

BRIEF UPDATE ON COSMETICS MARKET IN VIETNAM (as of November 2018)

ANALYSIS OF IMPORT VALUE

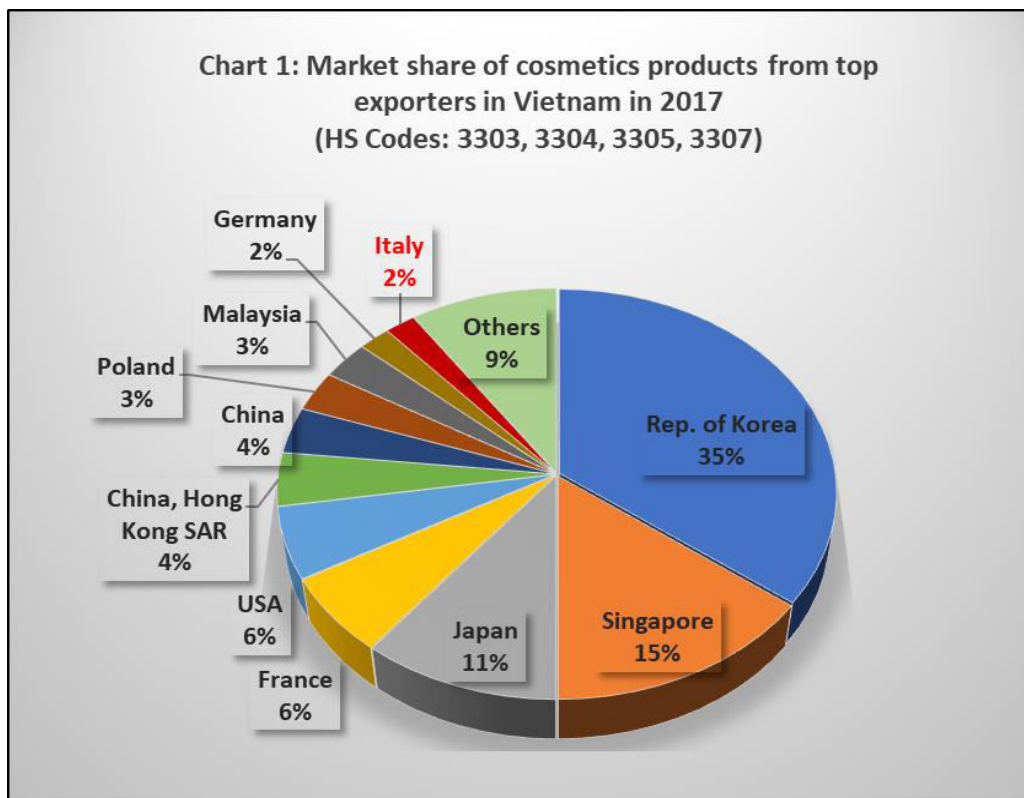
According to the data from UN-Comtrade, the latest figures for cosmetics products under HS codes 3303 (perfumes), 3304 (skin care, body care, facial care), 3305 (hair care) and 3307 (toiletries, shaving and bath preparations, deodorants) are available up to 2017. However, it is worth noting that data from Thailand and United Arab Emirates who have high export value into Vietnam in some sub-sectors have not been updated yet.

**Table 1: Import value of cosmetics products from top exporters in Vietnam from 2014 to 2017
(HS Codes: 3303, 3304, 3305, 3307; value in US dollar)**

No.	Country	2014	2015	2016	2017	Market share in 2017
1	Rep. of Korea	43,430,918	52,831,308	70,221,341	139,058,624	35.36%
2	Singapore	35,112,231	39,398,574	49,544,800	57,598,479	14.65%
3	Japan	10,371,474	17,238,812	24,785,440	41,521,865	10.56%
4	France	13,526,023	11,527,409	14,050,610	24,604,620	6.26%
5	USA	14,340,265	13,621,704	13,957,546	22,331,713	5.68%
6	China, Hong Kong SAR	12,235,990	5,738,142	7,147,572	16,585,441	4.22%
7	China	8,926,703	6,904,555	7,023,571	14,383,745	3.66%
8	Poland	1,978,721	2,459,490	3,883,589	12,549,226	3.19%
9	Malaysia	18,367,599	15,273,917	13,918,248	12,011,380	3.05%
10	Germany	6,354,008	7,131,461	7,379,725	7,990,731	2.03%
11	Italy	5,665,117	5,661,451	7,569,616	7,707,641	1.96%
	Others	67,845,268	78,146,481	80,716,098	36,933,851	9.39%
	Grand Total	238,154,317	255,933,304	300,198,156	393,277,316	100%

Source: ICE processing UN-Comtrade's data

As shown in the table above, most of major exporters of cosmetics products into Vietnam came from Asian countries with the 1st ranking belongs to Korea (US\$ 139 million), followed by Singapore (US\$ 57million) and Japan (US\$ 41.5 million). Representative of Western exporters must mention France with 4th place (US\$ 24 million) having more than 6% market share. Italy was ranked at 11th place (US\$ 7.7 million) and have enjoyed an increasing trend, taking over 2% market share in 2017.



Source: ICE processing UN-Comtrade's data

- **HS Code 3303: Perfumes**

Table 2: Import value of cosmetics products under HS Code 3303 from top exporters in Vietnam from 2014 to 2017 (value in US dollar)

No.	Country	2014	2015	2016	2017	Market share in 2017
1	Singapore	13,584,597	15,744,328	16,615,036	15,255,061	47.74%
2	Poland	408,356	321,471	694,234	3,404,494	10.65%
3	Philippines	3,607,844	393,464	12,024,791	2,993,702	9.37%
4	China, Hong Kong SAR	863,509	1,325,203	1,748,508	2,331,150	7.29%
5	France	3,214,274	2,381,417	2,216,460	1,877,080	5.87%
6	Spain	521,711	903,694	1,047,349	1,542,369	4.83%
7	Germany	2,508,679	3,164,242	2,257,361	1,193,109	3.73%
8	USA	767,238	1,053,359	1,116,151	947,890	2.97%
9	Indonesia	472,410	672,560	293,065	585,379	1.83%
10	Italy	219,092	254,002	337,210	485,817	1.52%
	Others	980,924	2,239,041	3,007,163	1,341,232	4.20%
	Grand Total	27,148,634	28,452,781	41,357,328	31,957,283	100%

Source: ICE processing UN-Comtrade's data

The import value recorded by the public source UN-Comtrade and from the purchased source of Customs of Vietnam are mainly different due to the presence of Singapore. However, the domination of French perfumes among Western nations remained the same (US\$ 1.9 million), followed by Spain (US\$ 1.5 million), Germany (US\$ 1.2 million), USA (US\$ 947 thousand) and Italy (US\$ 485 thousand), respectively. Although the total value for products under HS code 3303 had a decrease of 22% growth rate from 2016 to 2017, Italian products still had a positive growth rate at 44%.

- **HS Code 3304: Skin care, Body care, Facial care**

Table 3: Import value of cosmetics products under HS Code 3304 from top exporters in Vietnam from 2014 to 2017 (value in US dollar)

No.	Country	2014	2015	2016	2017	Market share in 2017
1	Rep. of Korea	35,784,919	43,617,699	58,855,896	123,335,403	45.81%
2	Singapore	12,389,086	18,186,084	25,601,437	34,567,195	12.84%
3	Japan	7,780,843	12,330,318	16,653,649	30,491,426	11.33%
4	France	8,924,396	7,790,483	10,787,514	20,571,202	7.64%
5	USA	4,566,854	4,857,617	5,567,645	11,080,617	4.12%
6	China, Hong Kong SAR	6,572,948	2,387,634	2,443,125	9,836,401	3.65%
7	Poland	1,060,133	1,257,490	2,445,875	6,907,537	2.57%
8	Malaysia	3,493,042	2,783,786	2,828,139	4,295,008	1.60%
9	China	2,171,014	1,939,550	2,615,271	3,775,649	1.40%
10	Germany	1,476,770	1,565,538	2,759,443	3,517,806	1.31%
18	Italy	665,823	884,915	1,703,389	1,154,099	0.43%
	Others	28,824,811	36,811,013	31,863,673	19,673,824	7.31%
	Grand Total	113,710,639	134,412,127	164,125,056	269,206,167	100%

Source: ICE processing UN-Comtrade's data

In recent years, according to the observation of experts in the field, more and more Italian products have been found in this category. The customer segments that Italian brands focus more on are middle-high and high income. Main distribution channel for these types of product to approach the customers is mainly through professional channels, such as beauty salons and spas. Although the import value from Italy has been still modest (US\$ 1.7 million) compared to other top exporters, the trend has potentiality to grow more in upcoming years.

- **HS Code 3305: Hair care**

Table 4: Import value of cosmetics products under HS Code 3305 from top exporters in Vietnam from 2014 to 2017 (value in US dollar)

No.	Country	2014	2015	2016	2017	Market share in 2017
1	Japan	1,532,136	3,653,779	7,303,199	8,696,388	17.46%
2	Rep. of Korea	5,908,706	6,639,362	7,163,462	8,424,509	16.92%
3	USA	7,382,305	6,480,589	4,936,325	7,008,530	14.07%
4	Italy	4,387,106	4,412,594	5,082,822	5,725,339	11.50%
5	Singapore	1,213,863	1,587,758	3,222,305	3,278,079	6.58%
6	Australia	185,157	193,870	317,775	2,403,596	4.83%
7	Germany	1,901,658	2,042,017	2,044,581	2,221,843	4.46%
8	China	3,277,321	1,295,420	1,140,963	1,748,041	3.51%
9	Malaysia	1,434,699	1,352,419	1,504,969	1,334,384	2.68%
10	China, Hong Kong SAR	2,454,400	959,240	1,440,401	1,253,288	2.52%
	Others	15,648,776	17,364,601	19,567,957	7,702,344	15.47%
	Grand Total	45,326,127	45,981,649	53,724,759	49,796,341	100%

Source: ICE processing UN-Comtrade's data

Hair care products has proved to be the strongest category of Italian products in Vietnam for many years. In 2017, only after USA, Italy is the representative of European countries to be present in the list of top exporters into Vietnam, with US\$ 5.7 million import value, making 11.5% market share. Italian hair care products are mostly found in profession hair salon with dyeing, bleaching, and hair care products after chemical treatments. From 2016 to 2017, import value from Italy saw a 12.64% growth rate, growing from US\$ 5.08 million to US\$ 5.72 million. According to current data, Italy was ranked at 4th place. However, please be noted that in this category, Thailand is also a strong competitor and was ranked at 1st place in 2016.

- **HS Code 3307: (Toiletries, Shaving and Bath Preparations, Deodorants)**

For this category, both import value and ranking of Italian products in Vietnamese market has been still modest. However, as the Vietnamese customers have been shifted their demand gradually to organic products, there are still markets for Italian organic goods to approach and increase their presence. Currently, Italian products took 0.81% market share in 2017 with US\$ 342,386.

**Table 5: Import value of cosmetics products under HS Code 3307
from top exporters in Vietnam from 2014 to 2017 (value in US dollar)**

No.	Country	2014	2015	2016	2017	Market share in 2017
1	China	3,478,368	3,669,585	3,160,710	8,529,716	20.16%
2	Rep. of Korea	1,697,659	2,519,727	4,157,853	7,212,495	17.04%
3	Malaysia	13,420,979	11,097,945	9,554,639	6,239,942	14.75%
4	Singapore	7,924,685	3,880,404	4,106,022	4,498,144	10.63%
5	USA	1,623,868	1,230,139	2,337,425	3,294,676	7.79%
6	China, Hong Kong SAR	2,345,133	1,066,065	1,515,538	3,164,602	7.48%
7	Japan	1,016,360	1,232,369	814,458	2,305,839	5.45%
8	France	368,508	333,832	434,176	1,072,243	2.53%
9	Germany	466,901	359,664	318,340	1,057,973	2.50%
10	Poland	297,015	547,955	372,143	1,006,415	2.38%
14	Italy	393,096	109,940	446,195	342,386	0.81%
	Others	18,936,345	21,039,122	13,773,514	3,593,094	8.49%
	Grand Total	51,968,917	47,086,747	40,991,013	42,317,525	100%

Source: ICE processing UN-Comtrade's data