

A Report on Cosmetic & Toiletries Industries of Bangladesh

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Executive Summary

Bangladesh, like other economic sector in the country, cosmetics & toiletries industry is one of the major sectors which contribute to the national economy. The report tried to furnish the overview of the performances of cosmetic & toiletries industry sector in Bangladesh. The report has also shown the overall picture of the cosmetics & toiletries industry market and opportunities in Bangladesh. International brands play a dominant role in the upper-end market of Bangladesh, where quality ranks above pricing among the factors affecting purchasing decisions. Most local manufacturers are producing lower-priced toiletries and perfumes with their own brands, and focus on the middle-to-low price market segments.

Many domestic industries, long accustomed to tariff protection, are finding it difficult to adjust with the changed competitive situation resulting from the reduction/removal of tariff and other non-tariff barriers. Moreover, some firms think that the trade liberalization have made them vulnerable to increasing competition with foreign firms. Competition from domestic firms has also increased substantially.

The report analyses cosmetic industry in the country by identifying key market players, (including major producers, traders, etc).

1. Introduction:

Cosmetics known as makeup are care substances used to enhance the appearance of the human body. They are generally mixtures of chemical compounds, some being derived from natural sources, many being synthetic. Although modern make-up has been traditionally used mainly by women, an increasing number of males are gradually using cosmetics usually associated to women to enhance or cover their own facial features.

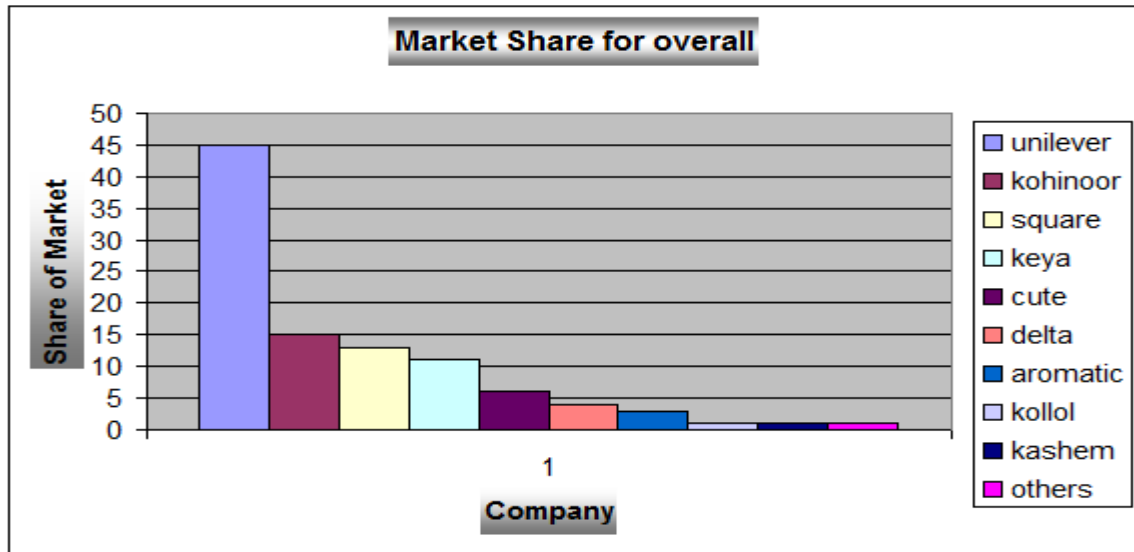
A large number of firms produce toiletries products like toilet detergent, cosmetics and other perfumes. However, only seven firms control 95 % of the market share. These firms are Unilever, Keya Cosmetics, Kohinoor Chemical Company, Lily Cosmetics, Marks & Allys Ltd., Aromatic Cosmetics Ltd. and Squares Toiletries. An analysis of market share of soap, cleaning detergent, laundry detergent and detergents of major cosmetics and toiletries firms in Bangladesh reveals that Unilever Bangladesh plays the dominant role in the market. Global market researcher ACNielsen recently surveyed that in the year 2006 market of fast moving consumer goods increased by 6.7 percent in Bangladesh while in India growth was 6.3 per cent.

2. Overview of the Cosmetics & Toiletries Industries in Bangladesh

In the old days, when people went to abroad, they were given shopping lists that contained a whole range of toiletries: soaps, shampoos, conditioners, face washes, creams, etc. In those days the local toiletries market was not advanced enough to meet all the demands of the people. But in the last decade things have changed drastically for the toiletries industry in Bangladesh.

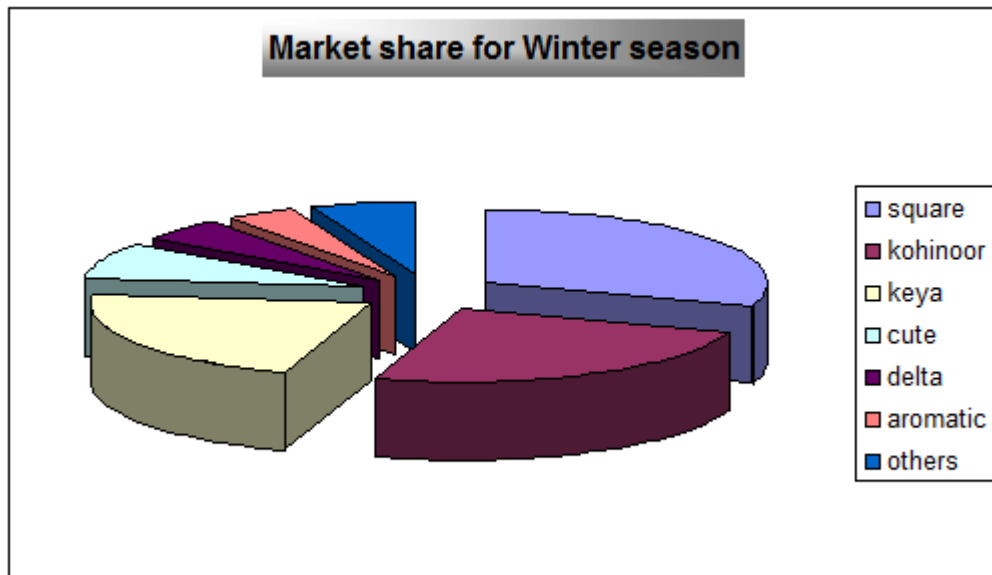
Now people no longer have to rely on others traveling abroad to get what they want. The basic necessities of everyone are now available. Shampoo, conditioner, face wash, face scrub, cream, lotion, toothpaste, Vaseline, powder, shaving cream, etc., goes, all that are now locally produced and readily available.

Market share of cosmetic & toiletries in Bangladesh



Source: Bangladesh Bureau of Statistics 2010

But the situation has changed during the winter season as then square becomes the market leader with 40% of the market share. Kohinoor and Keya also enjoy high sales as their market share at that time rose up to 25 to 30 percent.



Market share of Cosmetics & toiletries companies i

3. Product Items

1. Soap
 - 1.1. Beauty care soap
 - 1.2. Laundry soap
 - 1.3. Detergent
2. Hair oil
3. Face wash
4. Toothpaste
5. Vaseline
6. Shampoo
7. Lip gel
8. Lotion
9. Saving cream

4. Market Size:

In Bangladesh the cosmetics and toiletries market is around 4000 corers BDT and the Unilever Bangladesh captures almost 50% of it. The local companies also give it good run for money. The major players of local markets are Square toiletries ltd., Kohinoor chemicals ltd, Keya cosmetics limited, Mousumi industries limited and Aromatic cosmetics limited etc. Unilever capture more than 40% of the market share. Square, Kohinoor, and Keya have 18%, 20%, 13% of share respectably.

The cosmetics and toiletries industries depend on import chemical for manufacturing process. Besides some local company also provide some chemicals for this purpose. Basically 90% of the chemicals are imported chemicals and these chemicals are generally come from India and China for their low price and low distribution cost. Besides some companies who has positioned themselves as quality service provider import chemical from Germany, France, Malaysia, Indonesia, Italy UK and USA. Each year Bangladesh have import chemical for cosmetics and toiletries purpose are amounted 350 corers BDT.

5. Toiletries Industry in Bangladesh

Locally produced toiletries now play a significant role in a sector that has been dominated by imports in the past. Most of the products in this sector are common consumer goods which have a large demand in the domestic market. Imports of cosmetics and toiletries are targeted mostly to the middle and high-end segments of the market. Most of the local customers are quite happy with the domestic products as long as product performance is satisfactory and the price is reasonable. While most of the manufacturers focus primarily on meeting the demands of the local market, some firms have started exporting cosmetics and toiletries products from Bangladesh. Most local manufacturers focus on the middle-to-low price market segments. The production figures of major toiletries firms over a five-year period suggest that all the major firms have experienced steady growth. Although the toiletries industry consists of a large number of firms, Table 1 clearly shows that seven firms possess 95 percent of the market share for toilet soap, laundry soap and detergent.

Table 1: Market Share of Beauty Soap of Bangladesh

Company	Brand Name	BDT (Crore)	Yearly market share on toilet soap
Unilever (BD) Ltd	Lux International beauty Soap	312 Crore	43.33%
Square (Toiletries Division)	Meril Beauty Soap	48 Crore	6.66%
Keya cosmetics Ltd	Keya Beauty soap	72 crore	10.00%
Aromatic cosmetics Ltd	Aromatic Beauty Soap	48 Crore	6.66%
Lily cosmetics Ltd	Lily Beauty Soap	72 Crore	10.00%
Kohinoor chemical Co	Tibet Beauty Soap	72 Crore	10.00%
Marks & Allys Ltd	Camelia Beauty Soap	60 Crore	8.35%
	Others	36 Crore	5.00%
	Total market	720 Crore	100%

Source: Competition Scenario in Bangladesh ((Draft) Bangladesh Enterprise Institute July 2005

6. Market Player

Major market player are given below:

① ACI Limited

ACI Centre, 245 Tejgaon I/A,

Dhaka 1208, Bangladesh

Phone : 88-02-9885694-8

Fax : 88-02-9884784, 9886029

Email: aci2@citechco.net

Web Site: www.aci-bd.com

② Aromatic Cosmetics Ltd.

195, Motijheel C/A, Sena Kalyan Bhaban, 11th Floor, Dhaka, Bangladesh

Phone : 88-02-9566093, 9566093

Fax : 88-02-9567444

E-mail : jamuna@galbd.net

③ Kashem Cosmetics Ltd.

107, Motijheel C/A, Dhaka, Bangladesh

Phone : 88-02-9553258, 9565465-7

Fax : 88-02-9565469

④ Kashem Brothers Associates Ltd.

47 Dilkusha C/A, Zaman Chamber 4th Flr, Dhaka 1000, Bangladesh



Phone : 88-02-9551725, 9551771

Fax : 88-02-9561835

Email: pnewaz@agni.com

⑤ **Keya Cosmetics Ltd.**

Jarun Konabair, Gazipur, Bangladesh

Phone : 0171-592818, 0171-592614

Fax : 88-02-8811469, 9289088, 9345504

Email : kgroup@keya-bd.com

⑥ **Kohinoor Chemical Company (Bangladesh) Ltd.**

36 Shahid Tajuddin Ahmed Sarani Tejgaon

Dhaka 1208, Bangladesh

Phone : 88-02-9887124, 8827024

Fax : 88-02-8826086

Email : kohinoor@bol-online.com

⑦ **Lily Cosmetics Ltd.**

Plot No. 389, Lane No. 06

DOHS Baridhara, Dhaka-1206

Phone : 88-02-8813636-7

Fax : 88-02-8813635

E-mail : lily@deltagroupbd.com

⑧ **Mousumi Industries Limited**



151 Bangshal Road, Dhaka 1100, Bangladesh

Phone : 88-02-7318043, 7311803, 7319794

Fax : 88-02-7318458, 7311840

Email : cute@bdmail.net

⑨ **Square Toiletries Limited**

Square Centre, 48 Mohakhali C/A Dhaka, Bangladesh

Phone : 88-02-8817729-38, 8827729-38

Fax : 88-02-8828609, 8828768

Email : info@squaregroup.com

Website : www.squaregroup.com

⑩ **Uni-Lever Bangladesh Limited**

Z.N Tower, Plot No. 2, Road 8,

Gulshan Avenue, Dhaka-1212, Bangladesh

Phone : 88-02-9888452

Fax : 88-02-8811560, 8810491

Email : sp.ahmed@unilever.com

7. Growth of Cosmetic and Toiletries Sector in Bangladesh

The demand for cosmetic and personal care products is now huge and it is quite common for women to prefer branded items. According to industry insiders, the market for branded items is divided into two segments:

- ❖ Color cosmetics, that includes lipstick, nail polish, eye and cheek shades and

- ❖ Personal care products, that includes skin and hair care products, like shampoo, conditioner, lotions, and creams.

Nearly all renowned color cosmetics brands, including L'Oreal, Revlon, Estee Lauder, Max Factor, Avon, Maybelline, M-A-C Cosmetics, Garnier, Elizabeth Arden, Laliq, bareMinerals, BeBeautiful, Bioré, Biotherm, Bobbi Brown, Chanel, Clinique, CoverGirl, Crabtree and Evelyn, Dior, Essie, Frederic Fekkai, Fusion Beauty, Giorgio Armani, Guerlain, Nivea, Lakme, and Emami are imported into Bangladesh.

Most products have been imported from the US, Germany, France, Middle East, China, Thailand and India. The reasonably priced products are most popular in the local market.

The demand for globally renowned brands like L'Oreal, Revlon, M-A-C Cosmetics, Maybelline, Garnier has risen in the past five years.

People now can differentiate between

- High quality and
- Low quality products,

Personal care products, including skin and hair care, are increasingly becoming essentials for people belonging to all classes in society. Personal care products, such as body care, shampoo and perfumes are essential products. For this reason, sales of their products would not decrease even if the prices go up.

8. Investment Opportunity in Bangladesh

Bangladesh offers excellent conditions for development within this sector and transforming it into a world class player. As a result, foreign investors can take advantage of several opportunities to establish distribution centers and manufacturing plants.

Some of the advantages in investing in this sector include the demand for natural ingredients, an outstanding market dynamic and the possibility of using Bangladesh as an export platform.

Bangladesh has a strategic location which enables access to more than 160 million consumers across the world.

There is a significant growth of the Bangladesh market and one of the higher female labor markets within the Asia region. This is one of the priority sectors for the government and the private sector in Bangladesh.

Bangladesh's cosmetic and toiletries industry is deemed competitive because a favorable business environment.

Even though several problems are involved, with the convenient geographical advantage together with availability of less expensive technical personnel, abundance of skilled and semi-skilled, Bangladesh has a very good opportunity to develop cosmetic and toiletries industry. For these reason Japanese cement companies have huge opportunities to business in Bangladesh.

9. Conclusion

It isn't that Unilever Bangladesh Ltd and Square Toiletries Limited are the only two notable brands in Bangladesh. There are numerous others such as Keya, Cosco, Tibet, and Aromatic, to name a few. All of these brands have worked really hard to build consumer trust through producing good quality products.

The cosmetics industry offers diverse investment opportunities for investors seeking Bangladesh. The industry is non-cyclical, operates with high margins and is moderately leveraged. With companies' focus shifting to e-commerce, travel retail, and emerging markets, its growth has been rapid and the momentum is expected to sustain moving forward.