

Malaysian Cosmetic Market: Current and Future Prospects

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Abstract

The cosmetic industry has been expanding rapidly in both developed and developing countries. The cosmetics market in Asia seems to be one of the fastest growing markets. The market value of the Asia Pacific has increased to more than US\$70 billion, which is the second highest market after the Western European market. As reported in 2013, Malaysian spent about US\$407 million on cosmetics and toiletries products and this demand was mainly met by imports. The skin care products are the main driver of the cosmetics markets, which represent value of US\$229 million followed by eye color cosmetics with value of US\$20.6 million. In 2013, Malaysia imported about US\$295 million worth of cosmetics and toiletries and the top three importing countries are the United States, Japan and Thailand. It is found that Malaysian consumers' interest was influenced by heavy advertising, marketing and growing prosperity that increased their interest in premium brands, and they prefer to use imported cosmetics products. The more recent in the Malaysian market trade is the emerging of halal cosmetics which will be attraction for the country's Muslim customers.

Keywords: Cosmetics; Halal cosmetics; Malaysia; Malaysian consumer; Marketing

Introduction

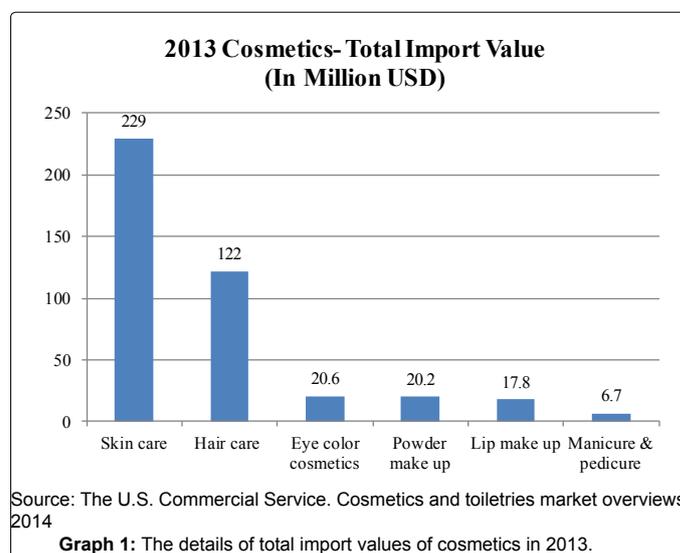
The cosmetic industry has been expanding and growing around the world in both developed and developing countries. This continuous growth and evolution in cosmetics industry offers a good opportunity for those who are interested in this business to promote their cosmetics products [1]. According to the Association of Southeast Asian Nations (ASEAN), cosmetics are defined as "any substance or preparation intended to be placed in contact with the external parts of the human body or with the teeth and the mucous membranes of the oral cavity with a view exclusively or mainly for cleaning them, perfuming them, changing their appearance, and/or correcting body odors and/or protecting or keeping them in good condition" [2]. The Asian market of cosmetics becomes one of the fastest growing markets. The market value of the Asia Pacific has increased to more than US\$70 billion, which is the second highest after the Western European market [3]. The Association of Southeast Asian Nations (ASEAN) including 5 countries: Indonesia, Thailand, Philippines, Vietnam, and Malaysia. The targeted cosmetics items are categorized as follows: skin care products (skin lotion, milky lotion, moisture cream, etc.) make up products (foundation, lipsticks, eye brows, etc.) hair care products (shampoo, rinse, styling agents, etc.) and fragrance products (perfumes, etc.) [4].

Currently, the attitudes towards using cosmetics are changing among the population. Women show a great importance on personal grooming as well as working women and those with higher incomes are often interesting to buy premium personal care products. Nowadays Malaysian men also tend to see a personal grooming as a necessity rather than a luxury. Consumers also seem to be ready to pay higher prices for high quality and good benefits products, such as whitening, multi-functions and anti-ageing [5].

The beauty and health market in Malaysia is growing fast. Consumer expenditure rate on cosmetics and toiletries increasing during the last few years to be 40% from Malaysian Ringgit (MYR) 1.4 billion in 1995 to MYR 1.9 billion in 2007 [5] projecting sales volume to hit \$1.1 billion by 2010. According to the Malaysia department of statistics the total spending in cosmetics and toiletries is about US\$407 million in 2013. Malaysian consumers tend to obtain beauty products from top name brands that are marketing specifically in term of enhancing youthful appearance [3]. Among the sale of cosmetics and toiletries, Skincare products represented more than US\$229 million by value in 2013 and

followed by eye cosmetics color with value of US\$20.6 million, then followed by Powder make-up, lip make-up preparation, Manicure and Pedicure [3]. The details of total import values of cosmetics in 2013 in the Graph 1 below.

The consumers' interest was influenced by heavy advertising, marketing and growing prosperity that increased their interest in premium brands. The Malaysian local cosmetics and toiletries market is valued at about MYR 3 billion, with a growth rate of 13% annually [3]. Additionally the top ten exporting countries of cosmetics to Malaysia are shown in Table 1.



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	2011	2012	2013
Total Imports (U.S. Dollars in Millions)	434	414	407
Countries	Market Share %		
Singapore	11.29	9.97	10.17
United States	10.12	11.24	9.47
Japan	11.67	11.49	9.39
Thailand	10.12	8.52	9.35
France	7.16	8.01	7.03
Korea South	6.45	7.21	6.66
Indonesia	4.43	5.02	5.97
China	4.10	4.03	5.37
Hong Kong	4.79	4.52	4.80
Taiwan	4.65	4.86	4.52

Source: U.S. Commercial Service

Table 1: Top 10 exporting countries to Malaysia.

Cosmetic industry and trends in Malaysia

Cosmetic's products usually sold through Supermarkets/hypermarkets, Department Stores, Pharmacy/Personal Care Stores, Direct Sales/Marketing and Specialty Stores [3]. In Malaysia, there are more than 60,000 types of cosmetics available in the local market [6]. The cosmetics business in Malaysia tends to use a competitive strategy to promote a high discount for the brand cosmetics and installment sale for the costlier products. Therefore, promoting for the brand products is increasing in order to achieve the highest marketing for certain products. In addition, the uncommon discount for the expensive cosmetics that contributes to maintaining the cosmetics market to be active among consumers. Currently, Malaysian consumers influenced by the promotion offer in the market and looking for cosmetics when they are given a discount especially with premium products. The huge numbers of brand cosmetics face a high competition with the new products as well as other products which are available in pharmacies, beauty store and promotion store. The advertisements throughout the media and magazines are the most effective ways to increase the purchasing rate of cosmetics products among the people [3,7].

Additionally the promotion of prestige cosmetics brands in the local magazines in Malaysia as well as the advertising in the magazines worldwide makes many American and European cosmetics brands are popular and famous among Malaysian consumers. Furthermore, the cosmetics of natural origin is considering as one the best-selling cosmetics products in the country where the companies promoted them as being environment friendly, in contrast to aromatherapy which is in a limited demand [8].

Halal cosmetic industry in Malaysia

The word Halal originated from Arabic language which means lawful or permitted. Halal products are getting very popular which means that products of pork and alcohol or animals slaughtered not according to the Islamic teachings are forbidden for Muslims [9]. Malaysia is an Islamic country that's trying to play an important role in producing halal products and services in order to achieve a high potential as a new source of economic growth [10]. For the cosmetics and personal care products, the products must comply with the Malaysian Standard MS 2200:2008 requirements of halal certification. According to this standard, cosmetic products must be safe and non-hazardous to consumers [11]. In Malaysia, the department of Islamic development Malaysia (JAKIM) is the responsible body for regulation and certification of halal products including cosmetics and consumers are frequently advised to look for halal logo that confirm the halal products [12].

The concept of halal cosmetics covers all aspects of the management system. It is not only focusing on the aspect of production, including sourcing of halal ingredients, but all elements must be accounted for, such as a manufacturing procedure, storage packaging and logistics. All these must comply with Malaysian halal standards and procedures. Hence, for halal cosmetic products, the formulation and quality of these products must totally comply with the Islamic requirements and follow the requirements of the National Pharmaceutical Control Bureau, Ministry of Health Malaysia [10].

Halal compliant products including cosmetics and services are estimated to be \$2 Trillion annually [13]. The market size of Halal personal care products in the Middle East region was estimated to be \$560 Million in 2008. Also, the beauty and personal care market are also growing at 12% per annum with sales valued at \$ 2.1 Billion in 2008 [14]. The Halal cosmetics market is currently estimated to be US\$ 945.8 Million in Southeast Asia. The Future Market Insights (FMI) anticipates an increasing in this market to reach US\$ 1037.7 million by 2016. Moreover, the market is expected to increase annually to reach a growth rate of 10.2% during the period 2015-2020 [15].

The Halal cosmetics and personal care products are getting high promotion activities especially in Malaysia where many programs are being carried out to promote Halal industries. In 2015 a study conducted by Abd Rahman et al. to evaluate the knowledge, religiosity, intention and attitude of Malaysian consumers toward halal cosmetics showed that there is a positive relationship between attitude and intention to choose halal cosmetics and Malaysian consumers consider purchasing halal cosmetics as they choosing halal foods but for higher consideration for the halal food [16]. In addition the Halal cosmetic is one of these industries where Malaysia became as the global Halal-Hub. Therefore, the Malay Chamber of Commerce Malaysia (MCCM) has been taken decision to set up its marketing centre in Dubai as a result of the developments of Halal products around the world. So far there are approximately 100 companies retailing more than 400 Halal products internationally including cosmetics. It is expected that within the next five years, more than \$10 billion of Halal products will be involved through this market [5].

Conclusion

The industry of Cosmetics and toiletries is expected to record faster constant value growth in the coming years than was achieved in the previous years. Expenditure on personal care products is expected to continue to grow over the coming years. In particular, it's expected that sales to men consumers will grow robustly as more Malaysian men discover existing products and as more new products are introduced into the growing market. This paper provides important information on the current market situations of the cosmetics industry in Malaysia. Researches related consumers' purchasing and expenditure on cosmetics are still needed because it seems that consumer's behavior is changing over time.

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