

## NEW BEAUTY MARKETS: OPPORTUNITIES AND CHALLENGES IN THE MIDDLE EAST AND AFRICA

July 2023 - The global cosmetics industry is worth **427 billion USD**, as confirmed by the 2023-2027 beauty report released by the market research agency *McKinsey & Company*. The value is destined to **increase by 6% per year, reaching 580 billion USD in 2027**.

The reference area for the sector remains China, even if the average annual growth over the next five years will stabilize at 8%, instead of 12% in the period 2015-2019. The United States will register a CAGR of almost 6%, and from the current 85 billion USD they will reach 115 billion USD by 2027. Similar growth is expected for the Asia-Pacific region: thanks to sales in the retail channel from 110 billion USD at the end of 2022 the area will record a value of 151 billion USD in the next 5 years.

Europe is more stable, and from the current 90 billion USD it will reach 115 billion USD in 2027, with an annual growth rate of around 5%.

Up to now for beauty brands, the greatest growth opportunities are hidden in emerging or still underexploited markets, which are characterized by a strong demographic push, growing urbanization and an average increase in purchasing power.

One of the most promising regions for beauty experts is the **Middle East and Africa area**. Overall, the market today is worth **more than 40 billion USD**, according to *EUROMONITOR INTERNATIONAL*, an international agency specializing in market analysis. The driving sectors are hair care (with a value of 7.9 billion dollars), fragrances (6.3 billion dollars) and skin care products (5.5 billion dollars). **By 2027, the region will reach a revenue of 47 billion dollars, with an average annual growth of 12%.**

### NEW OPPORTUNITIES IN THE MIDDLE EAST

The Middle East is witnessing significant expansion due to the growing purchasing power of local consumers. Fuelled by digitalisation, the region, especially the Gulf countries, offer ample opportunities for growth, owing in large part to untapped per-capita potential. Rising disposable incomes and overall rising wealth, particularly among the rising younger urban middle class, also bring opportunities for value-added beauty products that emphasize health and well-being. A session titled "Health & Beauty in Sync" was held during the last edition of Cosmoprof Worldwide Bologna in March 2023. The conference, organized **in collaboration with EUROMONITOR INTERNATIONAL** and moderated by **Lauren O'Connell, Beauty Editor of Cosmopolitan Middle East magazine**, explored the combination of beauty and health in the region. "Beauty is not just about appearance but has a psychological component that is connected to being part of a community. Euromonitor has identified 'wellness' as a megatrend, which means it's a trend that is here to stay," said **Mehr Shafiei, Senior Analyst at Euromonitor International**, who spoke at the round table. "The theme of wellness has emerged predominantly during the pandemic as a result of greater attention to health, but also because of better communication via social media. It will be precisely digitalisation that will favour the widespread of topics hitherto considered taboo in the near future because digital is the tool that facilitates dialogue among the younger generations."

**Nazih Hamad, Founder of Nazih Group**, attended Cosmoprof Worldwide Bologna 2023, and he was awarded the Cosmoprof LIFE ACHIEVEMENT AWARD for his contribution to the development of the beauty sector in the Middle East. For Nazih, digitization and social media, in particular, are strategic tools: "Brands, professionals and consumers are linked by a common element: communication. It is not important what brands tell consumers, but what consumers share, and their satisfaction. Consumers need the best quality, the best performance and the best price. To interact with them, professionals must provide messages and information that are easy to understand, and at the same time brands must educate professionals so that they can provide advice to consumers and satisfy their request for information, their curiosities and their needs."

The talk highlighted the fundamental role of the Middle East for the cosmetics industry: it is a rapidly growing market, with a high per capita income. Local authorities have enacted policies to prevent counterfeiting and illegal trade. Another key element is the young average age of the population: 50% are under the age of 35-40, meaning that young and well-educated consumers are playing a distinctive role. Tourism is also growing, and the area is a strategic market for purchases, as prices are lower in Dubai than in Europe. International brands and suppliers can find new opportunities in the Middle East, however, attention must be paid to the differences between regions. The Middle East is not a homogeneous market: Saudi Arabia is the region with the most demanding consumers, Lebanon is the country that pays the greatest attention to innovation, Dubai is the trendiest metropolis, and Bahrain registers the highest purchase power. "The region is a melting pot with huge differences: understanding its specific needs is essential. For a brand that wants to enter the Middle East market, I would recommend looking for distributors locally and connecting with the right people," said **Della Pass, General Manager of AKI BinSina (UAE)**. "Consumers in the Middle East are asking for immediacy, without waiting for long passages through customs. For this reason, there are many local indie brands, which respond more effectively to local needs with their products. They are more flexible than international brands, which have more difficulty proposing customized products. The Middle East is the land of diversity: Western stereotypes are almost disappearing. New standards of beauty, new images and above all the use of Arabic instead of English are fundamental for a brand doing business in the region".

**Abdul Majid Madi, Founder and CEO of District General Trading Company Kuwait**, highlighted how the value of sustainability is growing more and more in the region. "In the West there is more attention to the issue: most of the producers are based in the West, where strategies to reduce the environmental impact are common, with the active participation of governments and associations. In the Middle East, consumers acquire information on ingredients, new technologies and sustainable innovations through social media or during their travels, and once in their country they expect new launches that respect the same values. For

this reason, the role of researchers, developers and retailers is strategic. We need a group effort because the new generations are pushing and asking for effective answers".

#### **AFRICA: A MARKET TO EXPLORE**

According to the latest analyses by *statista.com*, in 2023 the beauty market on the African continent reached a value of **7.89 billion USD**, and an **average annual growth rate of 8.79%** is expected over the next 5 years. 87% of consumption is attributable to mass-market products distributed in retail channels.

Growth is favoured by demographic development; today 1 billion 300 million people live in Africa. By 2050 it is estimated that 25% of the world's population will live in Africa; by 2100, the percentage will reach 40%.

"The cosmetics and beauty market is growing steadily in Africa, following the great trends of demographic growth, urbanization, and the increase in incomes of the middle class. This type of consumer goods is highly appreciated, and the expense for these products is constantly growing. Among the most interesting markets, there are South Africa, Nigeria, and Kenya, but the trend is generally increasing throughout the continent", says **Francesco Gastaldon, Partner and Country Manager Italy of Kili Partners**, an advisory, business and project development firm that assists clients to access growth opportunities and markets across Africa.

Accessing the African cosmetic market is not easy. The needs of local consumers are very different from those of Western customers: different types of hair, skin and bodies and an extreme climate with heat picks are a challenge for many brands. Currently, the market particularly rewards local brands, however, new technologies and growing digitization offer new data and tools to multinationals, especially in sub-Saharan regions. The very low average age of the population, with three-quarters of the population under the age of 30, is a further factor that helps the growth of global products, together with growing urbanization and the development of the middle class, with greater purchasing power for women, too. The most strategic markets today are South Africa and Nigeria, the most populous state on the continent with over 220 million people, but Cameroon, Tanzania, Ghana, Ethiopia and Kenya are also promising areas for analysts.

An aid to the development of beauty products can come from e-commerce, which continues to grow in all regions. At the end of 2022, online sales reached a value of 859,300 USD, with an annual growth rate forecast over the next 5 years of 12.39% which will lead to a total turnover of 1 million and 300 thousand dollars and 178,500 users in 2027.

Geo-location and personalization are the two key factors to be successful among local consumers. As highlighted for the Middle East, the African continent is also a territory with many facets. Cultural, religious, political, social and economic differences make Africa a real kaleidoscope. Knowing trends, market regulations and consumer needs is generally a key element in trying to exploit the opportunities offered by less explored markets.

New projects are being evaluated for the next edition of Cosmoprof Worldwide Bologna with particular attention to emerging markets. For further information and updates, please visit [www.cosmoprof.com](http://www.cosmoprof.com)

PRESS OFFICE  
BOLOGNA FIERE COSMOPROF  
Arianna Rizzi  
arianna.rizzi@cosmoprof.it  
P +39 02 45 47 08 253  
press@cosmoprof.it

WWW.COSMOPROF.COM  
Organized by  
Bologna Fiere  
Cosmoprof S.p.a.

COMPANY OF  
 Bologna  
Fiere

IN PARTNERSHIP WITH  
 COSMETICA ITALIA  
the personal care association

WITH THE SUPPORT OF  
   ITA  
ITALIAN TRADE ASSOCIATION