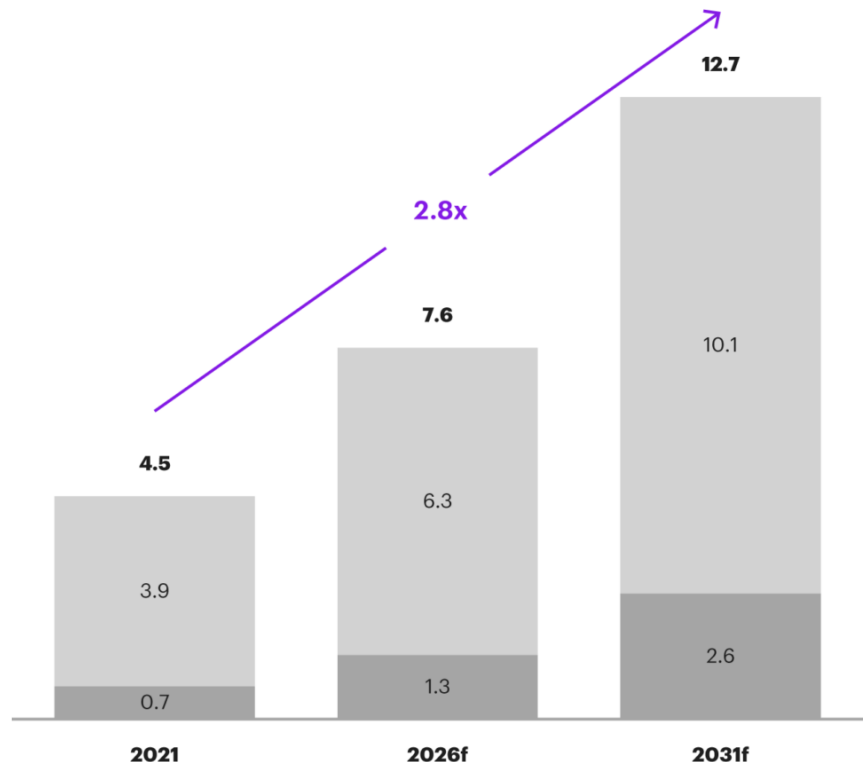
This represents an 11% compound annual growth rate (CAGR) from \$4.5bn in 2021, which is the equivalent of an average of around \$1bn additional luxury beauty spend coming into the space every two years. This strong growth is anticipated to continue, and in 10 years the market size will nearly triple, prompting the authors to describe Southeast Asia and India as “the golden window of opportunity for the next decade.”

The report sets these growth prospects against the largest markets in Asia—China, Japan, and Korea— which it says are now mature and seeing intense local competition. It adds that stiff competition and heightened consumer maturity are making it more challenging for brands—especially newcomers—to scale fast in these markets.

Figure 1

The luxury beauty market in Southeast Asia and India is slated to triple in size in a decade with a CAGR of 11%

Luxury beauty market
(\$ billion)



Sources: Euromonitor; Kearney analysis

International brand potential

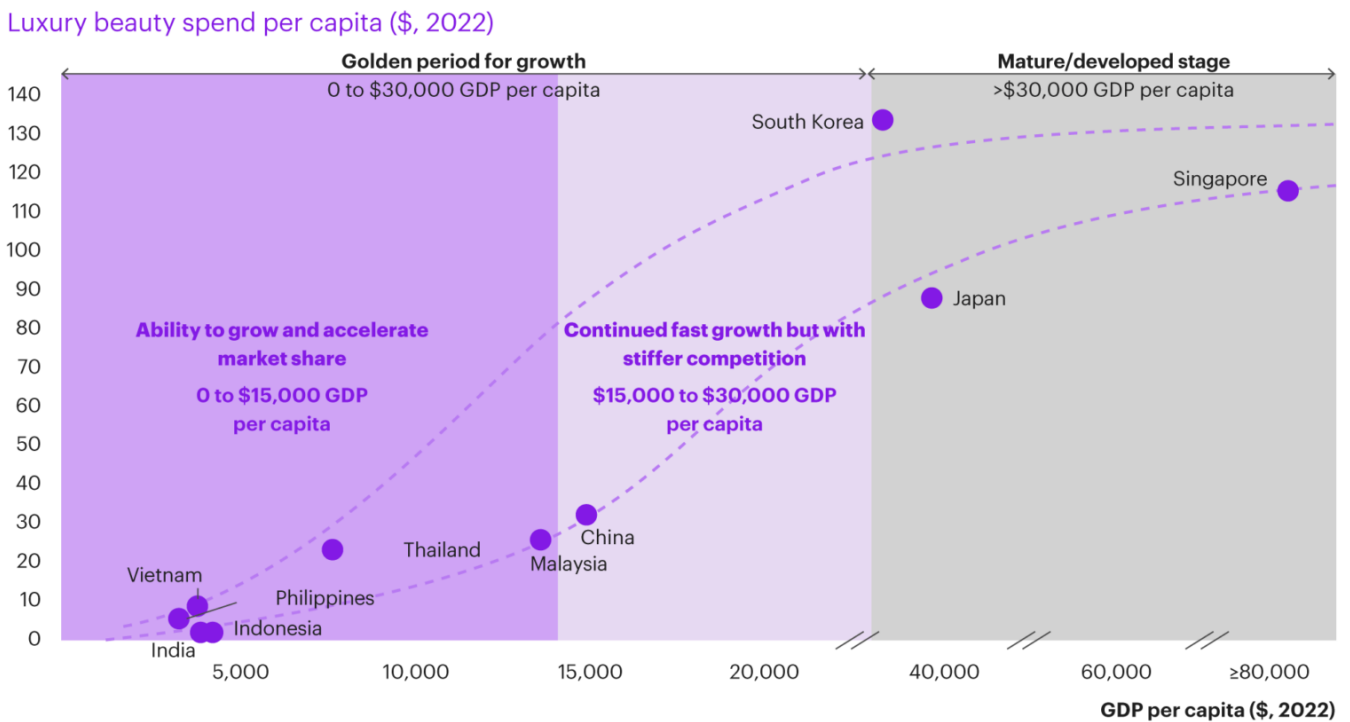
The research shows that Southeast Asia and India are approaching an inflection point and are set to experience a decade of double-digit growth in luxury beauty. The market's growth is fueling the proliferation of local beauty

brands, which are likely to operate in the masstige category, leaving the luxury beauty segment open for international players.

The report states that luxury beauty in Southeast Asia and India will continue to be dominated by international brands. While local luxury brands account for up to 40% of the sector in mature markets, they have a much lower presence in emerging markets. As seen in the growth trajectory of the Chinese, Japanese, and South Korean markets, local luxury beauty brands are inclined to emerge and compete against international players as a market matures. The authors believe Southeast Asia and India remain far from this stage.

The paper also points out that as economies in Southeast Asia and India mature, more consumers will inevitably move up the economic ladder and trade up from mass to luxury. This region's combined size of the middle- and high-income classes is expected to exceed one billion in 2026. Overall, the report states that India, Thailand, Vietnam, Indonesia and The Philippines have the most potential.

Figure 2
Southeast Asia and India are reaching the inflection point of growth in luxury beauty

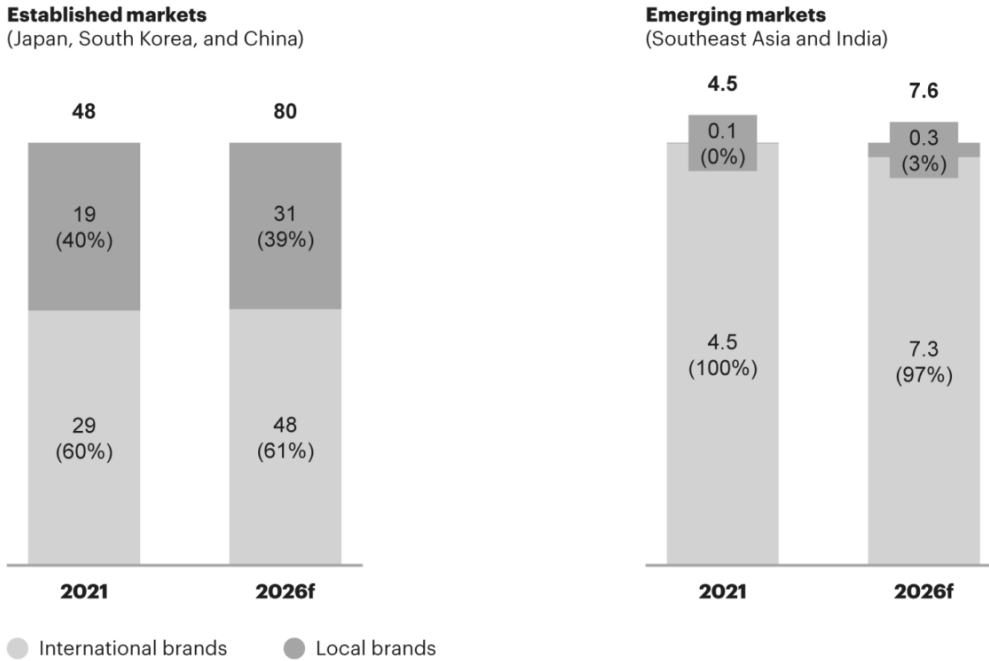


Sources: Euromonitor; Kearney analysis

Figure 3

Luxury beauty in emerging markets will continue to be dominated by international brands

Breakdown of luxury beauty brands (\$ billion)



Sources: Euromonitor; Kearney analysis

Challenges and solutions

Despite the opportunity, brands still face six challenges entering these markets. They are: multi-dimensional omni-retail networks; heterogeneous local product preferences; divergent marketing approaches; challenging regulatory frameworks; costly and idiosyncratic supply-chain landscapes, and partner selection.

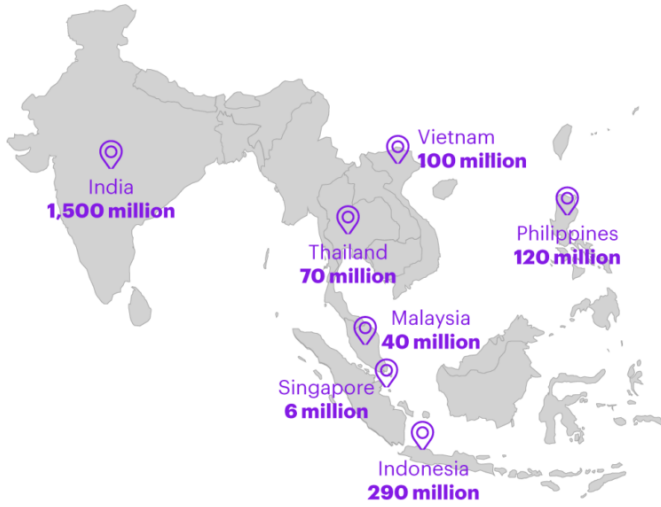
To address these challenges, the paper outlines six execution imperatives: Optimize the retail footprint to create multi-touchpoint experience hubs; harness e-commerce growth; forge capabilities to benefit from the growth of social commerce; build deep local consumer understanding through data aggregation and analytics; leverage logistics partners to build a robust network and choose with the right omnichannel brand-building partners.

Figure 4

Southeast Asia and India will see healthy growth in their middle- and high-income population

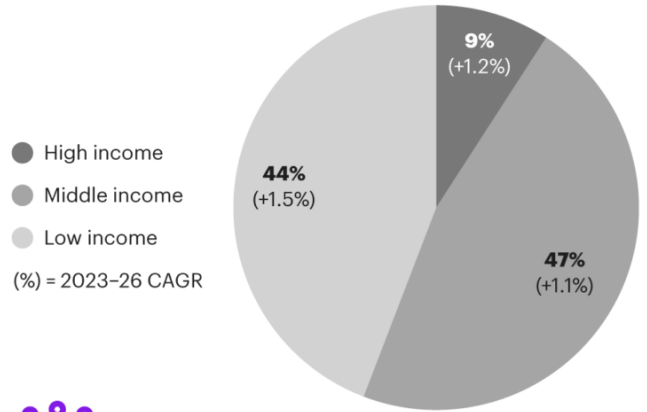
The population is estimated to surpass 2 billion in 2026.

2026 population



More than 1 billion middle- and high-income consumers in 2026.

2026 population by income



More than 1 billion

Estimated number of middle- and high-income consumers in 2026

Sources: World Bank, Euromonitor; Kearney analysis

Figure 6

The omnichannel network in Southeast Asia and India is complex

Market	Department stores	Chain stores	E-commerce and online marketplaces	Social commerce	Others
Singapore	BHG, Isetan, Metro, Takashimaya, TANGS	esentials, Guardian, Novella, Sephora, Watson's	Amazon, Lazada, Qoo10, Shopee, Zalora	Facebook, Instagram, TikTok	Grab, Krisshop, "Retailer.com" sites, Strawberry.net
Malaysia	AEON, Isetan, Parkson, SOGO	esentials, Guardian, KENS Apothecary, Sasa, Sephora, Watsons	Hermo, Lazada, Qoo10, Shopee, Zalora	Facebook, Instagram, TikTok	"Retailer.com" sites
Vietnam	Lotte, Parkson, Robins, Takashimaya	AB Beauty, Beautybox, esentials, Guardian, Hasaki, Sociolla, Watson's	Lazada, Sendo, Shopee, thegioididong, Tiki	Influencers selling on FB, Instagram, TikTok, Zalo	"Retailer.com" sites
Thailand	Central, Emporium, Robinson, The Mall Group	Beautrium, Boots, esentials, Eve & Boy, KIS, Matsumoto, Sephora, Tsuruha, Watson's	JD.com, Lazada, Shopee	Facebook, Instagram, LINE	"Retailer.com" sites
Indonesia	Central, Debenhams, Galeries Lafayette, Matahari, Metro, Seibu, Sogo,	C&F Perfumery, Guardian, Sephora, Sociolla, Watson's	Blibli, Bukalapak, JD.com, Lazada, Shopee, Sociolla, Tokopedia	Facebook, Instagram Niche players: Raena (Beauty), TikTok	Gojek, "Retailer.com" sites
Philippines	Landmark, Robinsons, Rustan's, SM	The Look, Watson's	BeautyMNL, Lazada, Shopee, Zalora	Facebook, Instagram, TikTok	"Retailer.com" sites
India	Central, Lifestyle, Shoppers Stop	Boddes, Health & Glow, Nykaa, Sephora, SS BEAUTY, Tira	Amazon, Boddes, Flipkart, Myntra, Nykaa, Purpille, Tata CLiQ Luxury	Facebook, Instagram, KikoLive (lower-end), Meesho	MyGlamm.com, "Retailer.com sites," Sephora (hosted on nnow.com)

Note: Players for each channel and market are presented in alphabetical order and non-exhaustive.

Source: Kearney analysis

Other news



Special Edition: The Beauty Party in pictures

October 12, 2023

Re-live The Beauty Party in our special edition photo reportage on the event, which took...



Olaplex CEO JuE Wong steps down, replaced by Amanda Baldwin

October 12, 2023

Olaplex CEO JuE Wong is to step down, with the company appointing Amanda Baldwin as her replacement.



Argeville opens new center in India

October 12, 2023

Argeville has opened a new center in Mumbai, India.

Most read _____

[Industry Talks: MANE Global Fine Fr...](#)

[This Week in Beauty October 2-6, 20...](#)

[BW Confidential recognizes A.S. Wat...](#)

[BW Confidential's October-Dec...](#)

[SK-II opens first store in Vietnam...](#)

[MANE France makes new appointments](#)

[TFWA World Exhibition & Confer...](#)