



**Flanders**  
State of the Art



# **COSMETIC INDUSTRY** **IN BRAZIL**

**FLANDERS INVESTMENT & TRADE MARKET SURVEY**

////////////////////////////////////

# COSMETIC INDUSTRY IN BRAZIL

Publication date / December 2022

////////////////////////////////////

Flanders Investment & Trade Brazil  
T +55 11 31 41 11 97  
[saopaulo@fitagency.com](mailto:saopaulo@fitagency.com)

# CONTENT

---

1.	Introduction.....	3
2.	Cosmetics among Brazilians.....	5
3.	Foreign trade in cosmetics.....	20
4.	Regulations and taxes.....	27
4.1	Brazilian regulatory framework	27
4.2	Main laws	30
5.	Trends .....	31
6.	Associations, trade fairs and press.....	35



# 1. INTRODUCTION

---

The cosmetics industry has been very dynamic in Brazil and it is the fourth-largest beauty and personal care market in the world, after the US, Japan and China. In 2021 the sales of cosmetics products totaled R\$ 124.5 billion in Brazil and registered 1.7% growth.

Cosmetics are used to enhance the beauty and physical appearance of a person. Chiefly, these cosmetic products are manufactured from artificial sources. Cosmetic products are mainly intended for external cleaning, perfumes, changing appearances, correct body odor, protect skin, and conditioning among others. Ranging from antiperspirants, fragrances, make-up, and shampoos, to soaps, sunscreens and toothpastes, cosmetics and personal care products play an essential role in all stages of a consumer's life.

Brazilian consumers are concerned about their appearance and admit spending on products and beauty services to improve self-esteem, according a survey carried out by the Credit Protection Service (SPC Brasil) and by the National Confederation of Store Managers (CNDL). The study data reveal that 62.7% of the Brazilians consider themselves vain and concerned about their appearance and 65.7% agree with the idea that taking care of beauty is not luxury but a necessity. Almost half of the respondents (49.4%) believe that spending money to improve appearance physics is a worthwhile investment, as it provides a sense of happiness and satisfaction.

Brazil has more than 213 million inhabitants of which nearly 85% live in urban environments, so it is a country with a high potential for consumption. It is one of the largest economies in the world (the GDP was 1,608.00 USD billion in 2021), according to Trading Economics global macro models and analysts' expectations.

The Brazilian Cosmetics Market is expected to grow at a substantial rate over the next years. Factors such as the growing demand for skin and sun care products due to varying climatic conditions, rising disposable income and changing lifestyles will support it<sup>1</sup>. The increasing number of beauty salons is also giving a healthy push to the market growth. On the other hand, the fluctuations in raw material supply or price sensitivity associated with raw materials are challenges to cope with.

According to Anvisa, the Brazilian Health Regulatory Agency, there are 3,130 companies in the Cosmetics sector (Home care, Personal care, Performance Chemicals) in Brazil. The Southeast region leads the ranking, with 1,866 companies, followed by the South, 626, the Northeast, 354, the Midwest, 218 and the North, 66. In 2020, 205 new cosmetics industries were registered in Brazil, which is 7% more than in 2019.<sup>2</sup>

These figures give an idea about Brazilian consumers behavior and their search for novelties. Brazilians are increasingly looking for natural ingredients and for environmentally friendly products.

---

<sup>1</sup> <https://www.businesswire.com/news/home/20220316005634/en/Brazil-Cosmetics-Markets-Competition-Forecast-Opportunities-2016-2021-2022-2026-with-2020-as-the-Base-Year---ResearchAndMarkets.com>

<sup>2</sup> <https://abihpec.org.br/voce-sabia-que-existem-3-130-empresas-de-hppc-instaladas-no-brasil/>



The improving living standards of consumers supported by their rising income levels have increased the per capita expenditures on beauty and personal care items in Brazil. Furthermore, the growing working women population in the country is also propelling the demand for various cosmetic and personal hygiene products, such as foundation creams, lipsticks, eye makeup, deodorants, etc. Additionally, the wide availability of beauty and personal care items in compact, easy-to-carry, and convenient packaging solutions for on-the-go usage is further catalyzing their demand in Brazil. Apart from this, the rising influence of social media beauty trends and numerous celebrity endorsements promoting the use of cosmetics and personal grooming items is augmenting the market growth.

Local consumers are increasingly considering sustainability as an important factor, such as more natural compositions, paying greater attention to labels, attempting to learn about the ingredients in the product formulation, also looking for products using fewer chemicals and considering the impacts in the planet, commonly referred as “Clean Beauty”.

Considering the challenge to reach customers living in rural areas, the ‘door to door’ sales model has been a supply channel for decades and resulted in a successful business model combining personal contact with individual support to the customers by the sales consultant.

Social media supported this business model providing updated information about the products and about the launch of new products.

The country has major international players including Unilever, Coty, Johnson & Johnson, L’Oreal, Procter & Gamble and Beiersdorf but there are also several national companies, such as Natura (the leading company in Brazil) and Grupo Boticário. In 2021 Natura, Grupo Boticário and Unilever together had a market share of more than 37%.

Major international players from the sector are always looking to this challenging and interesting market.







government provided emergency resources to informal and low-income workers, an initiative that totalled BRL 230 billion. This functioned as a powerful fiscal injection to make it capable of keeping consumption patterns close to normal. The government also provided BRL 1 billion in resources for the payment of electricity bills of low-income workers, advance payment of the 13<sup>th</sup> salary for retirees, and subsidized personal credit in public banks, among other benefits.

For the business sector, subsidized credit lines were available in state banks for working capital. This in addition to the postponement of tax payments, resources for payment of wages to infected workers for 15 days, flexibility in labor legislation to allow a reduction in working hours and partial reduction of wages to avoid layoffs. In return, companies were committed to not making layoffs to adjust costs.

THE BRAZILIAN CONSUMER

The Brazilian population pays a lot of attention to beauty, vanity and care of the body. Dyeing and treating hair, taking care of the skin, attending manicures and painting the nails weekly for example, are very common practices among women. Even if hygiene habits diverge, it seems that Brazilians, according to surveys, bathe on average 12 times a week.<sup>3</sup>

Smelling good is part of the Brazilian culture. 78% of the population consumes items with fragrances, while in Europe that percentage is 50%, in the United States around 30% and in China no more than 2%.<sup>4</sup>

It is quite challenging though to identify a typical Brazilian in a country with a mixture of Indian, African and European roots. Depending on the location there is a concentration of European immigrants and products for the white European skin or Africans immigrants looking for products to empower their hair.

In the past it was very common that Brazilians tried to hide their curly hair, spending a lot of money to straight their hair. Nowadays in Brazil, curly hair is increasingly associated with self-assertion, self-esteem and behavior.

According to a recent survey by Picodi (the website specializing in online discount codes and coupons), Brazilian women spend around R\$ 1,530 (USD 303) per year on make-up, which is more than Mexican women (USD 290 per year), Argentine women (USD 236 per year) and 11 times more than what English women spend on it.<sup>5</sup>

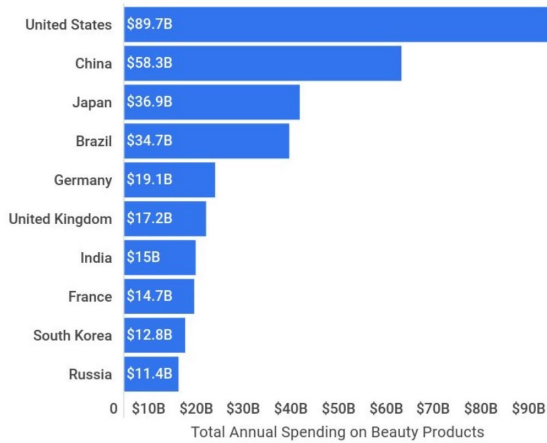
---

<sup>3</sup> <https://www.sallve.com.br/blogs/sallve/chuveiro-todos-os-dias-brasileiros-no-topo-do-ranking-mundial>  
<sup>4</sup> <https://valor.globo.com/empresas/noticia/2022/11/28/como-a-ceo-da-coty-enxerga-o-brasil.ghtml>  
<sup>5</sup> <https://www.brazilbeautynews.com/brasileiras-gastam-r-1-530-por-ano-em-maquagem.3751>





### SPENDING ON BEAUTY PRODUCTS BY COUNTRY



Zippia – figures 2018 - <https://www.zippia.com/advice/cosmetics-industry-statistics/>

### THE BEAUTY SALON INDUSTRY

The beauty salon industry, which has professionals such as hairdressers, manicurists and pedicures, is growing very fast in Brazil. In June 2022 alone, more than 11,000 new businesses emerged, an increase by 28.5% compared to June 2020. According to Estadão, customers are looking for hair cut (29%), manicure (24%), coloring (24%) and brushing (13%).

According to data from ABIHPEC, beauty salons had an annual growth rate of 8.2% in the last 10 years, moving around R\$ 100 billion per year. Since 2013, its number grew with 567%, from 72,000 professionals to more than 500,000 above. The beauty salon sector is the second largest sector in terms of number of active enterprises throughout the national territory (Business Map, Ministry of Economy).<sup>6</sup>

According to Euromonitor, Brazil had 500,000 beauty salons in 2021, representing a turnover of about R\$ 100 billion per year. The chart below also highlights that 83% of these salons are aimed at women.



<sup>6</sup> <https://br.noticias.yahoo.com/brasil-abriu-343-saloes-de-beleza-em-dois-anos-154232042.html>

<https://negociosdebeleza.beautyfair.com.br/saloes-de-beleza-crescem-em-2022-veja-dados-animadores-para-o-setor/>



The most updated research about the importance of beauty among Brazilians took place in 2016, a survey carried out by the Credit Protection Service (SPC Brasil) and the National Confederation of Shopkeepers (CNDL) in all capitals and within the 26 States and the Federal District. It found out that seven out of ten Brazilians believe that spending on beauty is a necessity and not a luxury. Research points out that 23.4% of consumers spend more than their budget allows for beauty care. For most respondents, appearance attributes enhance life and professional career opportunities.

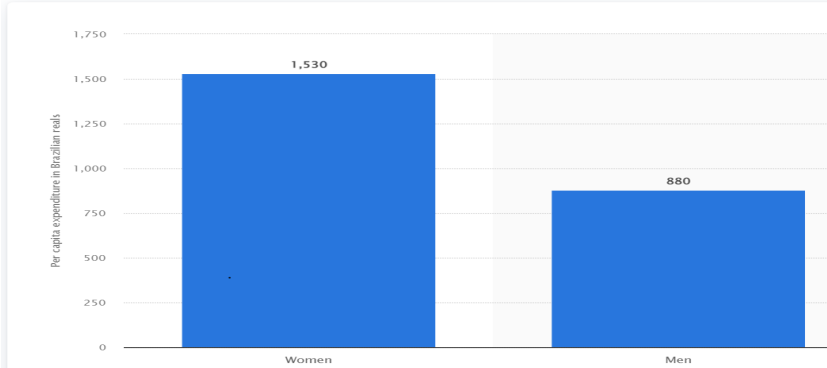
It also reveals that even in times of crisis, spending on beauty is still seen as a priority for many Brazilian consumers. The survey points out that in the face of the economic crisis that has left families' budgets tighter, Brazilians have chosen to give up spending on leisure activities instead of reducing purchases of products and services related to beauty and aesthetics.

Brazilian consumers are vain about their appearance and admit spending on beauty products and services to improve self-esteem. Another number that reinforces the concern of Brazilians with their own image is that almost half of respondents (49.4%) believe that spending money to improve their appearance is a worthwhile investment, as it provides a feeling of happiness and satisfaction.<sup>7</sup>

EXPENDITURE ON COSMETICS BY GENDER

While a Brazilian woman spends BRL 1,530 on cosmetics annually, a man spends BRL 880, as shown in the graphic below (per capita expenditure on cosmetics in 2020).

**Annual per capita expenditure on cosmetics in Brazil**  
(in Brazilian reals)



<https://www.statista.com/statistics/1175106/per-capita-cosmetics-expenditure-gender-brazil/>

Brazil has the second largest market for men's grooming, behind the USA. In 2019 it represented USD 6,1 billion followed by Germany with USD 2,9 billion. Brazil also has the second largest market for fragrance for men.

7 file:///C:/Users/saop07/Downloads/release\_pesquisa\_mercado\_beleza\_vf6.pdfhttps://site.cndl.org.br/na-crise-brasileiro-escolhe-cortar-atividades-de-lazer-em-vez-de-gastos-com-beleza-aponta-estudo-do-spc-brasil/



COSMETIC INNOVATION			
Men's Grooming – 2019 – US\$ Bilhões			
Posição		Pais	US\$ Bilhões
1º		Estados Unidos	9,348
2º		Brasil	6,117
3º		Alemanha	2,906
4º		China	2,264

Fonte: Euromonitor Internacional

Expenditure on cosmetics by women

A Brazilian woman has on average about 22 beauty products in her bathroom, as revealed by the survey from Picodi.

However, only 8 out of these 22 products are used on a regular basis. According to Picodi, this can be explained by the fact that 39% of the women who answered the survey buy their cosmetics when they are on sale, while 32% wait until they are finished and 29% whenever they want.

A large majority of the women (77%) mentioned price as the key buying factor for make-up. The brand is crucial for 55%, while 30% said their choice is based on their own preferences. Other purchasing criteria are recommendations from influencers (28%), expert opinions (20%), the list of ingredients (18%) and the opinion of friends (16%).

The price is also a decisive factor for the choice between traditional and ecofriendly cosmetics. The majority of the women surveyed (54%) stated that they buy ecofriendly cosmetics only if the price is reasonable. However, 38% always buy eco-friendly cosmetics while only 8% said they have no interest in this kind of beauty products, 45% of them indulge themselves in buying prestige cosmetics occasionally, while 40% said they never buy such products.

For many Brazilian women, makeup is part of the daily beauty routine. However, 13.9% of the Brazilian women from the survey do not wear makeup. Among those who do, 37% wear makeup daily, while the majority (44%) wear make-up occasionally and 19% only on special occasions. Statistically, the makeup case of a typical Brazilian woman contains: 8 lipsticks, 3 lip liners, 3 blushes, 4 mascaras, 7 eyeshadows and 9 nail polishes.



EXPENDITURE ON COSMETICS PER PRODUCT TYPE

Perfumes

As you can see in the table below, in 2019 the country had the second largest market for fragrances behind the US.

COSMETIC INNOVATION			
Fragrâncias – 2019 – US\$ Bilhões			
Posição		País	US\$ Bilhões
1º		Estados Unidos	8,706
2º		Brasil	6,676
3º		Alemanha	2,558
4º		Reino Unido	2,466

Fonte: Euromonitor Internacional

In 2020, the perfumery segment performed surprisingly well as it grew by 8.4% (January to December 2020 - ex-factory sales compared to the same period of the previous year).

During the pandemic, some obstacles could interfere with the sale of perfumes, since perfumery stores were closed for a long time or with operating restrictions. However, according to ABIHPEC, companies reinvented themselves and invested in alternative sales channels, proving that it is possible to attract buyers even from a distance. The possibilities of making purchases through e-commerce, exchanging experiences on social networks and interacting with brands virtually, ensured consumer access to perfumery items.

In addition, another highlight that caused the growth of perfume sales was the increase in Brazilian interest in national perfumes. This was not only due to restrictions on travel abroad, but also due to the increase in prices for imported items, as a result of the increase in the dollar.

Hair Care

When it comes to total sales of hair care products, Brazil was worldwide on the 4<sup>th</sup> position in 2020, behind United States that leads consumption with BRL 13,667 billion, followed by China and Japan.

COSMETIC INNOVATION			
HAIR CARE			
Global – Top 4 Países 2020 - US\$ bilhões			
Posição		País	US\$ Milhões
1º		Estados Unidos	13,667
2º		China	8,520
3º		Japão	6,154
4º		Brasil	4,494



Fonte: Euromonitor Internacional 2020

Andrew McDougall, Global Beauty & Personal Care Analyst at Mintel, points out that the growing interest in overall wellness makes many consumers paying more attention to hair health and choosing natural styles and products. According to the research company, 34% of Brazilian women define their current hairstyle as 'natural', that is, without colors or treatment. "Hair



diversity needs to be a key focus for hair care brands in 2021. As with skin care and color cosmetics, consumers are experiencing a greater variety of hair care products for different hair textures.”<sup>8</sup>.

The hair care market is dominated by Unilever, L’Oreal and Procter & Gamble, responsible for more than 50% of the market.

COSMETIC INNOVATION		
HAIR CARE		
Brasil – Top 3 Fabricantes - Participação % - 2020		
Posição	Empresa	Participação %
1°		24,1
2°		19,2
3°		7,8

Fonte: Euromonitor International 2020

<https://cosmeticinnovation.com.br/mercado-brasileiro-de-hair-care-supera-os-r-23-bilhoes-em-2020/>

In 2020, due to COVID, customers spent more time at home and had more time for hair care. So the pace of hair care product launches accelerated and this tendency continued in the first months of 2021, with brands betting on products that incorporate skincare ingredients, high performance and immediate effect.

*The Makeup Market*

Purchasing behavior during the period of social isolation directly affected the beauty market, reaching, in particular, the makeup category. According to data from the market intelligence company NPD Group, this is the only category that has not yet fully recovered and that remained at a level (in units) below the one of 2019.

But despite that, the makeup market has recorded a growth in 2022 compared to 2021. According to data from the NPD Group, the makeup category gained 0.3% in the first half of 2022. The growth is a result of sales of eye and lip products, mainly driven by the performance of physical stores. But lip products are still not showing the same level of performance as in 2019. The subcategories of glosses and plumpers gained market share and, together, grew by almost 2 digits.

*The Treatment Products*

In the opposite direction to the makeup category are the treatment products, which grew significantly in the years 2020 and 2021 and showed a growth in the number of units sold lower than the market average in the first half of 2022. “With social isolation people stayed longer at home and were very concerned about skin care. Therefore, the category of treatments has increased considerably. Currently, we see this category returning to pre-pandemic levels of consumption in the coming months.”, says Ana Seccato, commercial director of the NPD Group.

<sup>8</sup> <https://cosmeticinnovation.com.br/mercado-brasileiro-de-hair-care-supera-os-r-23-bilhoes-em-2020/>





While this purchase indicates that Natura is consolidating the Latin American market, it has not limited itself to this region, nor has it limited itself to a consultant-led business model. Both of its prior purchases, Aesop and The Body Shop, have strikingly different approaches for consumer engagement, relying more on traditional brick-and-mortars.

Natura itself only has 45 stores in about eight countries, whereas Aesop has 247 signature stores and The Body Shop has 3,000 locations in 70 countries globally. Although the Brazilian company has been successful domestically with its direct selling, Natura understands that different consumers have different needs, and so it uses the new brands to accommodate them.

Natura & Co's financial performance was very good in 2021: its net revenue rose by 8.8% while its operating profit rose by 41.6%.

The company is particularly concerned with its social message, maintaining an environmentally friendly stance with each of its products. The company opened its first brick-and-mortar location in 2016 in São Paulo, and opened more stores in the following years.

E-commerce is a big discussion point in the retail industry, with many seeing online platforms as the future of shopping. Natura has not overlooked these capabilities, introducing an online sales channel called the **Natura Network**. Further, Aesop pushed forward its presence in China by selling its products on a local e-commerce platform, Tmall Global.

*About Boticário*

Grupo Boticário is the owner of the O Boticário beauty specialist retailer, founded in 1977. The company is 100% privately owned and the second largest beauty specialist within the Brazilian market, generating 99% of its sales domestically. O Boticário is the market leader for fragrances in Brazil. In 2012, the company founded a series of stores called Quem Disse, Berenice? ("Who Said, Berenice?") that are dedicated to makeup and fragrances. The chain is very popular in Brazil due to its powerful ad campaign that includes women of all ages, colors and sizes. At the same time, the company launched The Beauty Box, which is a smaller-format, boutique-style store that sells multiple brands and has a strong e-commerce.

*Strongest cosmetic brands in Brazil*

Natura is the strongest brand in the cosmetics ranking with a Brand Strength Index (BSI) score of 91.5 out of 100 and a corresponding brand rating of AAA+. Its brand value even went up with 17% in 2022.

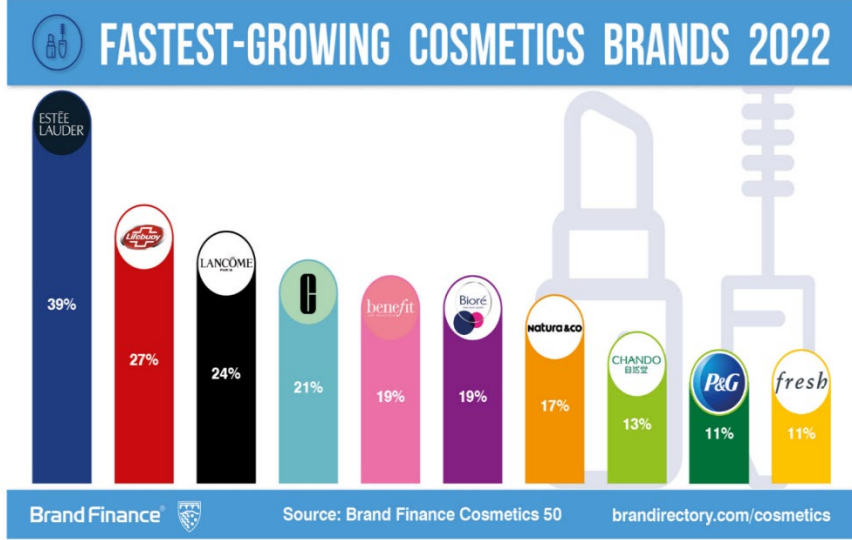
The brand strength of Natura is boosted by South American stakeholders feeling a strong affinity to the brand – significant proportions of customers familiar with the brand feel a strongly positive connection with the brand. Natura benefits from both local patriotism and a belief amongst many consumers that the brand is caring sustainability for local natural heritage such as the Amazon rainforest.<sup>9</sup>

---

<sup>9</sup> <https://brandfinance.com/press-releases/loreal-is-looking-good-as-worlds-most-valuable-cosmetics-brand>



It is interesting to notice that Natura & Co is more and more becoming an international company, increasing its presence abroad and recently ranked in the TOP 10 of Strongest Cosmetics Brands 2022.<sup>10</sup>



MARKET APPROACH

*Reaching customers in remote areas*

Moving into Brazil’s interior is a challenge for retailers that can be difficult to address in a cost-effective manner. Its continental size and challenging access to remote areas such as Amazon gives an idea about the puzzle to distribute products in Brazil.

Because inland populations are less dense, consumer demand is more fragmented; this makes it difficult to reach the minimum thresholds that warrant the modern retail presence of branded stores (versus traditional mom-and-pop shops) seen in urban coastal areas. Distribution and logistics are also problematic. The interior is harder to reach and more costly to serve with the

<sup>10</sup> <https://brandfinance.com/press-releases/loreal-is-looking-good-as-worlds-most-valuable-cosmetics-brand>





typical retail supply chain. Another obstacle is finding local store managers and sales reps with the necessary skills, knowledge and education. Finally, many retailers lack an understanding of the buying patterns, preferences and behaviors of consumers in Brazil's interior, who spend differently than their urban counterparts even at the same income level.



Direct selling versus E-commerce

Direct Selling is part of Brazilians customers to buy cosmetics products. Actually, the way these products were available in the market, shaped this model in the country. It started when Avon entered the Brazilian market in 1959, starting to sell lipsticks. Then Natura was created to produce cosmetics in 1969 and also started direct selling in 1974. If someone wanted to buy a product from Natura, it was necessary to find a Natura consultant nearby as until 2016 Natura had no store; you had to buy it from a consultant who used to send the order to Natura that delivered from there on to the final customer. The direct selling model was also followed by other companies from the sector to target their consumers.

The following chart contains the ranking for the 2019 DSN Global 100 (based on 2018 revenues). Annual list of the top revenue-generating direct selling companies in the world. It was published in the June issue - Direct Selling News.





The Role of e-connectivity & social media in general

The explosion of mobile devices and social media is transforming how consumers connect with one another and make buying decisions. Studies consistently show that internet penetration drives e-commerce, a dynamic that has played out in the U.S., other developed economies and China. On a global basis, Brazil already ranks fifth in terms of the total number of internet users. More than half of the country’s population is already online, and over 60% is expected to be connected by the end of the decade. Because a growing number of consumers use mobile phones to access the internet, the emerging 3G and 4G networks will make e-commerce faster and easier. These faster networks already outnumber slower 2G connections in Brazil and are expected to account for more than 80% of mobile internet access in 2018. As a result, the internet may reach some non-urban areas and the lower rungs of the economic ladder in Brazil more quickly than traditional retail stores will.<sup>11</sup>

Distribution by Region (% total regional market)	Latin America	North America	Asia Pacific	Oceania	Western Europe	Eastern Europe	Middle East & Africa	Global Average
Pharmacies/Drugstores	15.5	16.7	15.8	24.5	27.3	23.7	15.4	18.8
Hyper/Supermarkets	32.2	19.8	23	37.1	31.6	29.8	34.4	26.7
Internet	1.8	9.6	12	5.9	6.7	5.7	1.4	7.9
Department Stores	2.3	9.1	14.5	12.6	5.8	1.2	6.4	8.7
Specialized Retail	14.3	14.7	12.5	9.2	19.2	17.1	19.8	15.2
Direct Selling	25.7	6	8.7	4.1	2.8	13.6	3.5	9.2
Other	8.2	24.1	13.5	6.6	6.6	8.9	19.1	13.5
Total	100	100	100	100	100	100	100	100

Source: Euromonitor International, data for 2017.

Use of Instagram

Globally, Brazil ranks 3<sup>rd</sup> in “Instagram Reach Ranking” (potential Instagram advertising reach compared to population) and also 3<sup>rd</sup> in “Fastest Growing Digital Advertising Markets” at 5.2% in July 2020. With high online reach potential, brands are increasingly adopting digital advertisements tool such as influencer marketing or Instagram advertisements to promote their products. Marketeers are also seeking to boost online sales through mobile E-commerce as smartphones are the number one device for online shopping in Brazil, with a 43% increase from 2011-2019.

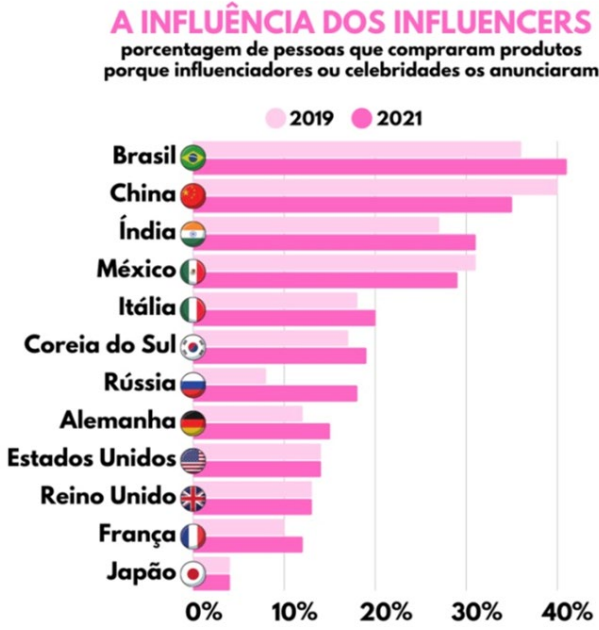
In fact, Brazilian consumers have used their smartphones for online shopping more often than for instance shoppers in the US have done. Therefore, brands are steadily increasing their beauty product advertising on Instagram as it is the most popular social beauty platform. Being the direct links to brand websites from promoted Instagram stories or influencer’s bio link, Instagram plays an important role in better targeting audiences and easily guiding them to mobile shopping websites. This way, marketeers can better reach their audiences and compete in online mobile sales.<sup>12</sup>

<sup>11</sup> <https://www.bcg.com/publications/2015/globalization-retail-capturing-retail-growth-in-brazils-rising-interior>

<sup>12</sup> <https://boldcreators.club/instagram-driving-brazilian-beauty-industry/>



Influencers play an important role in Brazil as highlighted in the graphic below that shows the percentage of consumers per country that buys products being advertised by influencers or celebrities.



Fonte: Statista



### 3. FOREIGN TRADE IN COSMETICS

The export of Brazilian cosmetics keeps growing. From January to September 2022, shipments increased by USD 445.3 million, up 14% from a year ago, according to the Brazilian Cosmetic, Fragrance and Toiletry Association (ABIHPEC).

In July, exports grossed USD 64.1 million, up 9.7% compared to the previous year. Imports reached USD 60.6 million, up 9.4% year on year.

The top categories in Brazilian exports were hair products (USD 16 million), followed by soaps (USD 8.8 million) and oral care products (USD 7.2 million).

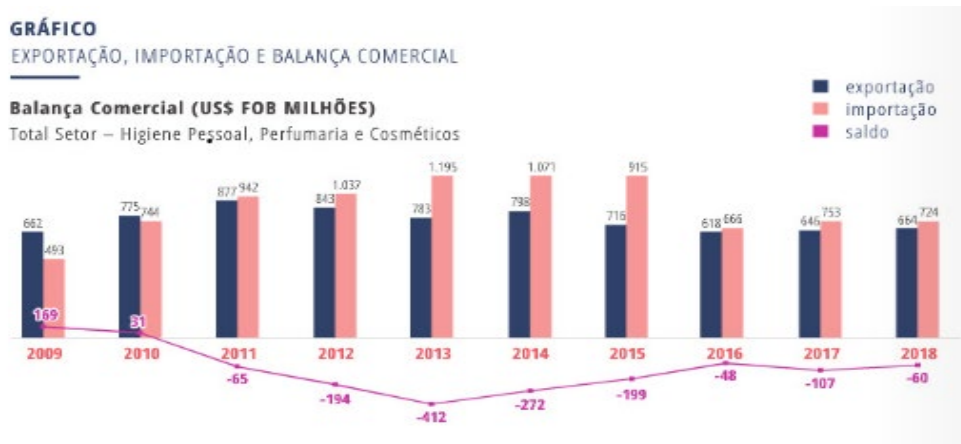
Leading imports were fragrances (USD 14.6 million), followed by skin creams, sunscreens and tanning lotions (USD 13 million) and oral care products (USD 5.7 million).<sup>13</sup>

In 2021, international trade flows (exports and imports) of the Brazilian cosmetics industry reached USD 1.4 billion in 2021, compared to USD 1.2 billion in 2020, a year-on-year increase of 16.2%.

- The cosmetics industry exports reached US\$ 700 million, in 2021, an increase by 14.9% compared to the previous year (US\$ 609.3 million).
- Imports added up to US\$ 688.4 million, an increase of 17.5% compared to the same period of the previous year (US\$ 585.9 million).

In 2021, Brazil exported cosmetics products to 173 countries and imported from 75 countries. France and China topped the list of the 75 supplying countries; Belgium also had a participation as ingredient supplier.

The graphic below shows the Brazilian export and import trade flows between 2009 and 2018 (export in blue and import in pink). The trade balance registered a deficit for Brazil between 2011 and 2018.



<sup>13</sup> <https://anba.com.br/en/brazilian-cosmetic-exports-up-9-7-in-july/>

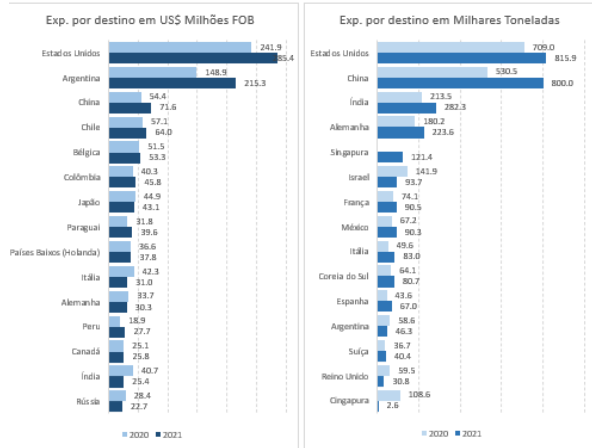


**Balança Comercial - Insumos, Acessórios e Embalagens YTD**

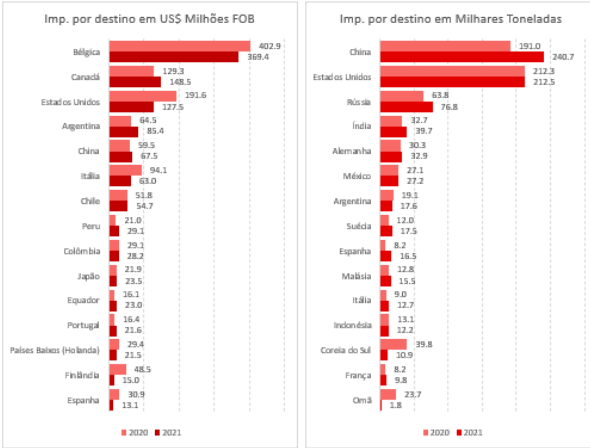
Fonte: ComexStat

<b>Categoria</b> Acessórios Embalagens Ingredientes	<b>NCM Códig...</b> 05080000 - Cor... 09011190 - Café... 13012000 - Gom... 13019090 - Outr... 13021999 - Outr... 13022090 - Outr... 99999999 - Cód...	<b>Quarter</b> 2020Q1 2020Q2 2020Q3 2021Q1 2021Q2 2021Q3	<b>Mes</b> 04-Abril 05-Maio 06-Junho 07-Julho 08-Agosto 09-Setembro 10-Outubro	<b>Bloco</b> África América Central... América do Norte América do Sul (...) América do Sul (...) Ásia Australasia
--	--	--	---	---

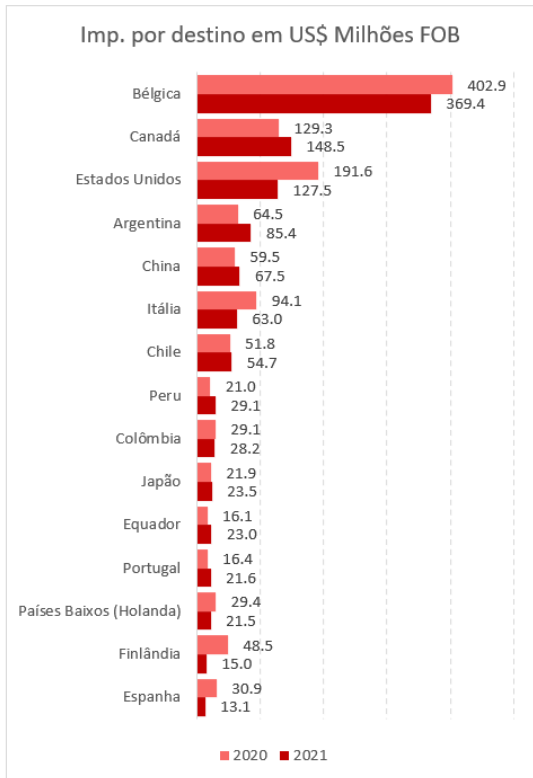
**Exportação Milhões de Dólares e Milhares de Toneladas**



**Importação Milhões de Dólares e Milhares de Toneladas**



**Importação Milhões de Dólares e Milhares de To**









## Impact of COVID-19 on the Brazilian ingredients

Kline Group wrote an article mid 2020 about the Impact of COVID-19 on the Brazilian ingredients market which might be useful to understand the consumption of ingredients.<sup>14</sup>

Surfactants are widely used in the cosmetics and personal hygiene industry, corresponding to the main category of the Brazilian market of ingredients for personal care, with more than 50% of market share in volume. Coronavirus prevention procedures involve frequent handwashing, and this stimulates the surfactant market, as surfactants are the ingredients used in soaps and cleansers. The Brazilian consumer associates the product's foaming with its cleaning potential, and this can affect the market by leading the consumer's preference to products that contain stronger surfactants and, hence, have greater foaming potential.

There are some concerns about the health impacts of some synthetic preservatives. The replacement of parabens in cosmetics formulations with milder options was then encouraged. With the new routine, the topic of microbiological contamination becomes even more sensitive, especially because packaging can be a vector of contamination for several types of micro-organisms. Parabens are not expected to return to products, but formulations will continue to use synthetic options such as phenoxyethanol, since it has a greater spectrum of effectiveness compared to more natural, milder options. However, it is known that a high concentration of strong preservatives can generate adverse health reactions. In this way, the ideal ratio would be preservatives with less aggressiveness in the appropriate amount so that antimicrobial activity can be maintained. Therefore, blends between synthetic (more potent) and natural preservatives (less allergenic) will remain even stronger.

Widely used in formulations to promote hydration, emollients will benefit from the increased demand for products that restore the skin barrier as the continued use of sanitizers causes dry hands. Pre-covid, the market was facing a transition from synthetic products, such as mineral oil, to vegetable options. It is expected that this transition will continue, but at a slower pace, as companies seek to reduce their costs and, therefore, do not seek to bet on very innovative reformulations or launches in the short or medium term.

Emulsifiers are mainly used in facial care formulations. These will be affected by the drop in demand for premium products and their replacement by masstige and mass options.

The makeup market is expected to decline after the pandemic, the pigment market will be directly affected. This segment has been undergoing a slow transformation, with the substitution of conventional pigments for pigments with a treated surface. This brought additional benefits to the formulation such as greater stability and improvements in dispersion, in addition to greater quality, plus better durability and spread ability. Even before the pandemic, this substitution was still incipient in Brazil due to the price barrier. Treated pigments are much more expensive than traditional options. With the current economic crisis due to social isolation, it is possible that this replacement will be reversed as brands try to reduce their costs and consumers will look for cheaper options.

---

<sup>14</sup> [https://klinegroup.com/articles/covid-19-impact-brazil\\_pci-actives-market/](https://klinegroup.com/articles/covid-19-impact-brazil_pci-actives-market/)

The Brazilian consumer highly values fragrance in the formulations of any cosmetic, and that is the reason this ingredient is widely used throughout the personal care market.

Hair fixing polymers is a market that was already in decline due to consumer preferences for a more natural look. It is expected that this type of ingredient will be impacted.







The chart below highlights the taxes for each item.

NCM Code	Description	II	IPI	PIS/Pasep	COFINS	ICMS
3303.0010	Perfumes	14,4%	27,3%	3,52%	16,48%	TN -ST
3306.1000	Toothpaste	14,4%	0	0	0	TN -ST
28112290	Other silicon dioxide	0	0	2,1%	9,65%	TN

Source: Aduaneiras 28-11-2022<sup>16</sup>

- II = import duty
- IPI = production tax/excise duty
- Pis/Paseps = social tax
- Cofins = social tax
- ICMS = local VAT (each Brazilian State has its own)
- TN= Non Taxable
- ST= ICMS ST or Tax Substitution
- R= Reduction

More information on the calculation of the different taxes can be found in the [Landenfiche Brazilie](#) on the Flanders Investment & Trade website.

[The Market Access Database](#) published by the European Union also gives an overview of the documents requested when exporting to Brazil.

<sup>16</sup> <https://tecwinweb.aduaneiras.com.br/Modulos/CodigoNcm/CodigoNcm.aspx?codigoNcm=22030000>





## 5. TRENDS

---

Customers are increasingly looking for value-for-money products that are natural and beneficial for the skin, provide a range of combined benefits of high-priced premium products like anti-aging, whitening, and moisturizing, etc. at a lower than premium cost. This product class has been dubbed “masstige”. Mid-income customers in Brazil are trading down from premium to masstige, and from masstige to mass market depending on purchasing power and the multi-benefits offered in products.<sup>17</sup>

- The use of masks over the last years influenced a change behavior for Brazilians using makeup. Half of Brazilians consumers have used less makeup and more facial skincare to **treat skin conditions**. A recent research from Mintel suggested a movement of Brazilians toward **functional makeup** adopting this approach. The beauty shopper will take a more conscious approach using makeup and the role skincare products play. **Hybrid makeup** tend to be the preferred choice among Brazilians and companies must engage themselves to attend to this demand.
- Brazilian cosmetic company, Boticário, launched a new range of products containing **retinol**. “It is a breakthrough innovation as it is the first makeup product to be launched worldwide containing this active” said Amanda Caridad, senior beauty and care analyst Mintel Brazil.<sup>18</sup>
- Following this tendency, there is a growing need for **multifunctional ingredients**. Ingredients suppliers are developing products able to play different roles in the formulation, from UV-light and pollution protection to anti-ageing, skin conditioning and benefiting agents.

In Brazil, where the highest growth in sun protection is expected, between 30% and 40% of consumers opt to buy sunscreen products with multifunctional ingredients, while only 10% of the consumers in Australia, Japan and South Korea consider ingredients multifunctionality a key product feature, according to Euromonitor.

- **Anti-aging products**, especially those with anti-oxidizing elements like Vitamin C and E, are expected to grow in Brazil, following an international tendency.
- The developments in **sustainable cosmetics** are creating opportunities for the growth of the market. However, the growing awareness regarding side effects of synthetic chemicals is acting as a major restraint for the market growth. Increasing movement across consumers for **transparency and traceability of ingredients** used in products are a major challenge for the growth of the market.

Natural cosmetics lines are increasingly opening up the range for those who prefer to read labels before shopping. Consolidated (and popularized) in the pandemic, the clean beauty phenomenon sheds light on brands focused on innovation and the demands of a demanding public considering the impacts of products on health and the environment.

---

<sup>17</sup> <https://www.mordorintelligence.com/industry-reports/brazil-cosmetics-products-market-industry>

<sup>18</sup> [https://www.cosmeticsdesign.com/Article/2021/09/29/Brazilian-shoppers-turn-to-hybrid-beauty-and-skincare-breakthroughs?utm\\_source=copyright&utm\\_medium=OnSite&utm\\_campaign=copyright](https://www.cosmeticsdesign.com/Article/2021/09/29/Brazilian-shoppers-turn-to-hybrid-beauty-and-skincare-breakthroughs?utm_source=copyright&utm_medium=OnSite&utm_campaign=copyright)





New range of products are now free of sulfate, paraben and petrolatum and not performing animal testing. There is no law that specifically regulates non-traditional cosmetics and to understand which ones meet customer expectations is to pay attention to the information on the label or resort to bodies that recognize clean formulations and practices through seals.

- One of the main **certifiers** is IBD, which establishes rules for products and ingredients. Among the general norms are the prohibition of testing on animals – both for inputs and finished products – and the application of genetically modified organisms. IBD also determines that dyes, fragrances, preservatives and synthetic silicones, among other substances, are excluded. There are also the Eu Reciclo, CO2 Neutral, PETA Vegan & Cruelty-free seals. Some detergents, such as sulfates, are often very irritating to the skin. Natural cosmetics may not contain this element, but some derivative that is also irritating. In addition, preservatives used to avoid microbiological contamination (by fungi and bacteria) are necessary in the formulations. What one should pay attention to, for example, is that the most allergenic, such as isothiazolinones, are not present, as well as parabens. So, customers have to be careful, because some might say they don't have it, but they do. This happens because there is no regulation by Anvisa about what is natural or not in Brazil.<sup>19</sup>
- The way that products are **packaged** is also a new trend. A survey carried out by NielsenIQ shows that 76% of the interviewed consumers pointed out that the main perceived sustainability attribute of a product is the packaging. As opportunities to expand the consumption of these products, 44% of the respondents indicate difficulties in finding this type of product at points of sale, and 50.6% stated that the products tend to be more expensive. Also according to data presented by NielsenIQ, at least ¼ of the cosmetics industry's revenue already comes from products in the so-called "green basket" of products.<sup>20</sup>
- The unboxing effect, led by **influencers**, is an opportunity of how to boost the experience with the product and at the same time promote it on the internet.

As mass cosmetic brands dominate the Brazilian beauty industry by 93.9% compared to 6.1% by prestige cosmetic brands, colour cosmetic product revenue ranks 3rd as Brazilians continue to opt for cheaper mass cosmetic brands.

However, with increasing Instagram influencers educating their audiences through quick 1-minute tutorials and promoting quality brands that show results, young Brazilians are gradually learning the importance of proper skincare routines and self-taught makeup skills. Therefore, they demand higher quality skincare & makeup products, steadily boosting the sales of international and local skin care and colour cosmetics products, while competing with the popularity of hair care products.<sup>21</sup>

Around 61% of all beauty buyers followed cosmetics brands or visited a brand on **social media** in June 2019, making social media engagement key for cosmetics brands.

---

<sup>19</sup> <https://gauchazh.clicrbs.com.br/donna/beleza/noticia/2022/06/beleza-limpa-entenda-o-conceito-e-saiba-a-diferenca-entre-cosmeticos-naturais-organicos-e-veganos-cl4wv4ysp003b0167gpsnu4qm.html>

<sup>20</sup> <https://conectaverde.com.br/consumidor-de-produtos-de-higiene-pessoal-perfumaria-e-cosmeticos-esta-cada-vez-mais-atento-as-atitudes-de-sustentabilidade-e-transparencia-das-marcas/>

<sup>21</sup> <https://boldcreators.club/instagram-driving-brazilian-beauty-industry/>





particularities of dark skin. Motivated by the difficulty, which was common to her clients in the area of aesthetics, she decided to use her knowledge to offer solutions aimed at this public.

Thus, in 2019, Dandara Black was born, which the businesswoman claims is the first gaucho brand of natural and vegan **dermocosmetics** specific to black skin. PhD in Biochemistry and specialist in Cosmetology, Luciane invested in nanotechnology to develop high-performance formulations, diving into waters that are still little explored here.





**HAIR BRASIL**

International Beauty, Hair and Esthetics Fair

25 - 28 March 2023

Venue: Expo Center Norte

<http://www.hairbrasil.com/>

**PRESS**

<https://www.brazilbeautynews.com/>



**Disclaimer**

The information in this publication is provided for background information that should enable you to get a picture of the subject treated in this document. It is collected with the greatest care based on all data and documentation available at the moment of publication. Thus this publication was never intended to be the perfect and correct answer to your specific situation. Consequently it can never be considered a legal, financial or other specialized advice. Flanders Investment & Trade (FIT) accepts no liability for any errors, omissions or incompleteness, and no warranty is given or responsibility accepted as to the standing of any individual, firm, company or other organization mentioned.

Date of publication: December 2022

