

Brazil's Beauty Industry Triples to a US\$ 11 Billion Venture

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In Brazil, the cosmetics and personal hygiene products sector is among those that grow the most in the country. In ten years, net revenues posted by the beauty industry rose from 4.9 billion reais (US\$ 3 billion), in 1996, to 17.5 billion reais (US\$ 11 billion), in 2006.

During that period, the growth rate of companies in the cosmetics and personal hygiene products sector averaged at 10.9%, whereas the GDP and the industry as a whole grew 2.8%, according to data supplied by the Brazilian Institute for Geography and Statistics (IBGE), the Central Bank of Brazil and the Brazilian Association of Toiletries, Perfumes & Cosmetics Industries (Abihpec).

The reasons for the market expansion are easy to understand. First of all, the Brazilian people is regarded as one of those most concerned with vanity in the world, therefore they care very much about their personal image.

Secondly, the virtuous cycle of the national economy and the better distribution of income in the country, which took place in recent years, are leading more people to consume shampoos, hair lotions and face creams, deodorants, toothbrushes, among other products in the sector.

According to data from the survey 2007 Overview of the Personal Hygiene, Perfumery and Cosmetics Sector, conducted by the Abihpec, the sector is comprised of 1,596 companies, of which only 15 are large-sized or post annual net revenues above 100 million reais (US\$ 63.2 billion). Micro- and small-sized businesses are the majority in the cosmetics and personal hygiene industry.

In the Brazilian balance of trade, the cosmetics and personal hygiene products sector had an accumulated growth of 165% in exports from 2003 to 2007, according to the Abihpec. Within that period, imports grew 145%. Ever since 2002, the sector has been showing surplus results.

In 2007, the surplus was US\$ 164 million, decrease of 15.6% compared with 2006, as a consequence of the expansion of imports and the appreciation of the real (Brazilian currency).

In 2004, Brazil occupied the sixth position in the global cosmetics sector ranking, as it answered to 4.2% of global consumption. The country climbed to the third position in 2006, with a 6.7% share of the global market. Brazil's cosmetic toiletry market is now behind only that of the US and Japan, and it has overtaken France for the third place.

Total revenues posted by the ten leading consumer countries of products by the industry totaled US\$ 177 billion, the

equivalent to 65% of total consumption worldwide, according to the Euromonitor 2006 survey.

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