

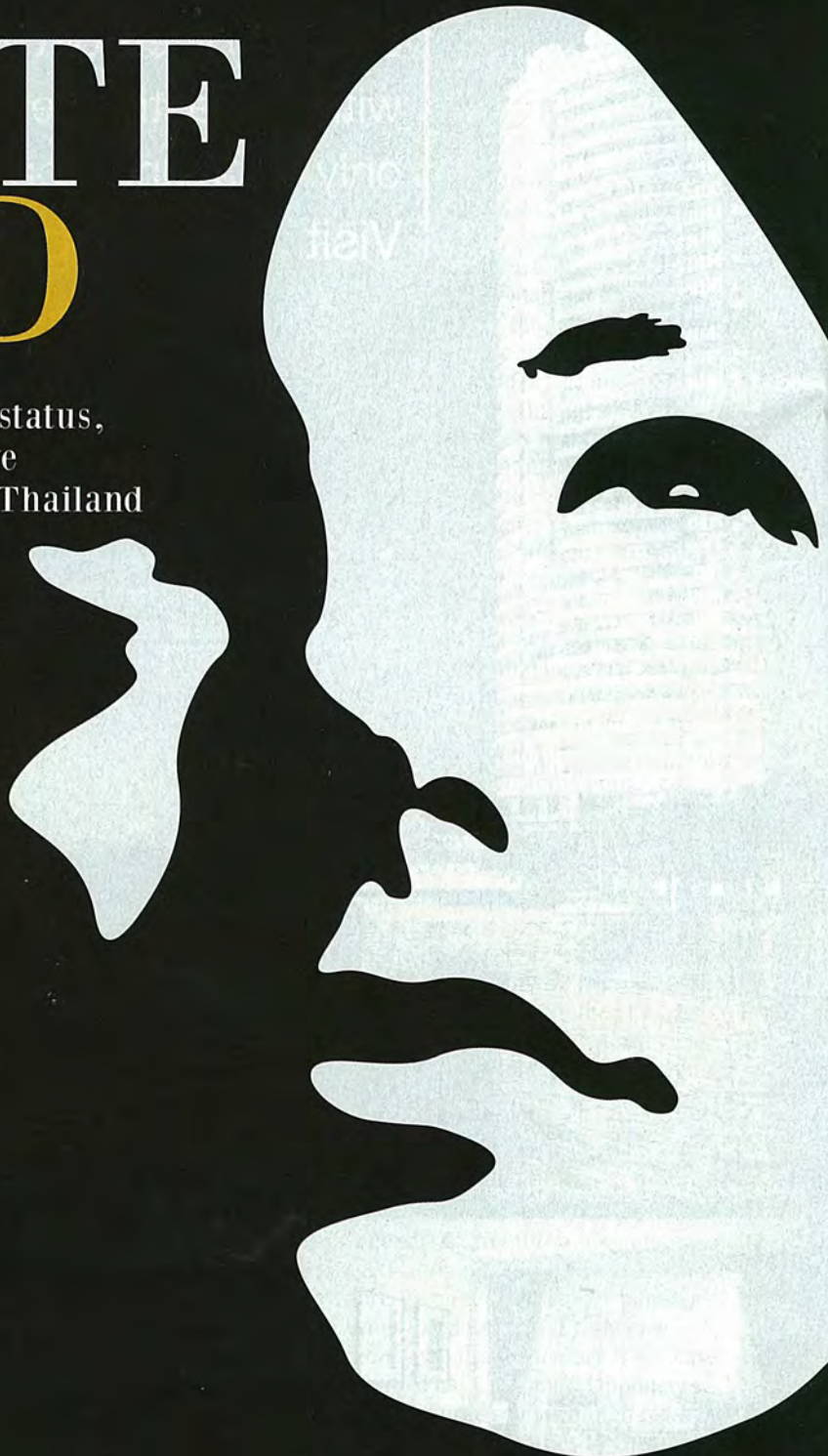
WHITE GOLD

Coveted as an indicator of social status, cosmetics offering paler skin have experienced a market boom and Thailand may yet have a regional role to play. By Oliver J. Fall

“Why? Why do we need whiter armpits?!” It’s a question that has certainly occurred to Thailand’s legions of foreigners when musing over the country’s all pervasive whitening cosmetics industry, but it is also one entertained by many Thais, if drowned out by the sector’s advertising and social norms.

Behind an industry that is estimated to be worth in excess of THB1bn (USD32.5mn) each year there is an inherent reinforcement that having whiter or paler skin is advantageous, says media agency OMD’s Khun Pittayaphan Sriweawnetr, who poses the armpit conundrum. Tracing why exactly is more uncertain. Is it because people are simply unhappy with what they have? It may not be an unreasonable assumption given Thai media’s obsession with pale skinned actors and models, and the reinforcement that comes with their apparent success. Media, however, is more a symptom than a cause.

Thailand’s long and profitable linkages with paler-skinned Chinese, which has led many Thai-Chinese families to the apex of Thailand’s political and business communities, has likely had far greater influence on national sentiments toward white skin than any other issue, although existing class divisions cannot be ignored. In parallel, the growing influence of Japanese and Korean culture (aka KPOP and JPOP) in Thailand’s younger generations has reinforced the preference. Over 60 per cent of women in Thailand are reported



• Whitening cosmetic brands have seen growth rates between 10 and 50 per cent each year in the Thai market • As an increasingly mature market, Thailand has become a testing ground for regional product launches • As demand grows, the smuggling and production of counterfeit cosmetics is a growing concern in Thailand and the region.

"We've seen 250 per cent growth in the last five years." Khun Natalee Kim, MD, Fox Group Worldwide.

to want whiter skin, says Pittayaphan, and industry reports for the retail sector indicate women spend an average 10 per cent of their income on beauty products. Obviously, it's big business.

"We've seen 250 per cent growth in the last five years," says Khun Natalee Kim, MD of Fox Group Worldwide that represents Korean cosmetics brand Rojukiss. Entering the market just five years ago, Rojukiss exploited the 'pore-tightening' gap in the market to surge to the top and is now second only to German firm Beiersdorf Eucerin. But that's just in the dermatologic or 'medical' section of the market that Natalee estimates is worth THB350mn (USD11.3mn) per year. The lion's share, worth between USD32.5 to USD65mn by conservative estimates, is enjoyed by the mass market, dominated in turn by the likes of Nivea, Olay, Garnier and Unilever Ponds - essentially those brands you are more likely to see on supermarket shelves than in street-side pharmacies such as Boots and Watsons. Luxury counter brands, such as L'Oreal and Estée Lauder, synonymous with Bangkok's finest beauty halls and clinics are a smaller section of the market, although the one that is perhaps most visible.

It's a saturated market by all accounts, with few gaps left to exploit for new products, according to Natalee, but it is not short on growth. "It's a very competitive market place at the moment, so total growth is just 10 per cent for this year."

While it might be assumed that the female demographic in the market might be saturated with product, perhaps quite literally, growth is coming from the dovetailing of product streams. It's no longer just about the facial cream, as the armpit whitener attests to. Women use a maximum of seven products, says Natalee. "If we're in a hurry, we use three," she jokes. But it seems pretty close to the truth. A casual glance at most product lines will reveal cleansers, toners, serums, creams, eye creams and sun block that will variously reduce the melatonin in the skin, or simply act as a sun block. And it's no

longer just for women.

The male market demographic has always been there most industry insiders say, but they have typically been using women's products. It is only in the last two years that it has taken off. This year alone Garnier, Olay, Vaseline and Neutrogena have all launched male whitening product lines in Thailand. Although the male demographic is not as 'sophisticated', explains Natalee, it's the next area of growth for the market. "Nowadays more and more men buy products by themselves. They used to be shy, but now they are more metrosexual. They have the guts to go to the shelf and grab things by themselves." Ten years ago, Thailand was not ready, but it is now mature enough for the male market segmentation.

This segmentation is perhaps best seen in advertising parlance. "We don't talk about 'metrosexual' anymore," notes Pittayaphan, "everyone is just normal," and it's reflected in Thailand's advertising. Irrespective of the setting, almost all male models and actors have that paler skin. Less recognised is that the leading whitening brands are exclusively represented by celebrity Eurasian 'luk kreungs'. Rarely do 'pure' Asian or Thai models get a look in.

For those that have wondered whether the whitening industry's traction in Thailand is unique to the region, it is not. However, Thailand has proven itself to be a fertile test market for the Asia region.

While there may or may not be a desire in Thailand to emulate their northern neighbours, whitening products have performed poorly in mainland China. Hydrating aerosols, creams and serums have been the market leaders; a factor that can be attributed to the region's climate rather than any socio-economic issues. Moreover, remaining a fractured market with large disparities, mainland China product trials have often been held in Hong Kong and Taiwan. Thailand, however, has proven ideal for the ASEAN market.

Ultimately, Thailand provides a large, homogenous market concentrated in one land mass. Malaysia and Singapore's



populations are at most, half of Thailand's and the fragmented island nations of Indonesia and the Philippines prove a costly logistical barrier, despite their opportune economic profiles. To the west and east, Thailand's neighbours are some way from reaching market maturity. "Thai people also love to try new things and are quite open," explains Natalee. It all goes some way to explaining the apparent glut of brands and product launches on the market.

ASEAN's market, whilst improving, remains small, but Thailand also has a wider impact in the regional whitening market. Bangkok is traditionally host to the international exhibition and conference 'In-Cosmetics Asia,' the fourth of which was held earlier this month. It's a closed doors industry event that has seen strong interest from its exhibitors on whitening, although not focused on this sector exclusively, says the Exhibition Director, Sarah Gibson, and even hosted a conference on skin whitening research in 2009. Expecting almost 4,900 visitors and approximately 270 exhibitors, including Dow Chemicals and BASF, the exhibition is focused more on brand ingredients and innovation than the finished products. But with regional personal care markets growing at ten to 15 per cent per annum, Gibson says there is now a notable increase in the flow of technical expertise from western markets into Asian and Thai companies; factors that have helped Thailand become a key trading partner for the Japanese, Indian and Australian cosmetics markets. There are, Gibson notes, over 1,000 Japanese delegates already registered for the exhibition.

Thailand's central role (although Thailand has yet to declare itself a 'whitening hub') is also reflected in the counterfeit trade.

"It is difficult to estimate the size of the counterfeit whitening industries in Thailand," says Titirat Wattanachewanopakorn, an attorney in the Tilleke & Gibbins intellectual property enforcement group that regularly works with the Thai authorities and companies on such matters, "However, we

can confirm that counterfeit cosmetics, worth millions of Baht, are seized and destroyed by the authorities every year, and about ten to 20 per cent of them are counterfeit whitening products."

Even then it is difficult to get accurate figures on just how much is out there, because what is seen on display and the statistics obtained through enforcement activities are just a portion of such products. "We believe that there are also large stocks of goods hidden underground," Titirat explains.

As with many counterfeit cosmetics and pharmaceuticals, the ingredients can be harmful. Titirat's clients have found high alcohol content in counterfeit knock offs of their products and Fox Group's Khun Natalee says that they receive complaints from customers who have unwittingly bought and used fake products.

Is the problem growing? Exact figures are unavailable although a study on the regional trade in counterfeit cosmetics is currently being undertaken by Prof. TEP Rainsy, Dean of the Faculty of Pharmacy at UHS-Cambodia in Phnom Penh that should shed some light on the whitening industry's black market. While Titirat says counterfeit cosmetics available in Thailand, including whitening products, are principally manufactured and imported from China, yet separately, there seems to be evidence that Thailand is re-exporting much of this throughout the region.

Whatever the stigma may be of dark skin in Thailand and across the region, Thailand's market is expected to continue dovetailing into new product lines that reinforce the need for paler skin. At least that's the implication on the surface, but advertisers consciously avoid such direct plugs. 'Lighter' or 'glowing white' are the choice of phrase these days and the brands emphasize more the nutrient benefits of the products than their intended purpose. It is perhaps for this reason that some in the industry say the whitening market is now beginning to give way to the ascendant rise of nutri-cosmetic drinks; advertised no doubt by a pale skinned model. ■