



Flanders
State of the Art

A collection of various cosmetic products including brushes, powders, and creams in shades of beige and brown, arranged on a grey surface. The products include a large round powder container with a brush, a square cream palette, a round pressed powder, a square pressed powder, a round loose powder, and a tube of product.

COSMETICS

IN CHILE

FLANDERS INVESTMENT & TRADE MARKET SURVEY



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The Cosmetics Market In Chile

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1 OVERVIEW

The cosmetics and personal health care market is in constant growth since 2000. Even though there has been a slowdown in sales due to lower growth expectations in the Chilean economy, the current and expected performance in this sector is much more dynamic than in other industries.

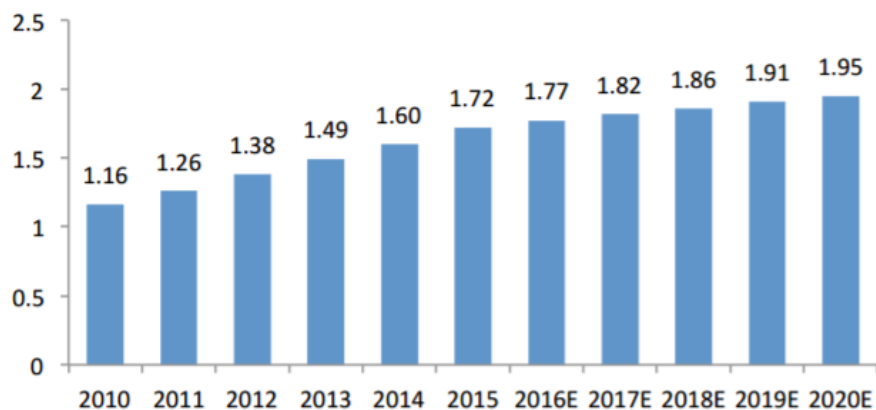
Nowadays, Chilean women find themselves with more disposable income. As a consequence, they demand more premium and sophisticated products than twenty years ago. They have become increasingly willing to pay higher prices in exchange for higher-quality products that offer enhanced properties and advanced formulas to satisfy their beauty and personal care needs.

Likewise, Chilean men have more options also. The main players and their brands continue to innovate and import new products with a special focus on categories such as men's fragrances, men's toiletries and men's shaving. On the other hand, there are great opportunities for improvement in categories such as hair care, bath and shower and skin care as Chilean men continue to use unisex products daily.

2 TRENDS & FIGURES

Chile is highly recognized as one of the most attractive markets in Latin America for international retailers. Figures of the World Bank and Euromonitor show that Chile is considered as one of the most stable and prosperous economies in Latin America. The stability of its middle class and the sustained positive economic growth it has seen since 2000 (excluding 2009) has made Chile's beauty market relatively mature compared with those of other Latin American countries.

Figure 1. Chile: Total Health and Beauty Sales, 2010–2020E (CLP Mil.)



Source: Euromonitor International

According to the Chilean Cosmetics Industry Association, the total market size for the cosmetics industry grew 9% in 2016 and is expected to grow 10% in 2017 to reach about USD 2.8 billion. Products from Brazil, Argentina, and Mexico dominate the market, with U.S. products representing 8% of total. Products with the highest demand in this industry include: hair care, skin care preparations, hand and body lotions, make-up, and hygiene products.

2.1 CHILEAN WOMEN: MORE DISPOSABLE INCOME

Euromonitor International expects the market to continue to see a positive growth through 2020. Per-capita category sales are higher in Chile than in other Latin American countries, but there are still opportunities for growth in this sector. Women are increasingly entering the work force in Chile, and

rising levels of education have enabled women to become increasingly employed in higher-paying jobs. Birth rates are also on the decline, and many women are delaying pregnancy until later, which results in them having stronger purchasing power. Thus, Chilean women are increasingly willing to pay higher prices for beauty and personal care goods that offer diversified benefits or have recognizable, premium brand names.

Figure 2. Chile: Premium vs. Mass-Market Beauty and Personal Care Sales Growth

	CAGR 2010–2015	YoY % Change 2015
Premium	11.2%	8.2%
Mass Market	7.9%	7.2%

Source: Euromonitor International

Many countries in Latin America have seen impressive sales growth in categories such as fragrances and men’s grooming products. Chile is trending differently; according to the Chamber of Cosmetics in Chile (Cámara de la Cosmética de Chile), makeup is the fastest-growing beauty category in the country.

Figure 3. Chile: Growth of Top Five Beauty and Personal Care Categories

	CAGR 2010–2015	Forecast CAGR 2015–2020
Color Cosmetics	12.4%	3.7%
Fragrances	9.9%	3.6%
Suncare	9.8%	3.6%
Depilatories	9.6%	2.5%
Men’s Grooming	9.5%	2.8%

Source: Euromonitor International

2.2 CHILEAN MEN: A NEW TARGET MARKET

Men’s grooming products have grown rapidly in Chile in the past few years as men have adopted more involved personal care routines. Currently, there are new men’s products on the market in the fragrances, toiletries and shaving categories, although men’s options for haircare, bath and shower, and skincare are still limited, as men often opt for unisex options in these categories.

Recently the newspaper “El Mercurio” indicated that men’s products grew 12.5% during 2016 compared to 2015 and projections up to 2020 indicate that the expansion rate will be even higher.

3 DISTRIBUTION

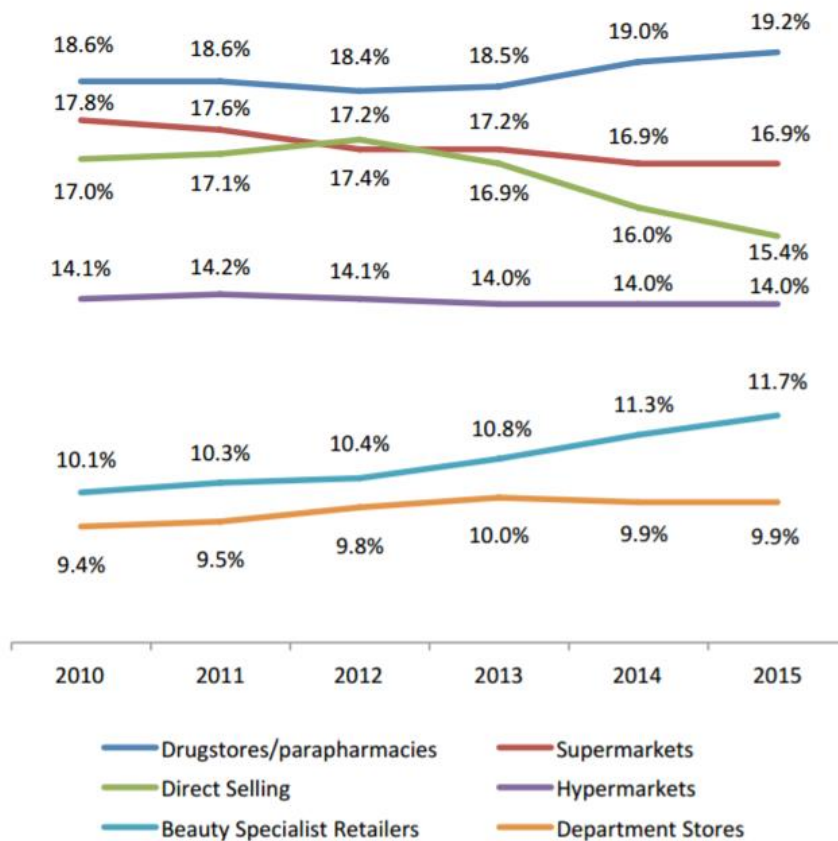
Cosmetics are sold in supermarkets, department stores, perfumeries, pharmacies, specialty stores in shopping malls, and through direct sales. Advertisement and promotion are done in local newspapers, magazines, radio and TV, and billboards in subway stations, streets, and bus and train stops.

Sales through pharmacies and drugstores represented 27% of the retail value of the beauty and personal care business in Chile 2015, whilst beauty specialist retailers accounted for a 12% share of total sales.

In Chile, there are three main pharmacy chains – **Farmacias Cruz Verde**, **Salcobrand** and **Farmacias Ahumada**. The parent company of the Cruz Verde chain also owns beauty specialist retailer Maicao, and Salcobrand bought the DBS Beauty Store chain in 2014. As such, the market is highly concentrated among very few players.

However, premium beauty products are becoming more popular in Chile, and more consumers are now buying them at beauty specialist retailer and department stores such as Falabella, Paris and Ripley.

Figure 4. Chile: Distribution of Beauty and Personal Care Products as a Percentage of Market Share, 2010–2015



Source: Euromonitor International

Chile differs greatly from other Latin American countries in that stores are the dominant distribution channel for beauty and personal care products. In most of Latin America, direct selling is the main channel.

Internet retailing remains largely insignificant in terms of Chilean beauty product sales. Still, as innovations in virtual reality that enable consumers to “try on” products before they buy continue to improve, this channel will likely grow to account for a more significant proportion of sales.

4 BEAUTY TRENDS

Chile's economic growth began to slow in 2015, causing consumers to tighten their spending overall. However, the cosmetics sector as a whole has continued to grow: while spending on expensive facial creams and perfumes slowed in Chile, spending on lip products and facial makeup actually increased substantially year over year. This was likely due to the fact that women saw these smaller, more affordable items as a way to treat themselves despite their shrinking disposable incomes. Lip gloss and nail products posted the highest growth in 2015 due to their relative low unit cost and ease of application.

5 MAIN BRANDS PRESENT IN THE MARKET

The industry is extremely competitive and has a broad offer for the end-consumer at various price levels. Prices range from locally manufactured products that focus on the mass consumer, to expensive imported brands that include: Revlon, Maybelline, St. Ives, L'Oréal, Orlane, Clarins, Helena Rubinstein, Urban Decay, Envyderm, Elizabeth Arden, Estée Lauder, Clinique, Lancôme, Christian Dior, La Prairie, La Mer, Shiseido, Bobby Brown, Ralph Lauren, Perricone MD, Givenchy, Sybilla, Yves Saint Laurent, Biotherm, Dolce & Gabbana, Basement, Boss, Burberry, Carolina Herrera, Kenso, Giorgio Armani, Gucci, Montblanc, Tommy Hilfiger, Nyx, MAC, DBS, The Body Shop, and the Flemish company Nannic, among others.

6 NEWS AND SOURCES

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<http://www.estrategia.cl/19352/Titulo>

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<http://www.economiaynegocios.cl/noticias/noticias.asp?id=358254>

https://www.ccs.cl/prensa/2016/01/tendencias_retail_2016_WEB.PDF

7 INSTITUTIONS AND ASSOCIATIONS

- Cámara de la Industria Cosmética (Cosmetics Company members)
<http://www.camaracosmetica.cl/empresas.html>
- Cosmetics Manufacturers
<http://www.directoriodefabricas.com/chile/fabricantes-cosmeticos-chile.ht>