

CBI MARKET SURVEY

The market for natural ingredients for cosmetics in Greece

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Introduction

This CBI market survey gives exporters in developing countries information on some main developments in the natural ingredients for cosmetics market in Greece. The information is complementary to the information provided in the CBI market survey 'The natural ingredients for cosmetics market in the EU', which covers the EU in general. That survey also contains an overview and explanation of the selected products dealt with, some general remarks on the statistics used, as well as information on other available documents for this sector. It can be downloaded from <http://www.cbi.eu/marketinfo>.

1 Market description: consumption and production

There is a general lack of information on the industrial demand for natural ingredients, as well as for general ingredient needs of the cosmetics industry. Therefore, the sections on industrial demand will first discuss cosmetics consumption and natural cosmetics consumption, followed by a discussion on (natural) cosmetics production. The consumption and production of organic cosmetics will also be discussed. This discussion provides indicators for developments in, and the size of, industrial demand for natural ingredients for cosmetics.

Furthermore, where available, information on the market for specific ingredients is included. Qualitative data on organic ingredients, increasingly of importance in many EU markets for use in (organic) cosmetics, are also included if relevant. These ingredients have been certified according to organic standards, in contrast to natural ingredients which are not necessarily certified. Please refer to Appendix 1 of the EU survey for more specific information on this.

Industrial demand

Cosmetics consumption and production

According to the European Cosmetics, Toiletry and Perfumery Association (Colipa), the Greek market for cosmetics was worth € 1.4 billion in 2008, making it the tenth largest European market with a share of 2.0%. Per capita consumption stands at € 122, which is just above the EU average of € 115. Cosmetics sales registered an increase of 0.9% between 2007 and 2008.

Table 1.1 Greek market for cosmetics and toiletries per product group in 2008 at retail sales prices (RSP), in million €, share and change 2008/2007 in %

Product group	Market value (€ million)	2008/2007 change (%)	Market share (%)
Fragrances/ Perfumes	144	0.7%	10%
Decorative cosmetics	135	0.0%	9.0%
Skin care	484	1.5%	33%
Hair care	421	0.0%	29%
Toiletries	265	2.2%	18%
Total	1,449	0.9%	100%

Source: Colipa, 2009

As can be seen in Table 1.1, in 2008 skin care and hair care were the largest market groups in Greece. However, the fastest growing products were toiletries, which registered an increase of 2.2% between 2006 and 2008. Skin care had the second fastest growth rate (1.5%), followed

by fragrances and perfumes (0.7%). Decorative cosmetics and skin care both registered a 0% growth.

According to Euromonitor, a large market research company, the drivers of the Greek market for cosmetics were the demand for luxury products and the aspiration to achieve a flawless appearance. These played a key role in the cosmetics market, despite the economic downturn. Masstige products were vastly expanded, with natural ingredients and high technology elements being widely incorporated (Euromonitor, 2009).

Greek consumers are predominantly loyal to brands they already know. The biggest players on the Greek cosmetics market in 2008 were Procter & Gamble Hellas, L'Oréal Hellas and Unilever Hellas. Together, these companies had a market share of 35%. Low-premium pharmacy brands and masstige products such as Korres enjoy increasing popularity (Euromonitor, 2009). Consumers are paying more attention to the quality of cosmetic products and masstige and pharmacy brands are considered to offer quality at an affordable price (Colipa, 2009).

Over 60 companies are active in the Greek market for cosmetics. However, only a dozen of them account for half the annual sales, indicating a high concentration of the sector. The leading companies are often multinationals, subsidiaries of multinationals or joint ventures operating under licence. Next to this, several of the leading companies are domestic. This, together with production by subsidiaries of multinationals, means that the country has a considerable cosmetics industry, with a production worth € 152 million in 2007. Since 2003, production of cosmetics increased on average with 1.2% per year (Eurostat, 2009).

Greece also has an important natural cosmetics player, Korres Natural Products (<http://www.korres.com>), which is also increasing its international presence (Cosmetics Design Europe, 2009). Both Korres and Apivita (<http://www.apivita.com>), the other major natural player in Greece, are experiencing increasing demand, domestically and from exports. Another important company is BioDomus, (www.biodomus.gr), which focuses on conventional, natural and organic cosmetics. According to industrial sources, production of natural cosmetics is increasing in Greece. The main markets for the Greek natural cosmetics are the local, the British and the US consumer markets.

Industrial demand for natural ingredients

As a considerable part of cosmetics products is imported from production facilities elsewhere in the EU, growing cosmetics consumption does not necessarily lead to higher demand for natural ingredients in Greece to the same degree. Multinationals account for a substantial part of Greek cosmetics production. These multinationals have global sourcing methods, typical for global players in the industry and therefore do not necessarily add to domestic industrial demand. Moreover, sourcing decisions are often taken outside Greece. However, next to this, domestic (natural) cosmetics companies also increasingly demand natural ingredients. According to industry sources, the demand for natural ingredients has been increasing in Greece. There is, however, a strong focus on ingredients found in Greece, such as Basil, Camomile, Fennel, Sage, Linden, Rosemary (Korres, 2008).

Regarding specific natural ingredients, according to Fediol, the European Oil and Protein meal Industry Federation, between 2004 and 2007, apparent industrial demand for vegetable oils in Greece increased by 12%, which was higher than the 11% EU average. Consumption amounted to 348 thousand tonnes in 2007 (Fediol, 2009).

As it can be seen in Table 1.2, industrial demand for groundnut oil decreased by 7.1% between 2004 and 2007, while palm oil increased by 9.5% and palm kernel oil by 52%. Please note that only a small part of these oils, mostly in refined form, goes to the cosmetics industry. Moreover, especially palm oil and palm kernel oil are bulk products, of which only a small part ends up in cosmetics. Because of these large volumes, they are very difficult markets for smaller producers to enter.

Table 1.2 Greek industrial demand for vegetable oils, between 2004 and 2007, in 1,000 tonnes

Product	2004	2005	2006	2007	Annual Change %
Groundnut oil ¹	5	5	5	4	-7.1%
Castor oil	0	0	0	0	n.a.
Coconut, palm kernel and babassu oil	7	11	19	25	52%
Palm oil	54	53	70	71	9.5%
Others	181	191	212	248	11%
Total oils	247	260	306	348	12%

Source: Fediol, 2009

¹The use of groundnut oil in cosmetics is decreasing, due to its allergic properties.

No information is available on the industrial demand for the other product groups discussed in this survey. Part of the demand for raw plant materials and saps and extracts is likely to be fulfilled domestically, as it concerns species growing in Greece. Next to this, industry experts expect interest in species with traditional health properties, such as Echinacea, Thyme, Ginkgo biloba, Ginseng, Evening primrose and Aloe Vera.

Trends

Consumer demand is shifting away from standard products to added-value products. These are mostly premium products. The shift implies an increasing interest in quality and additional benefits. The latter development has also led to increasing natural cosmetics consumption. Industry sources indicate, however, that especially well-known, locally-produced ingredients, are of interest.

Considering the significant cosmetics production in the country, this should lead to increased natural ingredients consumption. Moreover, Korres is increasingly gaining ground internationally and is taking advantage of growth in foreign natural cosmetics markets.

General trends in the EU market also apply to Greece and can be found in the survey covering the EU.

Production

Greek production of vegetable oils is slightly decreasing. Between 2004 and 2007, production decreased by 1.3% annually, amounting to 121 thousand tonnes in 2007. Groundnut, soya, sunflower, cotton and maize germ oil are the main vegetable oils and fats produced in Greece at present. Essential oil production is successful in Greece, just as it is in other Mediterranean countries, and Greece is a relatively important player.

Greece has a very long history of collection of herbs, also of the cultivation thereof. According to EHGA, the European Herb Growers Association, the most important herbs used in cosmetics are aniseed, spearmint and clary sage.

No information on production is available for natural colorants and vegetable saps and extracts.

Trends

Industrial non-food crops, such as raw materials for natural ingredients for cosmetics, are not very important in the Greek agricultural sector. Even though the National Technology Foresight Programme in Greece recommends the production of more industrial non-food crops as a lever for regional development, it is not expected that Greece will become an important producer, except for essential oils.

Please refer to the EU survey for general trends in production.

Opportunities and threats

- + Although the Greek cosmetics market is growing slowly, the shift towards added-value products indicates a rise in consumer spending; also there is an increasing consumption of natural cosmetics.
- + In view of the significant cosmetics production in the country, this should lead to increased natural ingredients consumption.
- However, domestic consumers' interest in natural cosmetics is especially keen on well-known ingredients, indigenous to Greece. For example, Apivita focuses fully on such products.
- Moreover, a substantial part of the Greek market is supplied from production facilities of multinationals outside Greece.
- + On the other hand, Greek companies are also increasingly exporting to other countries in the Balkan region and internationally, and it can be expected that these exports will further expand. Furthermore, Greece has one rather large, and one medium-sized, natural cosmetics company, both of which are growing fast.
- + Increasing end-product consumption could therefore translate into increased industrial demand for ingredients.

For more information on opportunities and threats, please refer to chapter 7 of the EU survey.

Useful sources

- For more information on Greece, please refer IENICA (Interactive European Network for Industrial Crops and their Applications) reports, available on <http://www.ienica.net>.
- Euromonitor, an EU market research company, (<http://www.euromonitor.com>) also provides information on the Greek market. Please keep in mind that only summaries are readily available, whereas the reports themselves come at considerable cost, but do provide company names.
- Furthermore, Greek trade associations mentioned in section 6 of this survey can be a source of information.

2 Trade channels for market entry

In general, the same trade channels apply to Greece as those mentioned in the survey covering the EU. The traditional approach of contacting traders, intermediate processing companies, agents and wholesalers (either with or without processing capacity, dependent on the product) remains the most effective method. Some end-industries can however also be approached, as they too import directly from developing countries. This is particularly the case for specialist niche players such as natural or organics producers.

The leading cosmetics companies in Greece are mostly subsidiaries of multinationals or joint ventures operating under licence. Domestic players are Sarantis (<http://www.sarantis.gr>), Pliás Gageo (<http://www.gageo.gr/>), Famar (<http://www.famar.gr>), Chemix (<http://www.chemix.gr>) and Papoutsanis (www.papoutsanis.gr).

Particularly interesting for suppliers of natural ingredients are Korres Natural Products (<http://www.korres.com>), the leading company in the natural cosmetics industry in Greece, and APIVITA (<http://www.apivita.com>). Korres and APIVITA have developed a modern industry, focused on manufacturing products incorporating natural active ingredients.

It is important to notice that different prices and margins apply throughout the various trade channels.

3 Trade: imports and exports

This section discusses Greek imports and exports of natural ingredients. Please note that this data can also include natural ingredients which have been refined with the use of chemicals. Although these are not natural according to the definition used in this survey (see Appendix 1 of the EU survey) Eurostat does not distinguish them in trade data. Furthermore, the product

groups discussed are also (and in larger quantities) used in other sectors, such as pharmaceuticals, and especially food.

Imports

Except for colouring matter, Greek imports of natural ingredients are increasing consistently. Greek imports are small, compared to the country's size and as a percentage of total EU imports. Greek imports of natural ingredients for cosmetics consisted of vegetable fats, oils and waxes (81%), essential oils and oleoresins (2.4%), vegetable saps and extracts (12%), raw plant material (4.3%) and colouring matter (1.2%). In comparison, these figures for the EU are 59%, 11%, 19%, 7.3% and 3.3%, respectively. Greece is a relatively large importer of vegetable oils and fats, while its imports of the other product groups are small. This can be explained by the fact that the increase in Greek consumption of this product group has largely outpaced production.

Between 2004 and 2008, imports of vegetable oils and fats achieved a strong increase of 23% annually, amounting to € 85 million / 72 thousand tonnes in 2008. While only 28% is supplied by developing countries, their importance is increasing fast at an annual average rate of 38%. Main DC suppliers were China (9.1%), Brazil (7.9%) and Malaysia (5.7%).

Imports of essential oils amounted to € 2.5 million / 127 tonnes in 2008, signifying an annual increase of 15% since 2004. Only 9.2% is imported from developing countries, mainly from Turkey (6.9%). The share of imports from developing countries, however, increased rapidly at a rate of 80% in the review period.

Imports of vegetable saps and extracts amounted to € 11 million / 2.4 thousand tonnes in 2008, signifying a 14% annual increase since 2004. Developing countries supply 10%, with Ethiopia (5.7%) and China (1.9%) being the most important suppliers.

Raw plant material imported reached € 4.5 million / 1.3 thousand tonnes in 2008, signifying an increase of 9.5% per year since 2004. 36% is imported from developing countries, the most important suppliers being Albania (10%), Turkey (8.9%) and Egypt (6.3%).

Imports of colouring matter decreased by 7.0% annually between 2004 and 2008, amounting to € 1.3 million / 0.2 tonnes in 2008. Almost 95% of Greek imports originate in other EU countries. Only Peru (4.5% of total imports) and India (1.5%) played a role among developing countries.

Exports

Greek exports of natural ingredients for cosmetics are limited. The exports of vegetable oils and fats increased by 21% annually between 2004 and 2008, amounting to € 2.0 million / 1.3 thousand tonnes in 2008. The exports of essential oils and oleoresins decreased by 5.6% annually, amounting to € 1.8 million / 0.5 thousand tonnes in 2008. Exports of saps and extracts increased by 6.8% annually, amounting to € 6.6 million / 1.3 thousand tonnes in 2008. The raw plant material exports decreased by 0.1% annually, amounting to € 1.4 million / 0.3 thousand tonnes. The exports of colouring matter are negligible and decreased in the review period.

Opportunities and threats

- + Greece is increasing in importance as an importer for all product groups, except for colouring matter.
- + Greek imports of vegetable oils, in particular, achieved a substantial growth of 23% between 2004 and 2008. Moreover, the share of imports coming from developing countries increased by almost 40% in the review period. This can provide opportunities for exporters of vegetable oils in developing countries.
- +/- The share of imports of essential oils coming from developing countries is rather small, but it increased at a rate of 80% between 2004 and 2008. This can be a threat and an opportunity; even though developing countries do not have a large share on the Greek

market, it is expanding fast, possibly creating an opportunity for new actors to enter the market.

For more information on opportunities and threats, please refer to chapter 7 of the EU survey.

Useful sources

- EU Expanding Exports Helpdesk
→ <http://exporthelp.europa.eu>
→ go to: trade statistics
- Eurostat – official statistical office of the EU
→ <http://epp.eurostat.ec.europa.eu>;
→ go to 'themes' on the left side of the home page
→ go to 'external trade'
→ go to 'data – full view'
→ go to 'external trade - detailed data'
- Understanding Eurostat: Quick guide to Easy Comext
→
http://epp.eurostat.ec.europa.eu/newxtweb/assets/User_guide_Easy_Comext_20090513.pdf

4 Price developments

Regarding prices of ingredients, please refer to the survey covering the EU, as the indications of prices given there do not differ from those in Greece. Actual prices are dependent on negotiation with the companies. Interesting sources of price information are in particular the trade magazine The Public Ledger (<http://www.agra-net.com/portal/> search for the link to The Public Ledger on the left side of the screen) and ITC market news service (MNS) (<http://www.intracen.org>).

Exporters need to have detailed production costs/volume price breaks for the ingredients they supply. This will give them a vital reference point for any negotiations with buyers.

5 Market access requirements

As a manufacturer/supplier in a developing country preparing to access Greece, you should be aware of the market access requirements of your trading partners and the Greek government. For information on legislative and non-legislative requirements, go to 'Search CBI database' at <http://www.cbi.eu/marketinfo>, select natural ingredients for cosmetics and Greece in the category search, click on the search button and click on market access requirements.

Detailed information on packaging can be found at the website of ITC on export packaging: <http://www.intracen.org/ep/packaging/packit.htm>.

Information on tariffs can be found at <http://exporthelp.europa.eu>. No quotas apply to the products included in this survey.

6 Doing business

Information on doing business, like approaching potential business partners, building up a relationship, drawing up an offer, handling the contract (methods of payment, and terms of delivery) and cultural differences can be found in CBI's export manuals 'Export Planner', 'Your image builder' and 'Exporting to the EU'. These can be downloaded from <http://www.cbi.eu/marketinfo> - go to search publications. For more information on doing business in Greece, visit the following websites:

- The Greek national cosmetics industry association is the P.S.V.A.K. (<http://www.psvak.gr>), however, information is only in Greek.

- There is a Union of Greek Cosmetics and Beauty Care Products. The organization can be found at <http://www.greek-manufacturers.com>.
- There are no major trade events for the cosmetics industry held in Greece. Most Greek importers and distributors attend the major trade exhibitions in this field held in Europe.
- No professional magazines for cosmeticians in Greece were encountered.

This survey was compiled for CBI by ProFound in collaboration with Andrew Jones and Klaus Duerbeck

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