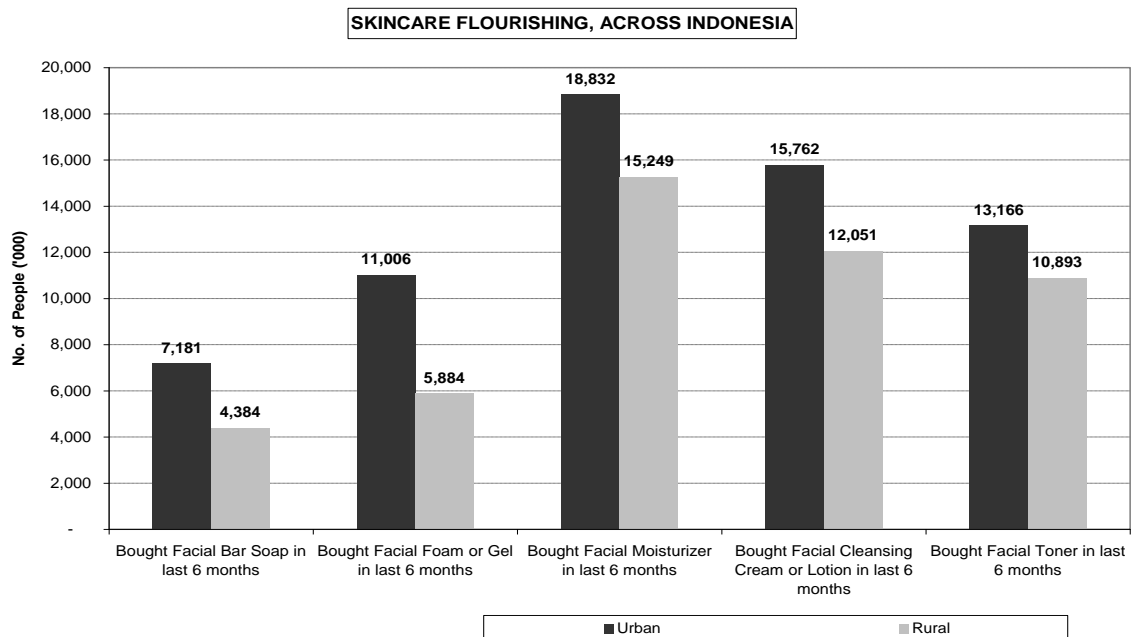


The Beauty Business Is More Than Skin Deep

More than half the women in the country buy some form of cosmetics, regularly. At least two out of three women use some, regularly. Though the frequency of buying and usage is determined by the kind of beauty product in question, the skin-deep business digs much more deeply into the wallet. Or the purse, I should say.

With the exception of those living below the poverty line, skincare is as much a daily routine as brushing teeth. An ever-expanding list of products and services continue to grow this market, fueled by economic growth. The speed of growth may be faster in the cities than it is in the villages, but in the realm of everyday basics, the country cousins are not too far behind. 52 per cent of urban and 41 of rural women have bought a facial moisturiser in the last six months. Similarly, 36 per cent of urban and 30 of rural women have bought a facial toner. Even facial foams are doing surprisingly well across the country, with 30 and 16 per cent respectively, though the gap is more pronounced. They are soft indicators of Indonesia's growing sophistication and improving wealth. But even the leading marketers remain clueless about who buys and who uses their products outside their last point of distribution. That's almost half the consumers. That's tens of millions of women.

There used to be a time when the more expensive brands were simply out of reach for many. Today, the global Pond's brand rules over the local Viva brand not only in urban but rural Indonesia as well. 20 years ago, that was unimaginable. Today it is reality because the difference in price has narrowed, while the difference in quality has widened. Consumers have an instinctive way to vote for such changes, with their wallets. It is for the same reasons that the other local icon, Sari Ayu, is struggling to retain its share of consumers. It has shrunk to 14 per cent, albeit of a growing market. In contrast, a relative newcomer like Olay has carved a 4 per cent share at the top-end of the market. In the middle, Seger still has 6 and Mustika Ratu is steady at 3.



But there are two significant trends that the captains of this particular business may not be aware of. First, the number of buyers is rapidly declining, even as volumes of sales grow. The one big reason for this apparent paradox is the main grocery buyer continuing to tighten her grip on the domestic budget. She is discouraging the daughter from experimenting, preventing a plethora of brands from appearing on the same dressing table. This lack of democracy is impacting heavily on brand selection, a phenomenon that is going largely unnoticed. This is true not only for skincare or cosmetics, but for almost all items on the household's shopping list. While earnings are going up and more products and services are growing, so are the prices of everyday essentials. Most consumers are feeling the pinch, ever harder.

The purse-strings are tightening. It would then be a mistake to conclude “cheap” is important. Instead, “value for money” remains the most important criterion for selecting a skincare brand. Then comes “quality brand”, with 38 per cent women agreeing. That's followed by an almost equal number wanting a “proven benefits”. “Gentleness” and “made in Indonesia” come next, close to “anti-aging benefits”. More than one in four women value the SPF aspect of skincare products. But “reputation of the brand” has steadily outstripped “recommended by friends” as an important influencer. Buyers also claim that packaging and advertising play a minor role in the decision-making process, with only 16 per cent of skincare buyers acknowledging their persuasive powers. I still haven't met a woman who can walk past a shoe shop without looking, so I would doubt the PH factor of the claims.

Secondly, anybody who believes that the growing presence of jilbabs is a potential threat to the skincare business is jumping to the wrong conclusion. They need to get with the program, witness the boom in “halal cosmetics” around the world. Indonesia won't be too far behind. Today, women from the “Real Conservatism” societal group almost as many as their counterparts from the bigger more youthful “Look at Me”. These groups are the two biggest, aside from young mothers of “Conventional Family Life”, in Roy Morgan Values Segments, a societal map tracking the country. Real Conservatism should not be equated with real fundamentalism. The jilbab is not an IED. Halal cosmetics are still cosmetics, minus the animal fats. Sharia banking is not sharia law, it is still banking. Anybody in the skincare business who understands the fundamental difference will rake it in. Personally, I would readily support halal cosmetics, but not for any religious reasons. I think the premise is a lot more sincere and palatable than “skin whitening”.

Beyond skincare, the beauty industry continues to grow in allied services. The salon and spa business is blossoming, with more than 5 per cent visiting one in the last 6 months. Beauty isn't skindeep, there is growing evidence of that. But it's another industry altogether, so we'll save the topic for another day.

The opinions expressed are based on Roy Morgan Single Source, the country's largest syndicated consumer survey with over 25,000 respondents annually. Interviews are conducted face-to-face each week, continuously, with results released every quarter. The findings are projected to reflect over 85% of the population, 14 years of age and older.

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