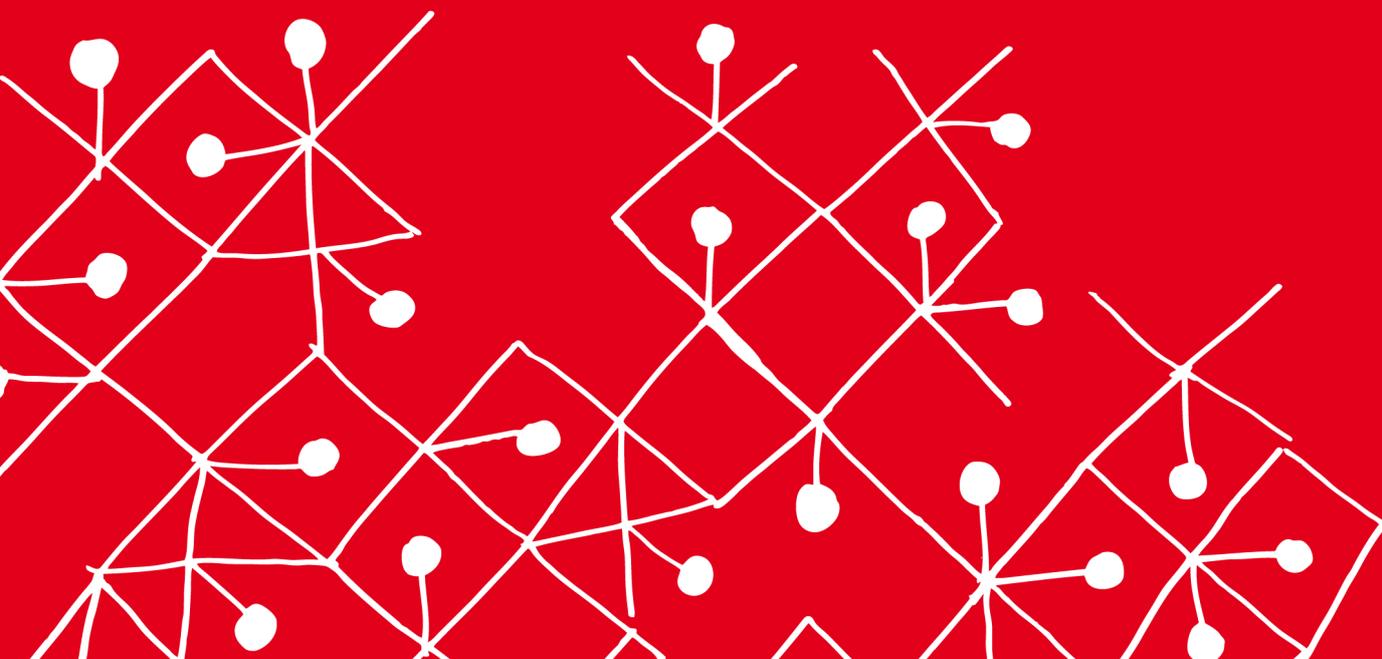


Polska



Report on export of Polish cosmetics
in the first three quarters of 2017

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Total export of cosmetics from Poland in the first 9 months of 2017 amounted to EUR 2.142 mln (two billion 142 mln EUR) or PLN 9.172 mln. The export figure denominated in EUR is higher by EUR 137 mln (increase by 7%) for three quarters of 2017 versus similar period of 2016. The increase denominated in PLN is 5%, the difference arises due to currency exchange fluctuations.

Cosmetics produced in Poland in 2017 were exported to 140 countries and territories, which is a similar number in comparison to 2016.

Russia reached the position of a leader with the share of 15% of total export for first 9 months of 2017. Germany takes the second place with the share of 13%, followed by last year's leader for comparable period - Great Britain with 11% of total export.

The value of Polish export of cosmetics to Russia increased by whopping 52% in comparison to similar period last year and reached the cumulative value of EUR 327 mln (PLN 1.400 mln). The increase amounts to EUR 112 mln and was mostly in the category "Hair care products" - by EUR 45 mln.

Export to Germany increased by 6% or by EUR 15 mln - from EUR 273 mln in 2016 to EUR 288 mln in 2017 (PLN 1.233 mln). The share of Polish export to Germany is still 13,4 in 2017.

The value of export to Great Britain decreased by almost EUR 50 mln and amounts to EUR 230 mln (PLN 984 mln). This market decreased its share of total value of Polish export from 13,8% in 2016 to 10,7% in 2017.

The biggest importer of Polish cosmetics were EU countries, which received approx. 62% of the value of our export, which is a drop from the share of 67% for comparable period of last year. The increase in comparison to last year is very small and amounts only to EUR 627 thousand.

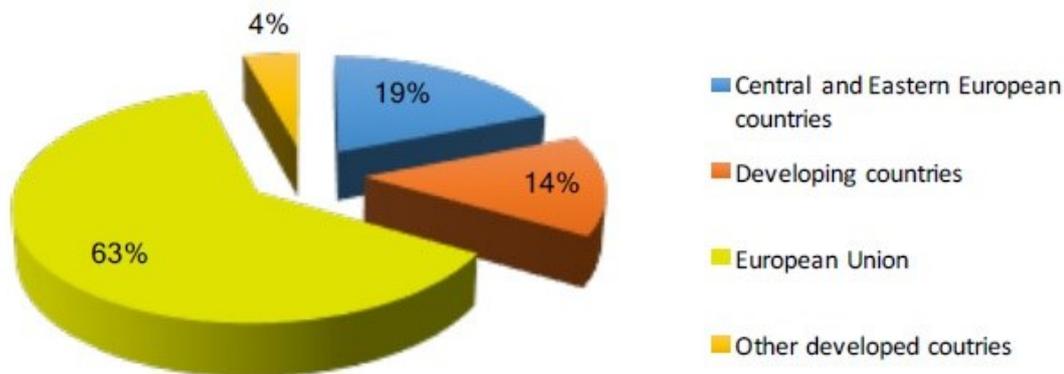
The value and the split of an export for 3 quarters of 2017, divided by type of countries is presented below in Table 1 and Chart 1:

Table 1

Export of Polish cosmetics, 3 quarters of 2016

Split between markets	3 quarters of 2017	3 quarters of 2017	3 quarters of 2016	3 quarters of 2016	3 q. 2017 vs 2016	3 q. 2017 vs 2016
	'000 EUR	% share	'000 EUR	% share	'000 EUR	% change
Central and Eastern European countries	408 968	19%	283 919	14%	125 049	44%
Developing countries	305 764	14%	301 735	15%	4 029	1%
European Union	1 336 971	62%	1 336 344	67%	627	0%
Other developed countries	90 679	4%	83 160	4%	7 519	9%
	2 142 382	100%	2 005 158	100%	137 224	7%

Chart 1. Export of Polish cosmetics, 3 quarters of 2017, percentage share by type of countries



- Countries of **European Union** import 62% of the value of cosmetics in total, which comprises EUR 1.337 bln. The export to those countries remained basically the same as for the similar period of first 9 months of 2016;
- **Central and Eastern European countries** import 19% of total value (an increase from 14% in 2016), which gives the value of EUR 409 mln. An increase of export by EUR 125 mln (an increase by 44%) is mostly caused by an increase to Russia, which is responsible for 90% of increased export to that region;
- **Developing countries** import 14% of total value of export of cosmetics, which gives a total value of EUR 306 mln - an increase by EUR 4 mln (an increase by 1%);
- **Other developed countries** import 4% of value of exported cosmetics, which amounts to a total value of EUR 91 mln, an increase of 9% (by EUR 7.5 mln).

The positive trend is that the export of Polish cosmetics has been steadily rising over last years. The same trend is visible for 2017, where the export has increased by 7% in comparison to similar period of 2016. Additional positive indicator is the fact that the export to Central and Eastern European countries has improved substantially despite continuous difficult political and economic conditions.

The main markets for Polish cosmetics in the particular regions are:

- **European Union countries** - Germany - EUR 288 mln (PLN 1.233 mln) and Great Britain - EUR 230 mln (PLN 984 mln) and are the biggest markets. Other important markets include: Belgium - EUR 110 mln (PLN 473 mln), France - EUR 103 mln (PLN 443 mln), and Italy - EUR 81 mln (PLN 348 mln).
- **Developing countries**. The main markets in this category of states are: Turkey - EUR 53 mln (17% of the total export to this region), followed by United Arab Emirates - EUR 28 mln (9% of the total export to this region).

region), followed by and Mexico - 26 mln (8% of the total export to this region). The export to Turkey remained the same as in comparable period of 2016, while the export to UAE decreased by EUR 2 mln or by -8% in comparison to similar period of 2016. Export to Mexico increased by EUR 5 mln (by 26%).

Countries of top positions in 2015 - Kazakhstan and Indonesia, which lost their importance in 2016, have regained again their momentum for 2017. Both Kazakhstan and Indonesia increased their export of cosmetics from Poland: by EUR 5 mln for Kazakhstan and by EUR 8 mln for Indonesia. Currently the value of export amounts to: EUR 19 mln for Kazakhstan and EUR 22 mln for Indonesia, which gives them respectively 6% and 7% of share in the value of export sales to developing countries.

Export to China increased by 69% to EUR 7 mln, while export to India decreased by 65% to EUR - 3.7 mln. In case of China the growth has been continuing over the last couple of years, which could be a positive indicator for this big market. The reverse trend in case of export to India is surprising, because the potential of this market seems not to be utilized.

Country Myanmar which was in top four last year dropped by massive EUR 21 mln and current figures for export sales to Myanmar for 9 months of 2017 amount only to EUR 155 thousand.

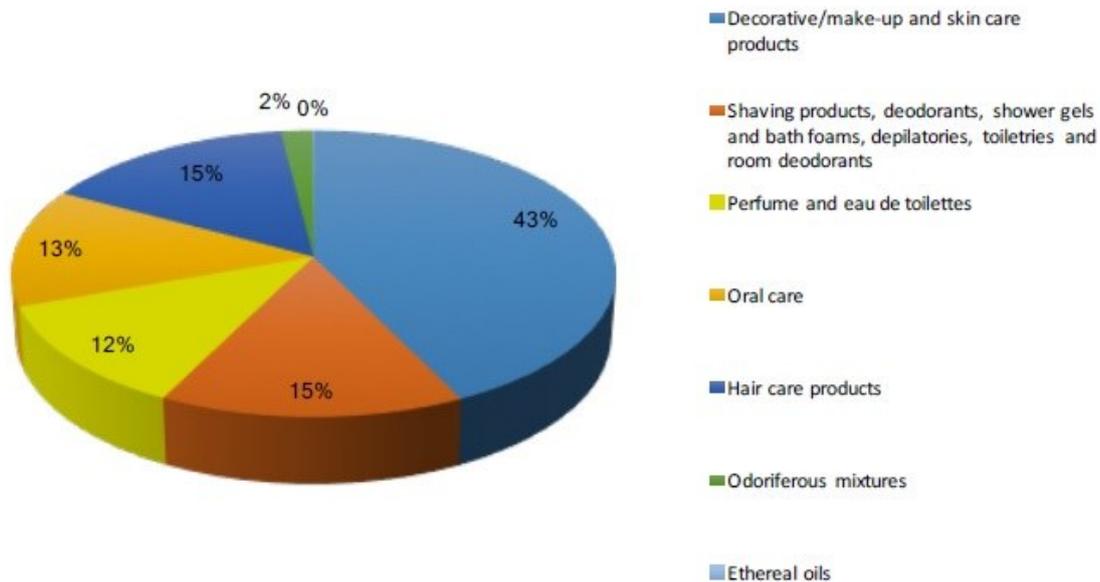
Export to countries Iran and Cuba is still very low and in fact worsened in comparison to similar period of 2016. The export sales to Cuba is much smaller than the one to Syria - the country under conflict of even to Mauritius, which is much smaller. However, the export sales to Irak, although still relatively small in value - EUR 2.5 mln, has increased by 136% in comparison to similar period of 2016.

- **Central and Eastern Europe countries** - Russia imports 80% and Ukraine 17% of all Polish cosmetic products sent to this part of the world, which is the same as in similar period of 2016. Both countries recorded growth during 9 months of 2017. In case of Russia the growth was by 52%, in case of Ukraine the growth was by 17%. After one year of decline, Russia is recording increase again. Ukraine maintains the growth year after year, which is a good sign of immunity of export of cosmetic to challenging situation in the country.
- **Other developing countries.** This is the smallest market for Polish export of cosmetics, however, the sales to these markets is performing well, in total increased by EUR 7.5 mln (by 9%) in comparison to similar period of 2016. Number one export market is still South African Republic, with value of export of EUR 32 mln (36% of our export in this group of countries) with an increase by EUR 3.7 mln. Second biggest export market is Israel - EUR 17 mln, followed by the USA - EUR 15 mln and by Switzerland - EUR 9.6 mln. All major markets in this category have increased, however it seems that the export to them could be improved, especially to the USA.

The export of Polish cosmetics was divided in several categories (Table 2 and Chart 2):

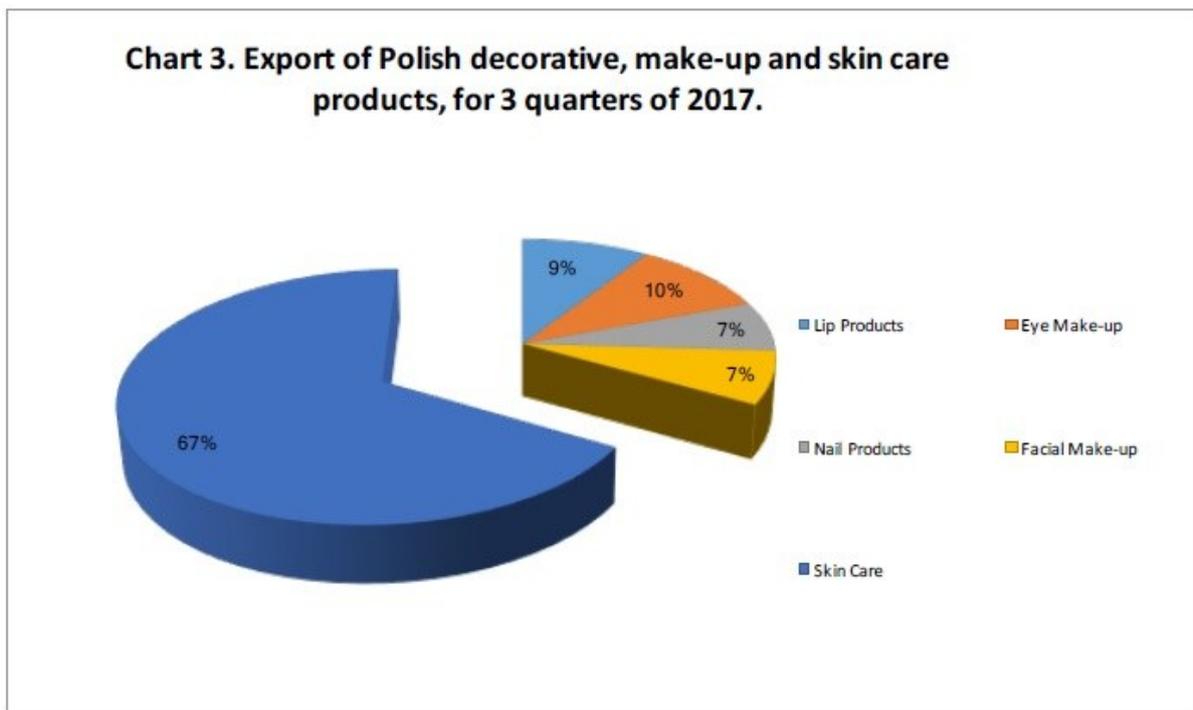
Export of Polish cosmetics, 3 quarters of 2017 Split between categories of export	3 quarters of 2017 '000 EUR	3 quarters of 2017 % share	3 quarters of 2016 '000 EUR	3 quarters of 2016 % share	3 q. 2017 vs 2016 '000 EUR	3 q. 2017 vs 2016 % change
Decorative/make-up and skin care products	916 575	42,8%	878 786	43,8%	37 789	4%
Shaving products, deodorants, shower gels and bath foams, depilatories, toiletries and room deodorants	312 773	14,6%	273 392	13,6%	39 381	14%
Perfume and eau de toilettes	258 765	12,1%	271 625	13,5%	-12 860	-5%
Oral care	287 156	13,4%	269 345	13,4%	17 810	7%
Hair care products	325 236	15,2%	266 236	13,3%	58 999	22%
Odoriferous mixtures	40 605	1,9%	37 878	1,9%	2 727	7%
Ethereal oils	1 274	0,1%	7 896	0,4%	-6 622	-84%
	2 142 382	100%	2 005 158	100%	137 224	7%

Chart 2. Export of various categories of Polish cosmetics for 3 quarters of 2017.



- **Decorative/make-up and skin care products** - total value of export for the first 3 quarters of 2017 amounted to EUR 917 mln, giving this category 42.8% of share (similar share as in 2014, 2015 and in 2016). The sales in this category increased period to period by EUR 38 mln (by 4%);
- **Shaving preparation, deodorants, shower gels and bath foams, depilatories, toiletries and room deodorants** - total value of export for the first 3 quarters of 2017 amounted to EUR 313 mln, giving this category of 14.6% in 2017 vs 13.6% in 2016 and vs 14.6% in 2015. The sales in this category increased period to period by EUR 39 mln (by 14%);
- **Perfume and eau de toilettes** - total value of export for the first 3 quarters of 2017 amounted to EUR 259 mln, giving this category 12.1% of share (vs 13.5% in 2016 and 13.6% in 2015). The sales in this category decreased period to period by EUR 12.8 mln (by 5%);
- **Oral care** - total value of export for the first 3 quarters of 2017 amounted to EUR 287 mln, giving this category 13.4% in 2017 vs 13.5% of share in 2016 and 2015. The sales in this category increased period to period by EUR 17.8 mln (by 7%);
- **Hair care products** - total value of export for the first 3 quarters of 2017 amounted to EUR 325 mln, giving this category share of 15.2% for 2017 (vs 13.3% in 2016 13.8% in 2015 and in 2014). The sales in this category increased period to period by EUR 59 mln (by 22%);
- The value of export sales in **other categories**, like ethereal oils or odoriferous mixtures, amounted to EUR 42 mln, which is 2.0% of the total export value (vs 2.3% for 2016 and 2.0% in 2015 and in 2014). The sales in these categories decreased period to period by EUR 3.9 mln or by 8.5%.

Chart 3 shows the division of the category: decorative/make-up and skin care products into product groups:

**Table 3**

Export of Polish cosmetics, 3 quarters of 2017 Decorative, make-up and skin care products	3 quarters of 2017 % share	3 quarters of 2017 '000 EUR
Lip Products	9%	83 434
Eye Make-up	10%	92 471
Nail Products	7%	61 796
Facial Make-up	7%	66 551
Skin Care	67%	612 322
		916 575

Total value of decorative and make-up and skin care products amounts to EUR 916 mln, an increase by EUR 38 mln, or by 4%.

The main export group of this category are skin care products, with the value of export sales estimated at EUR 612 mln, which amounts to 66.8% of the whole export in this category.

The export of eye make-up products is estimated at EUR 92 mln (10.1% of the total value in this category).

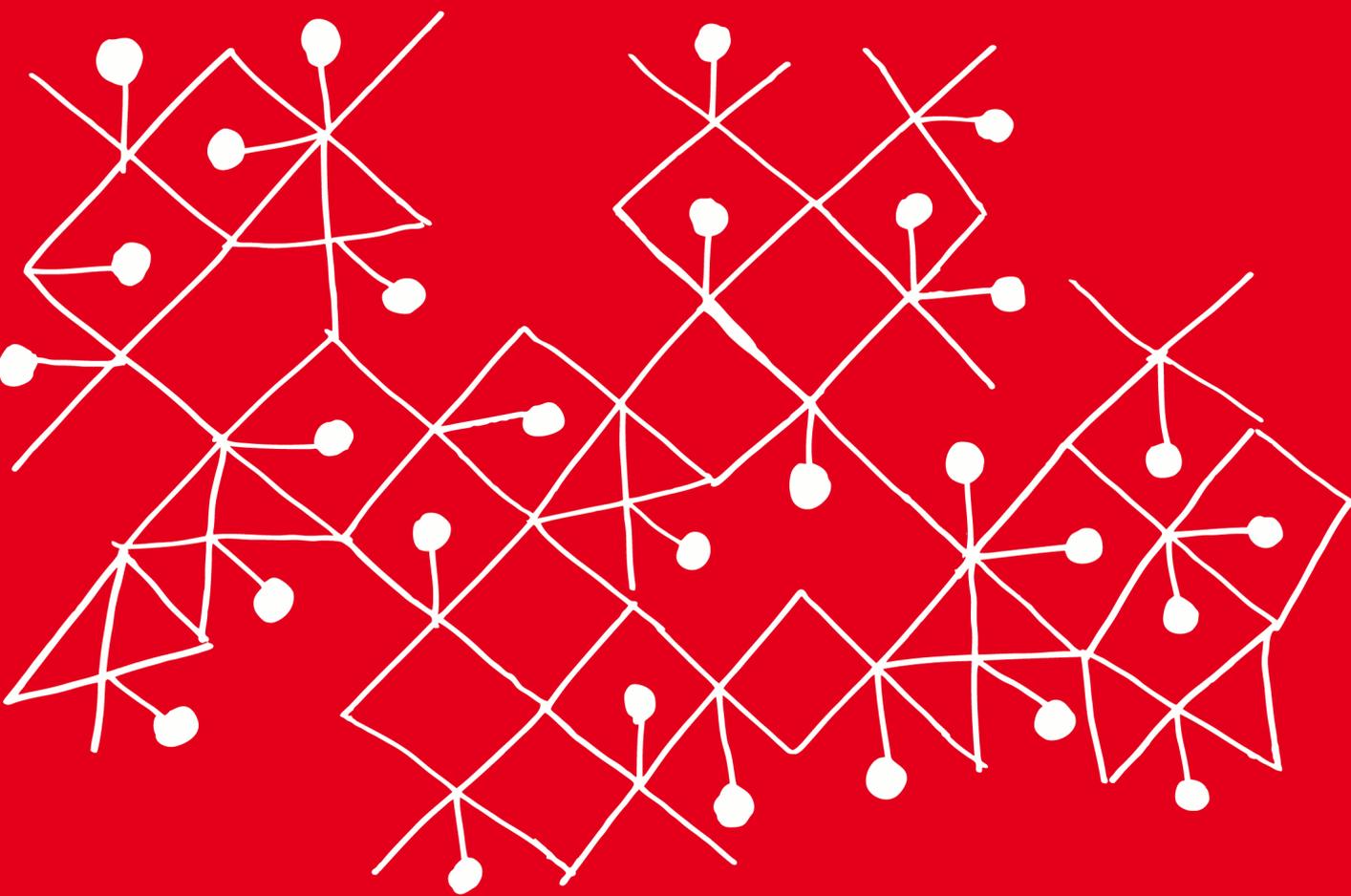
Further positions are taken by lip make-up products (the value of export is EUR 83 mln giving 9.1% of share in this category), nail products (manicure and pedicure) - EUR 62 mln, (6.7% of sales in this category), facial make-up (loose and pressed powders) - EUR 67 mln, (7.3% of sales in this category).

The initial data suggest, that the export value for the whole 2017, like in previous years, would be higher than export sales for the preceding year. The growth is still encouraged by attractive prices. Cosmetic companies in Poland should continue investing in marketing and in building brand recognition, expanding current and concurring new markets for their products.

Piotr Pyziak

Source: Cosmetic Reporter I-VI 2018

Cosmetic Reporter presents an analysis of export of Polish cosmetic products for the first three quarters of 2017. At the moment of preparing the analysis we had an access only to the reliable data for the first 3 quarters of 2017, which is being compared to similar period of 2016. The data for 2016 have been updated and adjusted into the final figures and they vary slightly in comparison to data used for similar report of 2016 vs 2015 published by Cosmetic Reporter in early 2017. Further update for the whole 2017 is expected to be published later in 2018. The data which this report is based on is still preliminary and will be verified only on the basis of the results for the whole year 2017. The data for 3 quarters allow us to draw some conclusions and make some predictions for the results of the year 2017, as a whole.



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