

# Analysis of the beauty market in Thailand

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October 11, 2024

## Thailand is one of the most dynamic markets in Southeast Asia, but this year has seen some weakness as tourist traffic remains low

One of the most developed prestige markets in Southeast Asia, Thailand has an avid consumer base and vibrant retail scene. According to market sources, the prestige beauty market was valued at around \$770m last year, growing between 2021 and 2023 at a compound annual growth rate of 9%. Prestige fragrance was by far the fastest-growing category, at 47%, while make-up gained 13% and skincare—which accounts for around 51% of prestige sales—gained 8%.

In the early months of 2024, however, the market has been relatively weak. “Prestige beauty has been a lot slower than we expected,” says LUXASIA Country Manager for Thailand Srocha Zbinden. In the first quarter, prestige fragrance sales were up 13%, while make-up gained 6.5% and skincare was flat, according to LUXASIA.

Zbinden explains the slowdown as a combination of lower-than-anticipated tourist numbers, despite government initiatives to drive incoming traffic, and lower purchasing power among locals. “Tourists are spending less, and their intention is to enjoy their holiday through avenues other than shopping,” says Zbinden. “We used to have a high number of Chinese tourists, but currently, it’s significantly lower.” Higher prices for prestige beauty than in international markets are also a barrier to tourist spending, she says.

Among local consumers, meanwhile, high interest rates are putting pressure on purchasing power. “Because of the current market conditions, people are a little bit more price sensitive,” says Zbinden. Indeed, in fragrance for example, there is a shift to smaller product formats, driven by younger consumers, with lower purchasing power. “The younger generation doesn’t necessarily want to commit to big bottles,” Zbinden says.

## Experimental consumers

Thailand is often used as a testing ground for brands for Southeast Asia. “Thai consumers are sophisticated and show a high level of interest in new launches, trying new products and being early adopters,” comments Groupe Clarins Executive Vice President for Southeast Asia Guillaume Nagy. “In the past couple of years, a lot of brands entered the market. The customer is a lot more experimental with new brands,” Zbinden adds.

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## LUXASIA Country Manager for Thailand Srocha Zbinden

Korean and Japanese brands are strong, and Thailand is also the country in the region with one of the biggest offers of local brands, mainly competing at mass price points. “Thailand is a competitive market. The Thai consumer is open to local brands, more than any other market in the region. It’s challenging,” says LUXASIA Managing Director for Southeast Asia Alwyn Chong.

Cosmetic surgery is popular, as are elaborate make-up looks, with a strong demand for products that act like lip fillers, for instance, according to Asia Cosmelab Project Manager for Southeast Asia Héloïse Lefebvre du Prey. “People want effective products and quick results,” she says.

Pale skin remains a priority, she says—whereas in other markets in the region, attitudes have shifted. Demand for whitening products and suncare are strong, as is hybrid make-up to fight acne, she says. Skincare routines are becoming more sophisticated, meanwhile. “Efficacy and a degree of science is important on the skincare side,” says LUXASIA Chief Operating Officer Satyaki Banerjee. “But I think shorter routines resonate more with the Thai consumer.”

### Vibrant retail

The Thai beauty retail scene is particularly vibrant, with a flurry of mall development and department stores upgrading their top doors and expanding their offer, especially in make-up.

The market is dominated by Central and The Mall Group, which as well as operating department stores also control commercial property within the malls. These operators account for around 90% of the prestige beauty market, according to estimates. “Department stores are the preferred environment for purchase due to a strong market footprint, attractive promotional and CRM programs, and the capacity to constantly reinvent themselves,” comments Groupe Clarins’ Nagy. “They will continue to lead.”

Boutique locations operated by mall landlords are seeing stronger growth than classic department-store counters, according to LUXASIA’s Zbinden, and are mushrooming. “They are growing at around 14%, whereas department stores are seeing roughly 4% growth,” she says.

LUXASIA last year introduced its Esentials store concept for niche brands in Thailand. “Hybrid formats are the future, because they allow the consumer to have the comfort and benefits of shopping in a department store,

but with the experience of a standalone. You have the best of both worlds, it makes it more attractive, and people can use their membership benefits,” explains Zbinden.

Local multi-brand chains are also strong, and are increasingly bringing in prestige brands. Alongside the Eve + Boy and Beautrium chains, newer players include Multy, which has six boutiques in Bangkok, and e-tailer Konvy, which launched its first boutique last year in Siam Center. “In a market that people thought was saturated, there is a lot of innovation in retail,” says Asia Cosmelab’s Lefebvre du Prey. “Even though consumers now buy a lot online, they still love going to stores to test the products.”

Consumers are gravitating towards experiential formats, observers say. “Customers are less reliant on sales associates or beauty consultants,” says Zbinden. “Formats where customers can really experiment with products are more welcoming.”



*Local multi-brand chains, such as Eve & Boy are strong in the market (above left), while new concepts are also emerging. Last year, LUXASIA introduced its Esentials store concept for niche brands in Thailand (above right)*

## Online sales

As elsewhere in Asia, the e-commerce landscape is dominated by marketplaces, accounting for an estimated 60% of online sales. Lazada and Shopee are important platforms, as is local player Konvy.

But brands are increasingly reluctant to engage with marketplace platforms due to fears over brand equity. “Some brands will shift from marketplaces as they are unable to keep competing with heavy discounts that are eroding their equity, to increase their efforts in growing their own brand.com or partnering with department stores.com platforms instead,” says Groupe Clarins’ Nagy. Retailer.com platforms are popular with consumers, meanwhile, because of the department stores’ strong CRM programs.

While online sales have seen strong growth and social media is crucial to product discovery—with Instagram and Facebook reportedly the leading platforms—consumers still love to go to stores for the experience. Pop-

ups and influencer events are increasingly common. For instance, when Amorepacific's Aestura brand entered Thailand this May, the launch on Lazada and at Beautrium and Watsons stores also included a pop-up at Siam Square Mall, as well as an event at Emsphere mall targeting local media and influencers.

"Thailand is a lot about entertainment and retail-tainment. Combining that with the right brand expression across all consumer touchpoints is important," observes Banerjee. "If you further combine that with the impact that celebrities and KOLs have on the market, you get a picture of the number of activations carried out and the creativity that is needed to keep your target audience vested and the brand vibrant."

As one of the most competitive beauty markets in the region of Southeast Asia, Thailand is also proving to be among the most dynamic.

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## Thailand's key retailers

### Central

With 77 stores under the Central and Robinson banners, Central is Thailand's biggest department-store player. Recent initiatives include a major upgrade to its flagship Chidlom location in Bangkok, with the aim of transforming the store into a world-class luxury shopping destination. The new store opened this April and includes a 60,000ft<sup>2</sup> (5,574m<sup>2</sup>) Beauty Galerie space featuring more than 150 brands. It has opened two new stores and renovated a further two.

### The Mall Group

The Mall Group is Thailand's second department store and mall owner, with stores under The Mall, Emporium, Emquartier, Siam Paragon and Bluport Hua Hin Resort Mall nameplates. Recent developments include the opening late last year of the Emsphere mall in Bangkok, part of its ambitious Em District project that also includes the Emporium and EmQuartier malls.

### Beautrium

Beautrium is the largest of the Thai multi-brand beauty chains, with 37 doors. Its latest opening earlier this year, in the CentralWorld mall, spans more than 5,000ft<sup>2</sup> (464m<sup>2</sup>) and offers around 1,000 brands including a strong K-Beauty offer.

### Eve and Boy

Eve and Boy is one of the main multi-brand chains and now has 13 stores in key locations and is reportedly doing well. It has consistently expanded beyond its core masstige offer and now stocks a range of international prestige brands, and is gaining market share.

### Sephora

With 12 stores in Thailand, Sephora has reportedly struggled to gain traction given the strength of local department stores and multi-brand chains. Sephora launched a storefront on Alibaba's Lazada Thailand last October.

## E-commerce

Alibaba's **Lazada** is reportedly the biggest e-commerce player for prestige beauty in Thailand. **Shopee** is the second marketplace.

## Thailand prestige beauty market forecast

Category	% 2024 sales growth forecast	% 5-year CAGR forecast (2024-2028)
Prestige skincare	+5.5-6	+6.5
Prestige color cosmetics	+4-5	+10.9
Prestige fragrance	+2.8-3.5	+7.3
Prestige haircare	Approx +8	+7.0

Source: LUXASIA

## Thailand beauty and personal care sales

Category	2023 sales \$	% change 2023/2022	2024 sales forecast \$	% forecast change 2024/ 2023
Skincare	2.63bn	10.2	2.87bn	+9.1
Color cosmetics	778m	+30.6	917.2m	+17.9
Fragrance	352.5m	+17.2	394.7m	+12
<b>Premium beauty and personal care</b>	<b>1.46bn</b>	<b>+14.6</b>	<b>1.62bn</b>	<b>+10.5</b>
<b>Total beauty and personal care</b>	<b>7.19bn</b>	<b>+11.1</b>	<b>7.85bn</b>	<b>+9.2</b>

Source: Euromonitor International, retail sales at constant 2023 prices. Total includes categories not listed in chart.



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