

A close-up photograph of a cosmetic palette with various shades of red and orange eyeshadow. A black brush is resting on the palette, and a cloud of fine, multi-colored powder (blue, purple, red, and white) is suspended in the air, creating a dynamic and artistic effect.

# **TURKISH COSMETICS AND PERSONAL CARE PRODUCTS MARKET**

**2016**

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# Market Overview

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In the last years, more than **50 brands** have entered the growing Turkish Cosmetics Market.

**170.000** different products are distributed in the domestic market, **46.000** of them are domestically manufactured.

Cosmetic products represents **0,5% of the overall exports** in Turkey

Industry employs **14.000** people and approximately **3.250 companies** manufacturing various cosmetics and personal care products are active in the industry

Soap production capacity is (**400.000 tons**) much higher than domestic demand; **%60** of the production is **exported**

**72%** of the total soap production is made by the **top 10 companies**

**6<sup>th</sup>** largest dye manufacturer in Europe with **800,000 tons** production capacity

The **hair care products** has the biggest share in the industry and **shampoos** account for approximately **60%** of hair care products

# Cosmetics Demand in Turkey

Turkish cosmetics sector reached to a size of **EUR 1.6 billion**

Cosmetics industry has a **yearly growth rate of 10%**

There is a **high competition in mid-range** products

Investment and marketing decisions mostly made for the **brands targeting middle income customers**

Growth of cosmetics is fuelled by the **increasing participation of women in the workforce** and **rising urbanization**

Turkish Cosmetics Market is currently being led by **two main segments**:

- By **products that have ability to stop or slow the aging process**, to protect from UV rays, pollution, and the appearance of cellulite. The consumption of anti-aging UV protection/anti-pollution products is driven by all age groups and includes men and women who wish to appear younger.
- By the **fragrance market**, that appears to be dominated by the “youth movement” in the United States and Europe. The target group’s age is 15-25; the youth movement is expected to grow.

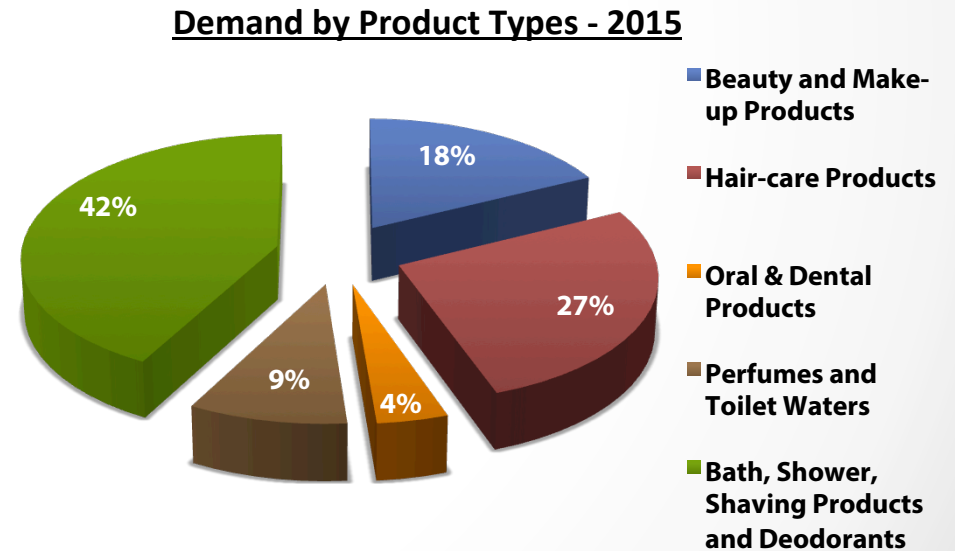
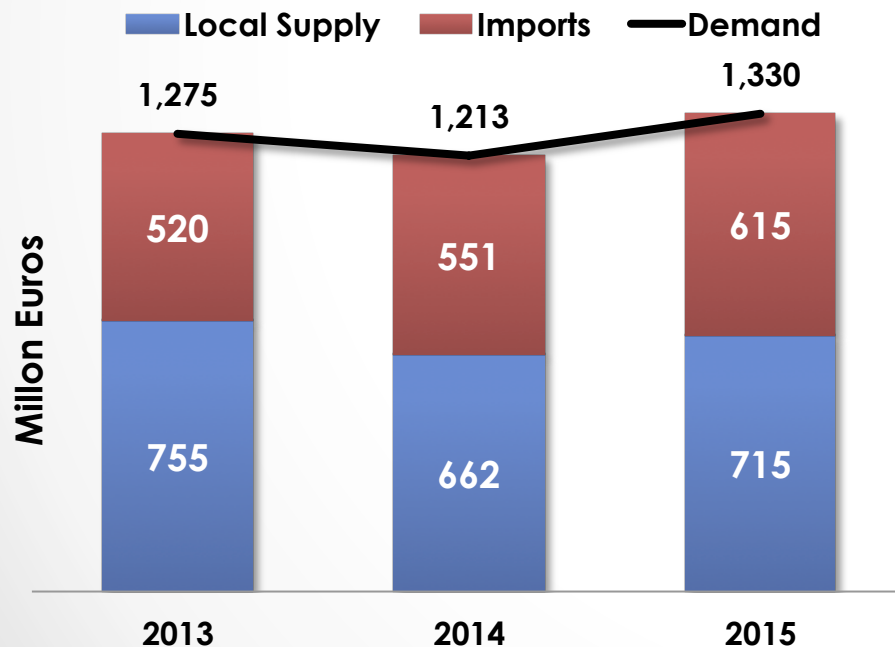
**Halal products** subsequently is a rising trend in the cosmetics and personal care industry

# Cosmetics Demand in Turkey

Local demand of cosmetics has shown a stable trend in the last three years, while the supply sources were shifted. The **majority of the demand is still covered by local supply** although the **share of imports** is in an increasing trend.

Distribution of local demand in terms of product types is also analyzed below, where the **Bath, Shower and Shaving Products** (the category consists of soaps, air fresheners, deodorants, shaving products and other bath products) has a majority share of **42%**, followed by **Hair-care Products** (shampoos, hair jells and other hair care products) with a share of **27%**.

The consumption figures also indicate that the **oral/dental care** in Turkey is still very limited. In addition, **perfume use** in Turkey is still perceived as a luxury consumption and fairly limited.



# Cosmetics Production

Turkish cosmetics and personal care products companies offer a **high quality** and **diversified product range**

Majority of the manufacturers are located in **Istanbul**

Most of the major **multinational companies** in the industry have their manufacturing and marketing facilities in Turkey

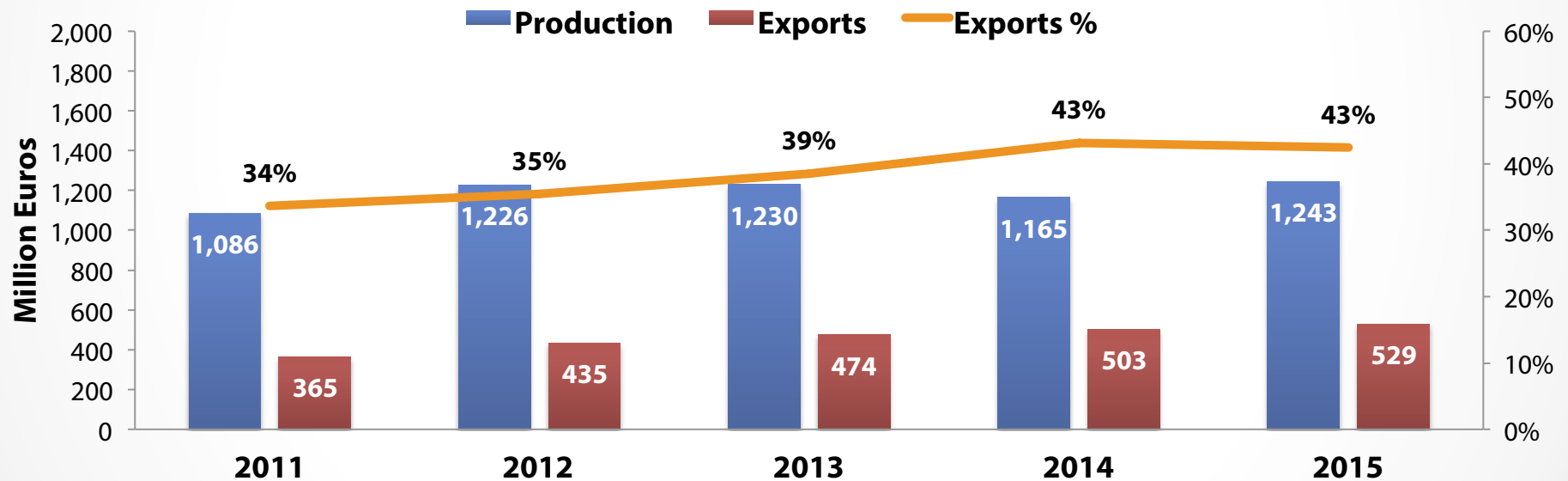
Industry employs **14.000** people and approximately **3.250 companies** manufacturing various cosmetics and personal care products are active in the industry

Soap production capacity is **(400.000 tons)** much higher than domestic demand; **60%** of the production is exported

# Cosmetics Production

The Turkish Cosmetic industry produces a wide variety of products for **hair care, skin care, toilet waters, soaps, shampoos, nail care** etc.. Turkish cosmetics and personal care products companies offer a **high quality and diversified product range**.

Most of the major **multinationals** in the industry have their **manufacturing and marketing facilities** in Turkey. Some of them are directly engaged in production and marketing activities in Turkey and some are producing and marketing their products via **license agreements** and **joint ventures** or **toll and contract manufacturers**.

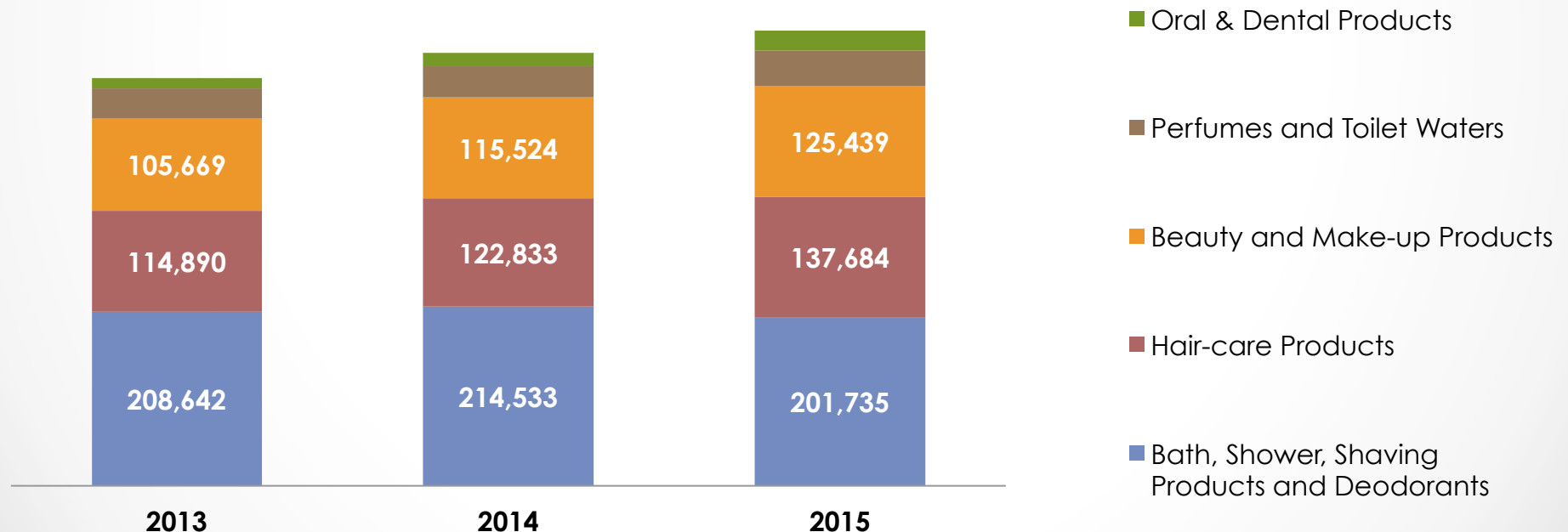


Production for export markets has a significant share in the overall production volume and it is in an increasing trend, where the share of exports reached **43%** in 2015. Majority of these exports are in the categories of bath, shower and shaving products and hair-care products.

# Cosmetics Exports

Exports of the cosmetics and personal care products in Turkey is composed of five major sub sectors: Bath, shower, shaving products and deodorants (**38%**), , Hair-care products (**26%**), Beauty, make-up and skin care products (**23,7%**), Perfume and toilet waters (**7,8%**), Oral and dental products (**4,2%**).

In the last three years, there has been an upward trend in export values with an average annual growth rate of **10%**. Export volumes of the sub segments indicates that air freshener products has the leading share with an export value of **EUR 80 million** in 2015, accounting for **15,2%** share in cosmetics exports, which is followed by shampoos with an export value of **EUR 78 million** and **14,8%** share.



# Main Players

Company	Web site	Brands
<b>Proctor &amp; Gamble</b>	<a href="http://www.pg.com.tr">www.pg.com.tr</a>	Ipana, Olay, Pantene, Blendax, Rejoice, Head&Shoulders, Koleston, Max Factor, Oral-B, Gillette
<b>Henkel</b>	<a href="http://www.henkel.com.tr">www.henkel.com.tr</a>	Schwarzkopf, Syoss, Fa, Right Guard, Diadermine, Theramed
<b>Colgate Palmolive</b>	<a href="http://www.colgate.com.tr">www.colgate.com.tr</a>	Colgate, Palmolive, Hacı Sakir, Lady Speed Stick
<b>Unilever</b>	<a href="http://www.unilever.com.tr">www.unilever.com.tr</a>	Elidor, Dove, Clear, Axe, Lux, Signal, Vaseline, Rexona
<b>Evyap</b>	<a href="http://www.evyap.com.tr">www.evyap.com.tr</a>	Duru, Arko, Activex, Sanino, Gibbs, Aromel Brands (Bellissima, First Class, Privacy, Emotion, Blade)
<b>Eczacibasi</b>	<a href="http://www.eczacibasi.com.tr">www.eczacibasi.com.tr</a>	Schwarzkopf, Selin, Hijyenmax, Egos, Essence
<b>Beiersdorf</b>	<a href="http://www.beiersdorf.com.tr">www.beiersdorf.com.tr</a>	Nivea
<b>Hunca</b>	<a href="http://www.hunca.com">www.hunca.com</a>	She, Caldion, Jagler, Black Magic, Moments, Thorne, Equal, Extory, Viva Cappio, Promise, Irony, Carminella, Sensation, Ivindi, Soft
<b>L'Oreal</b>	<a href="http://www.loreal.com.tr">www.loreal.com.tr</a>	L'Oreal, Garnier, Maybelline, Essie, Ipek, Kerastase, Matrix
<b>Otacı</b>	<a href="http://www.otaci.com">www.otaci.com</a>	Otacı
<b>Kopas</b>	<a href="http://www.kopas.com">www.kopas.com</a>	Voila, Sesu, Alix Avien, XO, Alix Natura, Foot Doctor, Planters, Cire Aseptine, Revlon, Ivola, Alix, Orofluido, Unique One, American Crew, Sesu Saloon, Marmara Kolonya, Dalin
<b>Hobi</b>	<a href="http://www.hobikozmetik.com">www.hobikozmetik.com</a>	Hobby
<b>Kosan</b>	<a href="http://www.flormar.com">www.flormar.com</a>	Flormar
<b>Erkul</b>	<a href="http://www.goldenrose.com.tr">www.goldenrose.com.tr</a>	Golden Rose
<b>Biota</b>	<a href="http://www.biotalab.com">www.biotalab.com</a>	Bioblas, Bioder, Biomen, Bioxcin, Nutraxin, Restorex
<b>Rosense</b>	<a href="http://www.rosense.com">www.rosense.com</a>	Rosense, Sweet Rose
<b>Lider</b>	<a href="http://www.liderkozmetik.com">www.liderkozmetik.com</a>	Repute, Aleda, Lady Bella, Preuve, Lyric, Chronic Men, Colere, Q5, Throb, Girly Talk, Beuteen, Majix, L'Carina, Green World

# Main Players: Detailed Review of Top 4

## Procter & Gamble

- Procter & Gamble is one of the biggest player cosmetics and toiletries in value terms in Turkey
- The most popular cosmetics and toiletries brands of the company are Pantene Pro-V, Blendax, Rejoice, Ipana, Clairol Herbal Essences, Ellen Betrix and Max Factor. The company's brand portfolio also consists of Ariel, Alo, Mintax, Ace, Ipanol, Vicks, Orkid, Prima, Pampers and Pringles.
- Procter & Gamble manages its operations from the General Offices in Icerenkoy Kosifler Centre and manufacturing operations through wholly owned plants in Sefaköy and Gebze, and a distribution center in Sekerpinar.

## Loreal Turkiye

- Loreal Turkey operates actively in Turkey since 1980's. Loreal Group considers Turkey as a key country in its growth strategies for Eastern Europe and Middle East.
- Loreal penetrated the Turkish market with many brands such as Lancome, Biotherm, Kerastase, Armani, Ralph Lauren.
- To enhance the product and brand portfolio, the company acquired Canan Kozmetik, which is a major hair care and nail products manufacturer, in 2007. With this acquisition, Loreal Turkey began cosmetics production for the first time in Turkey. The company now manufactures shampoos under the brands of Ipek and Elseve.

## Evyap A.S.

- Evyap Sabun Yag Gliserin Sanayii ve Ticaret A.S. is a very successful local company with a history of 75 years. Evyap started its journey with the production of soap in Erzurum-Turkey, but today manufactures a wide range of products including soap, shower gels, shampoos, shaving preparations, detergents and toothpastes, which are sold in more than 100 countries.
- Today, Evyap is one of the biggest soap and cosmetics producers in the world and is among the top 100 Industrial Companies of Turkey.

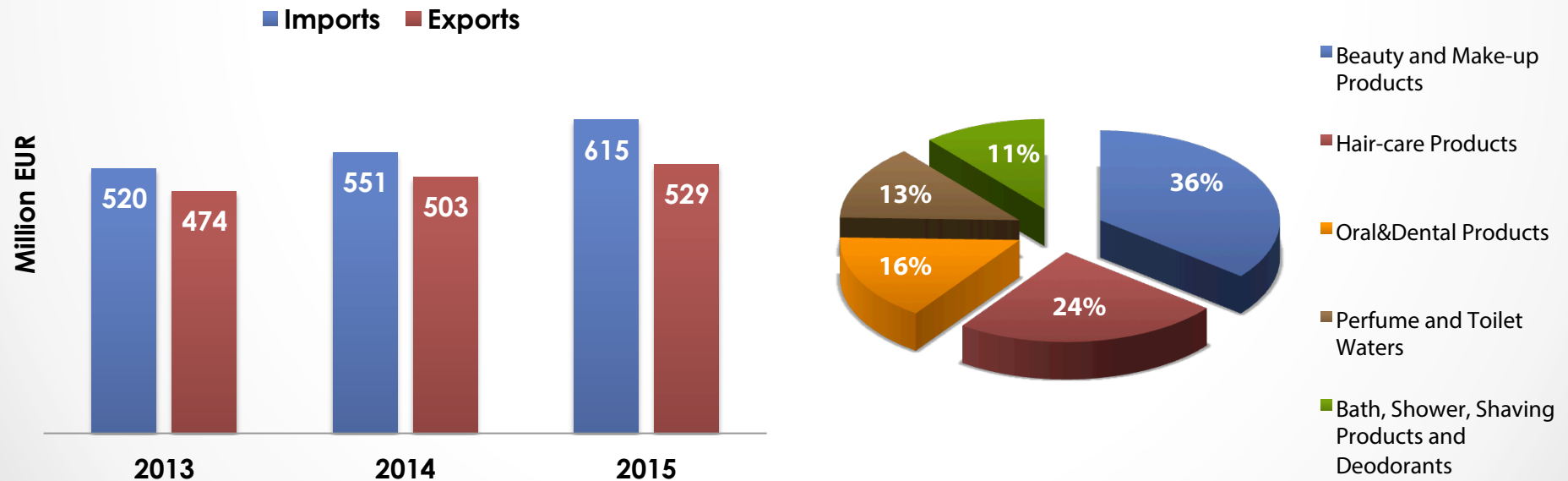
## Dalan Kimya A.S.

- Dalan Kimya Endustrisi AS started to produce traditional pure olive oil soap in the 1940's. The capacity in those days was very small compared whereas today the company has a product portfolio of more than 100 items
- The company exports its products to 123 countries in five continents. Besides the toilet soaps, bath soaps, granulated soaps, and soap powder, it is also producer and exporter of technical grade glycerin.

# Cosmetics Imports

Supply of Cosmetics and Personal Care products in Turkey heavily relies on the imports despite the large local production capacities. **Cost advantages** of the imported products and the **consumer attraction to the foreign brands** especially in **beauty and make-up products** keep the increasing trend of imports, where the annual average growth rate was **9,5% in the last 3 years**. Shares of major products are shown below, where the beauty and make-up products have the lead with **36% share**. It is followed by the **hair care products** with **24% share**.

Multi-nationals operating in Turkey with local production plants may import in two forms; semi-finished substances to use in production or finished products of specific product lines. **Chain brand shops** are also **major contributors of imports** with their increasing market shares in retail cosmetics. There are also several local manufacturers, who are the representatives/distributors of foreign brands in Turkey, importing finished products of specific lines.



# Cosmetics Imports: Product Categories

## Product Categories

**Beauty or make-up and skin care products** (skin care creams, moisturizing, skin care powders, skin cleansing, body lotions, eye make-up, lip makeup, manicure and pedicure preparations, sun protection, sun tan products and other skin care preparations) comprise **36%** of the cosmetic imports.

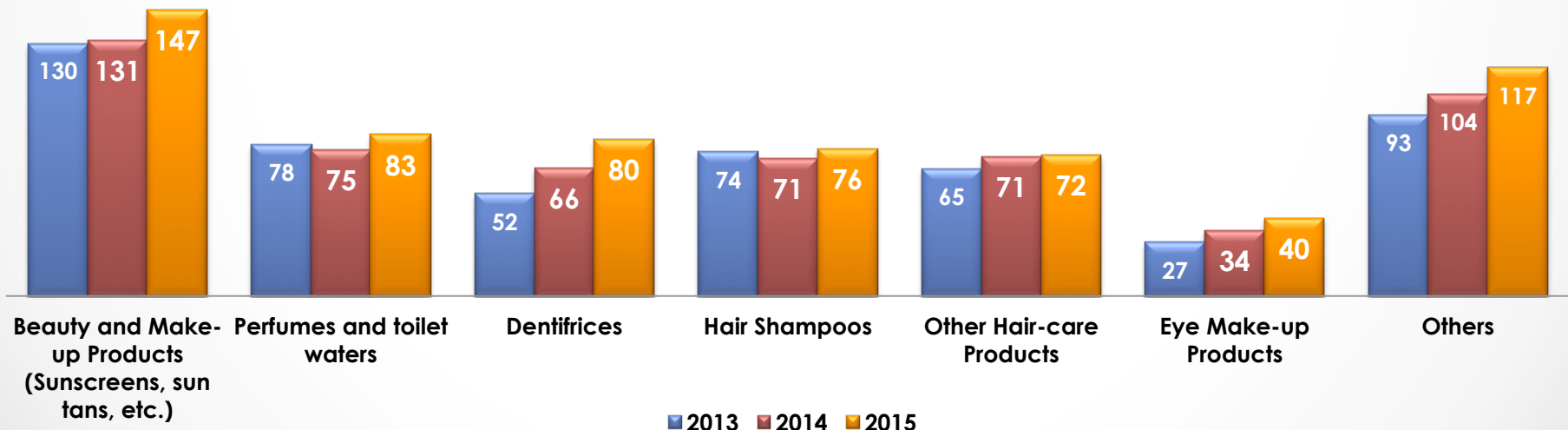
**Perfume and toilet waters** (perfumes, colognes, toiletries and other products) comprise **13%** of the cosmetic imports.

**Bath and shower products** (pre-shave lotions, aftershave lotions, shaving cream, shaving soap and other shaving preparations products, bath soaps, deodorants, antiperspirants, bath salt, bath oils and other bath preparations, shower preparations, depilatories, room deodorizers, diapers, sanitary napkins and other toilet and cosmetic preparations products) comprise **11%** of the cosmetic imports.

**Oral and dental hygiene products** (dentifrices: aerosol, liquid, pastes and powders, mouthwashes and breath fresheners, dental floss and other oral hygiene products) comprise **16%** of the cosmetic imports.

**Hair products** (shampoos, hair conditioners, hair rinses, hair straightness, permanent waves, hair sprays, hair lotions, hair dyes, hair bleaches and other hair preparations) comprise **24%** of the cosmetic imports.

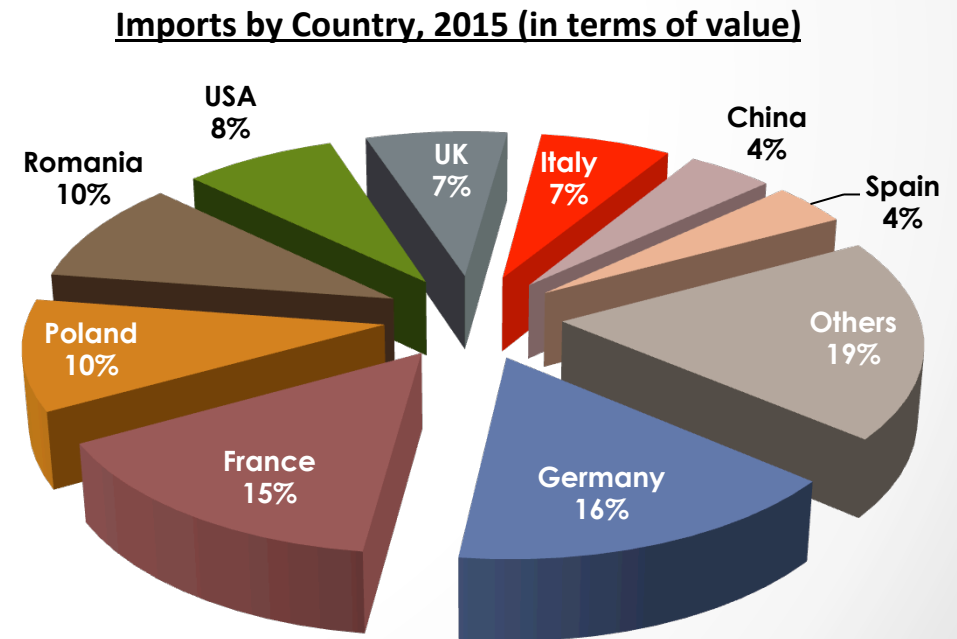
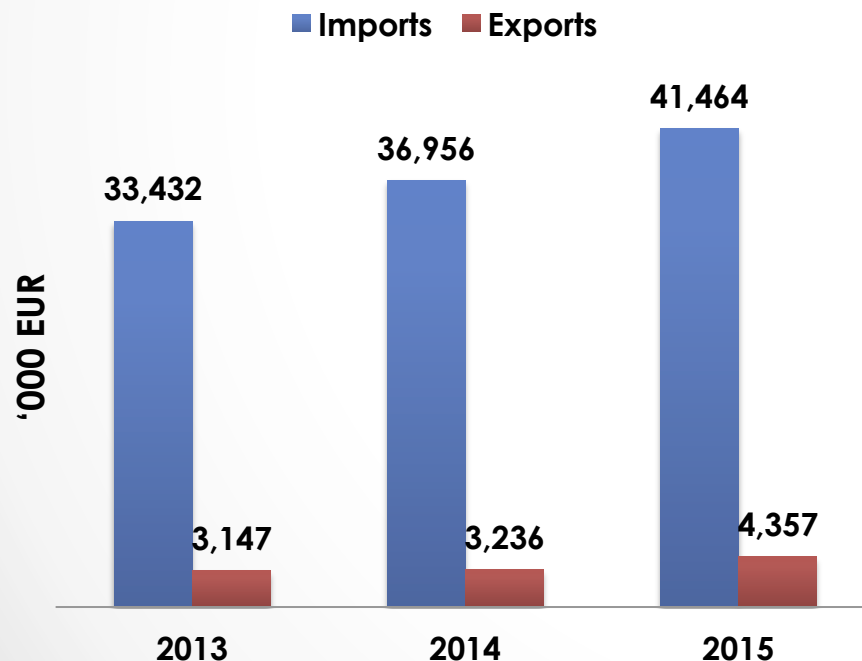
*Major Imports of the Cosmetics and Personal Care Products (Million Euro)*



# Position of Italy

Import and export volumes between Turkey and Italy are shown below. Figures indicate that Turkey is a net importer from Italy in **Cosmetic and Personal Care** products.

Italy is sharing the **7th exporter** country of cosmetic products with a **%6,7** share in the total imports of Turkey, where the market leaders are **Germany(16%)** and **France(15%)**. Imports from Italy had an annual average growth of **11%** in the last **2 years**.



# Position of Italy: Market Shares

Bath, shower, shaving products and deodorants category has the leading share of **39%** in imports from Italy. However, the highest growth was exhibited in Perfumes and Toilet Waters category (which has **12%** share in Italian exports) with an annual average growth rate of **29%** in the last **2 years**.

Import Shares by Product/Country	Germany	France	Poland	Romania	USA	UK	Italy
Beauty and Make-up Products	17%	21%	10%	0%	12%	3%	7%
Hair-care Products	22%	5%	5%	40%	3%	2%	8%
Perfumes and Toilet Waters	1%	32%	29%	0%	9%	4%	6%
Oral & Dental Products	14%	6%	1%	0%	5%	21%	2%
Bath, Shower, Shaving Products, etc.	21%	9%	15%	0%	7%	17%	8%
Overall Share	16%	15%	10%	10%	8%	7%	7%

Above market share analysis shows the market leaders in each product category. **Germany** has the leading share in overall imports, however provides a diversified product portfolio. On the other hand, **France** is the **market leader** in Beauty and Make-up products and Perfumes and Toilet Waters. **Romania** is by far the market leader in hair-care products, since there is a significant production capacity of multinational companies in the country. **UK** leads the oral & dental products imports. **Poland** is **3<sup>rd</sup> biggest exporter** to Turkey and has a strong share in perfumes and toilet waters.

# Distribution Structure

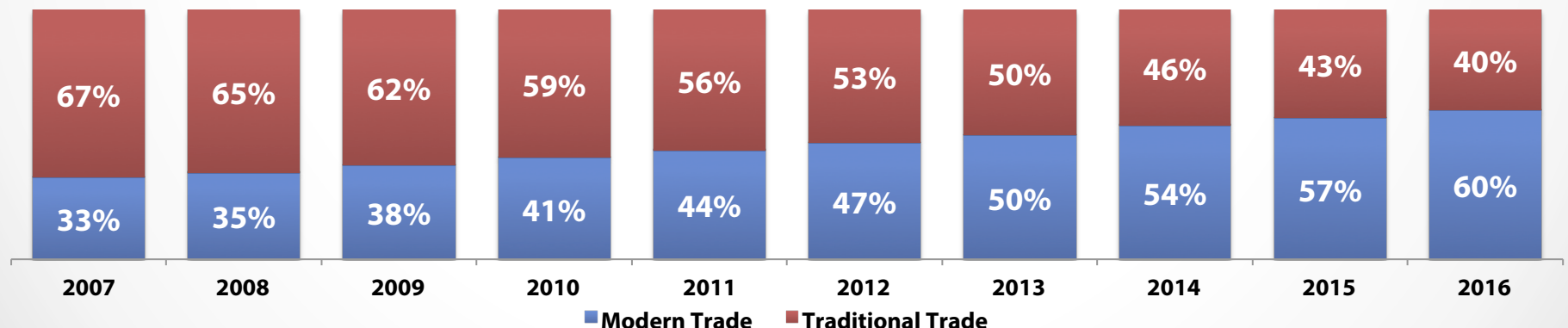
Marketing of most foreign products in Turkey is through foreign suppliers' **representatives or distributors**. Depending on the location of consumers/end-users, most distributors have a dealer network throughout the country or in areas where the product is mostly used.

Turkish retail market, the main channel through which cosmetic products reach to consumer, has been undergoing a major change in the last ten years. The share of **chain stores** in total retail business, which was less than **10%** at the end of **1990's**, **33%** in **2007**, **41%** in **2010** increased to **60%** in **2016**.

There are two types of chain store structure; **brand shops** of a single company or **multi-brand cosmetic chains**. Major players in brand chain shops are; **Flormar, M.A.C Cosmetics, Golden Rose, Yves Rocher, L'occitane, The Body Shop, Bobbi Brown and Lush**. Some of the multi-brand chain shops are **Tekin Acar Cosmetics, Watsons, Gratis, Sevil Cosmetics and Sephora**.

There are also **local and small establishments** selling low cost cosmetic products, where the **price competition** is significantly high.

As the competition gets stiffer, the channels of sale diversify. Considering the massive increase of Turkey's **online market**, currently worth **USD 13 billion**, the interest of both domestic and foreign investors in selling products for the cosmetics and personal care sector on the Internet continues to grow proportionally.



# Competitive Environment

**International brands dominate the beauty and personal care market** in Turkey, with around **75% market share** – the leading companies are Procter & Gamble, Avon, L'Oréal, Unilever, Beiersdorf and Colgate-Palmolive – and local Turkish companies are finding it increasingly **difficult to compete**.

The growing presence of multinational cosmetics brands in Turkey also represents an opportunity, as a number of **European brands and retailers are using Turkey as a production base**.

The highest competition among all categories is in **the shampoos**, since, this market is relatively large and entrance is easier. Additionally, the product readily lends itself to **private label** and **bulk production**.

The shelves of the Turkish supermarkets and perfumeries clearly reflect **huge penetration by foreign brands**:

- Lancôme (mainly skin care products and perfume), Elizabeth Arden, Helena Rubenstein, Christian Dior (skin care products, cosmetics, perfumes), Estee Lauder, Clinique, Chanel, Calvin Klein, Claris, Guerlain, Roc, Stendhal, Sebastien, Yves Saint Laurent, Boots, Swiss Formula, Johnson & Johnson, Juvena, Chatherine Arley, Elit, Charme, Ponds, Bio Line, Hunca, Selis Kozmetik, Atac, Biofors, Bristol Meyers, Carfarma, Coty, Deotak, Hes, Kurtsan, Ondula, Rebul, Oriflams, Revu, Tan Ecza, Taris, Tekmen, Temsu, Toprak and Vepa.

Besides the above, a few Japanese and Korean brands like **Hayashi** and **Missha** are appearing in the market.

# Marketing Tips For Italian Companies

Make full, long-term, steady commitments



Be aggressive and flexible. According to importers/distributors, lack of good credit and financing packages are the biggest weaknesses of Italian competitors in the Turkish market.



Pricing and payment terms must compete with European and Far Eastern players, which is difficult in some cases given the disadvantage of higher shipping costs. European firms, which have a longer history of trading with Turkish buyers, usually are more flexible in accepting deferred payments – a common request by Turkish importers.



Provide adequate after-sales follow-up regarding supply amounts, movement of products, and demand for other products.



Be prompt in answering requests for information, quotations and additional materials – by facsimile or electronic mail.



Provide seminars, presentations, and/or participation in local exhibitions, where appropriate.



Consider inviting and sponsoring Turkish professionals to attend conferences and other trade events.



Cultivate sales through the Internet, as long as products offered are competitive in terms of quality and price.

# Regulatory Framework, Customs and Standards

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## Regulatory Framework and Standards

**Law No. 5324** of 2005 on Cosmetics and the related By-Law set forth the principles for manufacturing, import authorization, packaging information, control and advertising, and measures related to cosmetics to ensure that they are not harmful.

**The Ministry of Health** is responsible for the **inspection** and **approval** of both domestic and imported cosmetics in a bid to maintain European Union standards.

The regulations clearly draw a framework for **allowed** and **prohibited substances** in cosmetic products, **packaging** and **advertisement standards** and **inspection procedures**. The law and its appendices are given in the following link:

[http://www.ihsm.gov.tr/indir/mevzuat/yonetmelikler/Y\\_23052005\\_2.pdf](http://www.ihsm.gov.tr/indir/mevzuat/yonetmelikler/Y_23052005_2.pdf)

The regulatory system in Turkey **does not limit at all the production, import or export of cosmetic and personal care products**. However, a notification should be made to the Ministry of Health before the launching. Ministry of Health should also be pontificated for any changes in the product or in the producer. It is forbidden to produce package, open an importer company or operate such a company without properly notifying Ministry of Health before the launching or for any changes.

# Regulatory Framework, Customs and Standards

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## Customs Duty

Importing cosmetic products require import permission certificates from the **Directorate General of Curative Care Service** of the Ministry of Health.

To sell their product to Turkey, the EU exporters are required to apply for CE marking.

**Customs duty is 0%** for the imported cosmetics and personal care products from **EU countries** and the **VAT rate is 18%**.

In addition, there is a **20%** “special consumption tax” on hair-care products under the following Customs Codes:

**3305.20.00.00.00**

**3305.30.00.00.00**

# Exhibitions in The Industry

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## 12. Beauty Eurasia

- Istanbul - April 21-23 2016 - [www.euf.com.tr](http://www.euf.com.tr)

**EXPONATURA 2016**; Natural life, health & wellness professionalist and products exhibition

- Istanbul - November 3-6 2016 - [www.exponatura.net](http://www.exponatura.net)

**BEAUTY AND CARE**; Cosmetics, Beauty, Aesthetics, Personal Care

- Istanbul - Every March – [www.guzellikvebakim.com](http://www.guzellikvebakim.com)