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# The Perception of European operators toward Thai natural skin care products

**This report was written as part of the project:**

Self Control and third party ceRtification; knowledge and application of the key procedure to implement voluntary and regulated requirements of the EU single market and building trust on Thai ProducTs and services with cultural Identity

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**The Perception of European operators toward  
Thai natural skin care products**

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## Foreword

The natural and organic cosmetic market is growing at a sustained rate, imitating what has happened for the organic food sector in the recent years. According to Kline's Global Natural Care Market report, the Asian markets will experience double-digit growth rates and will be worth 14.8 billion US dollars. In the next five years, market researchers are anticipating a turnover of more than 6.3 billion US dollars in the EU.

Despite this promising scenario the sector is not officially regulated by law and a multitude of claims are appearing on product labels in the EU confusing consumers and creating uncertainties. The US is an exception, where cosmetic products meeting organic food standards may be labeled with the US organic logo.

In the EU market, private standards and logo are prevalent, leading to misunderstanding and challenges, especially for multinational companies or those distributing to various markets dominated by different standard setters. Recently some European standard setters, operators and sector stakeholders have started up some attempts at harmonization, resulting in potential solutions to resolve the confusion within industry and felt by consumers.

Control and certification are the main pillars on which sector credibility and guarantee are supported. Public authorities' intervention in ruling the sector is of utmost importance to establish and follow a well defined certification and control system; with accredited certification bodies (UNI CEI EN 45011) and specifically trained inspectors able to guarantee to operators and consumers a reasonable certainty of conformity to organic /natural standards.

This is what has been achieved by the NaTRUE standard, with a global perspective and a professional approach the natural/organic cosmetic industry in EU and world-wide.

Mr. Giovanni Galanti & Lucas Boudet  
SCRIPT Project Director & Executive Director of the Franco Thai Chamber of Commerce



## **Executive summary**

Natural cosmetic sales in Europe have been increasing at a fast rate for several years despite the problems of the poor economic situation. Natural skin care products have the highest market share of all product categories, whilst color cosmetics and deodorants have the lowest share (Organic Monitor, 2006). France, Germany and Italy are the fastest growing markets in Europe. The distribution channels of natural and organic cosmetics are organic/health food shops, drugstores, pharmacies, supermarkets, hypermarkets, discount stores, department stores and spa wellness center/health club

Germany holds a market share of 5.6 % of total European natural cosmetics. In 2009, turnover grew by 7% to 717 million EUR – 45 million euro more than the year before and after the first half of 2010, sales have already risen by 10% (German Business Portal, 2011). The price competitiveness is very important for the German market. France is the fastest growing market of natural and organic cosmetic in Europe, with sales increasing by 23% in 2008 (Organic Monitor, 2009). Today, natural cosmetics shares about 3% of the total French cosmetics market (Organic-Market info, 2010). Low price products with fair trade and natural/organic cosmetic certifications (e.g. Ecocert, Cosmebio) are important features for the French market (Organic Monitor, 2009). Italy has been increasing sales by over 20% annually (Organic Monitor, 2006). Natural active ingredients with innovative and artisan products seem to be more promising in this market. Opportunity exists for foreign suppliers also since Italy imports almost all its raw materials e.g. aloe vera, lavender, essential oils, etc. but they must be of high quality and comply with the EU regulations with good design packaging.

The main compulsory regulations for cosmetics imports and being sold in Europe are Cosmetics Directive 76/768/EEC and the EU Cosmetics Regulation (EC) No 1223/2009 and also the EU regulation 'REACH' for the registration, evaluation, authorization and restriction of chemicals. Voluntary standards of natural and organic cosmetics (e.g. Ecocert, Bioforum, BDIH, COSMEBIO, ICEA and SOIL ASSOCIATION, etc.) have become important for European as well since they could guarantee the quality and genuine of products. The European consumers have awareness of these certifications; however, the high numbers of certifications has increased the confusion of consumers and also appears to be a hindrance to the producers. This situation has led to a harmonization among various certifications in the formation of COSMOS standard and NaTrue standard;

through which it is expected that these standards will reduce the confusion and enhance the competitiveness of the products.

The most important elements for natural/organics cosmetics are: **‘having no chemicals or synthetic ingredients’, ‘quality’, and ‘good quality – price ratio’**. **‘Traceability’** is used to ensure that there are no ingredients that are illegal in Europe. **‘Good marketing strategy of suppliers’** is crucial as well. The French market requires additional features as follows: ‘Fair Trade origin’, ‘no testing on animals’, and ‘organic certified ingredients’. ‘Paraben and Phenoxyethanol free’ is added value as well. In the European operators’ opinion, the consumers buying decision is guided by product quality, its specific ingredients and the positive or negative experience the consumer makes with a specific product.

**Thai natural cosmetics** are not common in the European market, and most are distributed through spa or wellness centers/health clubs, hence, they are used by professionals rather than general consumers. There is the absence of information and product availability, resulting in low awareness from the operators and the consumers. Final natural/organic cosmetics products imported from Thailand seem to raise lower interest than raw materials to be used in production of natural cosmetics in Europe. Germany seems to be a more promising market for Thai products since it is a typically more open market for foreign products and the consumers are more willing to try new products but those products should be price competitiveness. France and Italy are more difficult to be penetrated since they are houses of the big world-renowned cosmetic brands and have high competitiveness inside the domestic markets already. However, their consumers are sophisticated and tend to appreciate artisan-traditional products, so there might be a chance for Thai products with good presentation, information provision and nice packaging.

### *Perception toward Thai natural/organic cosmetics*

#### **Strengths of Thai natural/organic cosmetics**

- High quality products - good texture and fragrance of natural ingredients are highly appreciated by consumers especially aroma-therapy.
- Perceived as real natural products especially raw materials
- Artisanal production method

#### **Weaknesses of Thai natural/organic cosmetics**

- Low consumer awareness of Thai brand and products. Thai operators do not pay enough attention and do not allocate enough budget on marketing/communication activities. They do not provide enough information about characteristics of the products, thus causing problems in terms of acceptability of products in the European market.
- The commercial network is not well organized and the logistic structure to handle products is poor

- Thai operators are not reliable enough in the following key issues: standardizing quality of products, timeliness, and regularity of supply
- Poor packaging
- Price of Thai products is perceived as higher compared to other Asian products (one respondent in Italy).

**Natural or organic certification such as COSMOS or NaTrue** is perceived by respondents as a tool for marketing orientation. It is not the precondition of success of natural/organic cosmetics. In general, certification is not a guarantee to ensure the consumers that the products are genuine natural or organic ones. However, it may contribute to **increase consumer awareness**. In addition, **certification may be a serve as an extra guarantee for products coming from third countries**. **Certified raw material** might have better chance. **Fair trade** raw material and **animal test free** are mentioned as value-added options in the French market.

#### *Recommendations for Thai operators*

- **Excellent product quality based on high quality ingredients and standardized processes**, as well as reasonable price are “musts”, but other factors such as healthy business relationships, reliability and trustworthiness, quality control and traceability, and ability to implement appropriate marketing strategies are important requirements to export products.
- Producers of raw materials and cosmetics products have to **comply with all the technical (processing, GMP, adequate preservatives) and hygienic EU rules before planning any export**. **General Cosmetic European regulation Compliance, and the registration to EU Competent Authority for cosmetic** (Department of Ministry of Health) is also a very important pre-requirement for Thai operators prior to export.
- Operators should **participate to international trade fairs** such as CosmoProf, showcasing their products and companies in order to spread knowledge about products features and ways of use both to consumers and operators. It will also ease the **establishment of commercial relationships and foster networking** with European operators.
- **Product differentiation and positioning** as high quality-traditionally manufactured products linked to health, beauty, and wellness and/or special products different from European products should be the most suitable choice for Thai natural/organic cosmetic products.
- Spa, wellness center/health club, may represent a valuable distribution channel for Thai cosmetic products in EU
- **Information provision, promotion and targeted communication strategies** are also crucial. Information about unique products characteristics, specific properties (e.g. why it is good for beauty, etc.),

and instructions on the proper use of products are the basis for the development of an interest among users.

- **Natural and organic cosmetics third party certification (e.g NaTrue)** may represent an additional guarantee for Thai products. However, it is not a guarantee of success. It should be considered as an initial step to create trust with consumers and business partners

Since one of the main hindrances for Thai natural/organic cosmetic products is represented by compliance with regulation, quality assurance, and appropriate marketing activities, we suggest that a consortium of Thai producers, eventually with the support of Thailand's government aimed at benefiting the SMEs, should pool their resources and invest in a specialized marketing research and business intelligence (MRBI) unit; ideally operating in four main markets in Europe (Germany, France, UK and Italy). The tasks assigned to this MRBI unit should be the collection and diffusion of up-to-date information and secondary data (eventually translated in Thai) about the relevant regulation, market trends regarding competition and consumer behavior, e.g., merging and acquisitions among companies and most preferred quality attributes by consumers. Periodically, quantitative surveys on cosmetics consumer preferences, as well as awareness, knowledge and purchase intentions for Thai natural/organic products should be performed and the report may be the basis for new product development activities and for export-related investment decisions. This MRBI unit should also provide assistance in the organization of networking and communication activities and organize training activities in Thailand about the state of the art of good manufacturing and quality assurance practices, as well as training targeted to Thai marketing staff in Europe.

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# 1. Introduction

Amidst the stagnation of the conventional cosmetics markets, green cosmetics have emerged as a renewal chance for manufacturers and suppliers. Cosmetics' consumers have gone green since the beginning of 21<sup>st</sup> century as a result of their awareness of possible dangers of some dangerous chemicals in cosmetics such as paraben and phenoxyethanol. Accordingly, world renowned cosmetics brands (e.g. L'Oreal) including retailers' brands and small manufacturers and suppliers have been expanding their production lines to natural and organic cosmetics. This trend has spread all over the world and is evidence of the growth of natural and organic cosmetics (13 % in Asia, 9 % in Europe and 8 % in the USA in 2009). In Asia, the popularity of natural and organic cosmetics has significantly grown, including in Thailand.

Thailand exported cosmetics worth 30 billion baht or 0.6 billion euro in 2008 with sales increasing by 20% annually (Thai Cosmetic Manufacturers Association, 2011). Thai Cosmetic Manufacturers Association (2011) noted that Thailand has high potential to produce and develop natural and organic cosmetics due to the plenty and variety of tropical plants, herbs, and flowers available. Furthermore, herbal recipes handed down through centuries confirm the importance of beauty and well-being in Thai culture that could proliferate in other places as well.

Europe is one of the biggest markets for natural and organic cosmetics, and it is the target of Thai natural cosmetics. However, there is still a lack of available knowledge to assess the potential of Thai natural and organic cosmetic products in Europe. Therefore, this study is the first step to explore the potential and barriers of Thai natural and organic cosmetic products in Europe focusing on the leader markets – Germany, France and Italy.

This study aims (1) to validate the interest of European importers, manufacturers and distributors of natural and organic cosmetics products to import and distribute Thai natural skin care products in Italy, France and Germany, (2) to explore the potential and barriers of natural skin care products from Thailand in Italy, France and Germany and (3) to explore the possibility to use natural and organic cosmetic standards to foster the competitiveness of Thai natural and organic cosmetics in the European market.

The study takes the form of exploratory research in order to define and gain insight in the interest of European operators toward Thai natural skin care products. A qualitative approach is selected to study this particular topic in depth since we are in the initial stage to introduce this products to the market (Myers, 2009). The study is performed through personal in-depth interviews with practitioners of natural and organic cosmetics that are structured as conversation-like dialogues according to a semi-structured interview outline via telephone (or face-to-face if possible). Questions are open-ended to enable the respondents to raise topics or issues which were most salient to them. The information collected from the interview was processed using a content analysis approach. The conclusion are drawn from different points of view of the respondents in an attempt to assess the potential and barrier of Thai natural and organic cosmetics in the EU market for developing appropriate managerial marketing strategies to introduce these products in the EU market.

The remainder of the study is organized as follows. In Chapter 2, the research methodology is described. In Chapter 3, an outline of the background and a short discussion of the most relevant literature is provided. Chapter 4 offers results of the analysis. The final chapter presents conclusions of the study.

## **2. Methodology and data**

The main purpose of this study is to explore the potential and barriers of Thai natural/organic skin care products in the EU market (Italy, France and Germany) for further development of the market for Thai natural cosmetics in Europe. The target groups are importers and retailers/wholesalers of natural/organic cosmetics. Given the type of target group and information to be obtained, an exploratory research approach is adopted in order to define and clarify problems, gather explanations, and gain insight into topics of interest (Hair et al., 2003). The research methodology applied is qualitative to deal with complexity and the rich diversities of operators perceptions (Myers, 2009).

The research procedures comprised four main parts: (1) secondary data collection, (2) survey design, (3) interview procedure, and (4) data analysis and extrapolation.

### **2.1 Secondary data collection**

The secondary data was collected through two different sources: (1) scientific literatures (e.g. Scopus, Ingenta connect, Science direct, Springer Link, AgEcon Search, Emerald Insight, Wiley Interscience, SAGE Journals Online, etc.) and (2) others (e.g. business reports and internet) in order to gain background information of this topic and possible contacts in the business. Statistical data was collected based on business reports.

### **2.2 Design of the qualitative study**

The survey is designed to gain information from EU practitioners regarding to Thai natural/organic skin care products. Since exploratory research studies do not try to collect all representative samples but rather to retrieve information from persons who have knowledge and might be able to highlight the relevant problems or issues on a specific topic, hence, purposive non-stochastic sampling was applied to recruit participants in this study (Trochim, 2006). In addition, the snowball sampling procedure was also applied when the interviewee recommended other persons who might potentially be interviewed. The interview guideline was also designed for a semi-structured interview in this step.

#### **2.2.1 Recruitment of interviewees**

A possible list of European operators was created using a convenience sampling method on the basis that those listed are expert and professional practitioners in natural/organic cosmetics products. Sources of the list were personal contacts via the Franco-Thai Chamber of Commerce, Thai Trade Office (Milan), University of Bologna, Bioagricert company and the internet. The list included persons who

interviewees recommend that might be consulted. Furthermore, the researchers also visited Cosmo Prof Fair in Bologna on the 19<sup>th</sup> of March 2011 to see the general picture of natural cosmetics market and to find potential respondents.

The criteria to select the interviewees were: the importers/distributors and manufacturers of natural/organic cosmetics products who might be interested in Thai natural/organic skin care products.

The complete list of selected potential key informants comprised 16 contacts in Italy, 44 contacts in France, and 12 in Germany. The potential informants were contacted by personal connections via email and telephone. The researcher explained the background of the research, aims, addressed terms of confidentiality, and asked for cooperation. After the enterprise agreed to give information, appointments were set up and interviewees were asked for permission to record the conversation. In the end, six participants who agreed to contribute to this research were from Italy (two persons), France (two persons), and Germany (two persons) (please find contact details in Annex II).

The details of sectors and activities of the interviewees are shown in Table 1.

### **2.2.2 Interview guideline design**

A semi-structured interview guideline was designed to provide the researcher with pre-formulated questions about the important issues that are expected to be discussed during the interview. The core information would be collected through a series of open-ended questions introducing wide topics and inducing the informant to raise salient issues which he or she thinks are important and relevant to the topic of interest during the conversation (Myers, 2009). The interview guideline was designed to support the interviewer to ensure that the conversation covers all objectives of the research. It was not necessary to direct the conversation sequentially according to the interview guideline but rather to continue it fluently and flexibly according to the response of the informants.

The key points have been defined as follows: characteristics of interviewee's business; degree of involvement and familiarity with Thai natural/organic skin care products; how do European operators perceive Thai natural/organic skin care products; what are their expectation and requirement for natural/organic skin care products; how do they perceive Thai skin care products with natural/organic certification; what are the potential and barriers for such products. The interview guideline is shown in Appendix I.

**Table 1 Profile of key informants and companies**

ID	Company	Interviewee	Sector	Location	Activity
1	ITA-COS-01	Manager	Importer/ distributor of natural cosmetics	Italy	Natural cosmetics import/distribution
2	ITA-COS-02	Manager / owner	Importer/ distributor of cosmetics	Italy	Thai cosmetics import/distribution
3	Laboratoires DEVEDERM	Export sales& marketing manager	Manufacturer/di stributor of natural cosmetics	France	Natural cosmetics production/distributi on
4	FRA-COS-02	Customer Services Manager	Manufacturer of traditional and natural cosmetics	France	Cosmetics production for export
5	Salandis GbR	CEO	Importer/ distributor of natural cosmetics	Germany	Import and distribution (online) of natural cosmetics and organic products
6	DARIKA GmbH	CEO	Importer/ Distributor/ manufacturer of Thai cosmetic products	Germany	Production and distribution of natural Thai skin care products, as well as further items for Thai Spa and Wellness businesses

Source: interviews with operators.

Note: In a qualitative research usually the number of interviews is not designed to achieve representativeness, but to ensure a diversity of opinions from persons who have knowledge and might be able to highlight the relevant problems or issues on a specific topic (Trochim, 2006). The researchers ensured the inclusion of different types of operators including: natural cosmetics importers, distributors and manufacturers.

### **2.3 Interview procedure**

The personal interviews were administered during the period of March-April 2011 and took the form of semi-structured interviews. The interview guideline (Appendix I) was sent to participants in advance. The interview aimed to build a “conversation-like dialogue rather than asking questions that impose categorical frameworks on informants’ understanding and experiences” (Arnould and Wallendorf, 1994; Knight et al., 2007).

Interviews ranged 30-60 minutes and in most cases were conducted in native languages of those countries (Italian, French and German). During the conversation the interviews were recorded (if this was permitted) and the interviewer took note of important information and observations.

## **2.4 Data Analysis and extrapolation**

Data analysis and interpretation was performed through content analysis of the interview transcription and minutes so as to identify important themes and pattern. Analysis was carried out in 4 steps:

**1) Summary Report:** Summary reports of each interview were written in English immediately after conversations. These reports comprised the characteristics of informants' businesses and the most relevant perceptions and ideas that emerged during conversation, together with specific comments.

**2) Validation of summary reports:** A preliminary version of summary reports was submitted to the interviewees for “checking how accurately participants’ realities have been represented in the final account” (Cresswell and Miller, 2000, Knight et al., 2007) in order to establish credibility of the results (Lincoln and Guba, 1985; Knight et al., 2007). Their comment and additional information were included into the complete version of interview summaries.

**3) Transcription:** Tape-recorded interviews were transcribed and eventually translated into English. Non-verbal communication was not considered. Comments were coded on the transcripts using different text colors and marginal keywords in order to identify important themes and patterns (Coffey and Atkinson, 1996; Knight et al., 2007). Additional information, participants’ quotes and comments from transcripts were used to perform a content analysis in the following step.

**4) Content analysis:** The information from the summary reports together with transcription was analyzed through content analysis. The essential objective of a content analysis is to describe the phenomenon and present the most interesting elements arising from each interview in order to gain an extensive overview of informants’ attitudes toward the topic. The researcher emphasized important elements by highlighting the direct quotes from participants. All key aspects and issues raised by key informants were highlighted in this analysis regardless of the number of informants with similar ideas.

### **3. Background**

From the twenty first century on, the cosmetics toiletries and fragrances industry faced many challenges including: regulatory changes, product safety concerns, calls for scientific data to document product claims, increasing environmentalism, natural ingredients, pressure from the growing animal rights movement, economy and market channels for product distribution (Kumar, 2005). The developed markets, such as the United States and Europe, have been facing the stagnation of cosmetics and toiletries sales and slowing growth (Organic Services GmbH, 2008). Hence, in an attempt to improve sales, manufacturers have invested on new products containing natural ingredients in order to catch the growth of consumer interest in health and wellness. As a result, there was an impressive average growth of natural/organic cosmetic market 9% annually during 2003-2008 (Organic Monitor, 2009).

Manufacturers of conventional cosmetics have shown that they are aware of the potential of natural cosmetic market by extending the production lines to natural cosmetics. For instance, the world's leading cosmetic player L'Oréal, acquired of French Laboratoire Sanoflore, a manufacturer of certified organic cosmetic products in 2006. Clorox, a US company of various food and chemical products, took over Burt's Bees, which manufactures natural and organic cosmetics like lip balm and body lotion in 2008 (Organic Services GmbH, 2008). Garnier is extending its product ranges with the new natural cosmetics line Bio Active certified by EcoCert (EcoCert.cn, 2010). Euromonitor (2005) addressed that in the future, manufacturers are likely to increase the amount of natural ingredients used in their products but will not completely abolish some necessary chemicals. The major brands also tend to dedicate huge marketing budgets to promote the natural aspects of their products. This indicates that this subject has become more and more important in the global cosmetics industry.

#### ***3.1 Global natural and organic cosmetic industry***

Natural cosmetics seem to have a great future. The international market for natural and organic cosmetics has skyrocketed over the past few years and will further grow. It can maintain its position very well during the economic crisis with the recorded growth. The evidence is shown in the growth achieved in 2009 – 13 % in Asia, 9 % in Europe and 8 % in the USA. The international market researcher, Kline Group, forecasted that there are excellent prospects for natural cosmetics in Asia, Europe and the USA until 2014 (Organic-Market info, 2010). One of the main drivers of growth in natural cosmetics market has been the

consumer trend towards healthier lifestyles and many of them believe that these products have higher standards of quality (Euromonitor, 2005).

In 2007, global sales in natural and organic cosmetics was more than 5 billion euro, among them, the United States sales was approximately 3.5 billion euro whereas European sales was around 1.1 billion euro. In 2008, sales were more than 1.5 billion Euro. Not only the US and the EU have grown interest in natural and organic cosmetics, but also other developing market such as Asia and Latin America, due to rising income levels which allow the middle-class to afford more personal care products; whereby high-income consumers have started to look for premium products. Within Europe, Germany is the leading market with total sales of around 650 million euro in 2007 or 6% of total German cosmetics market sales. In Asia, the popularity of natural and organic cosmetics has significantly grown especially in Japan, Korea, Malaysia, Hong Kong, Singapore and Taiwan. In Latin America, Brazil has become renowned and important as sourcing ingredients for natural and organic cosmetics. In addition, Brazil is a significant cosmetics producer and increasingly serving the world market with finished products (Organic Services GmbH, 2008).

### ***3.2 Natural and organic cosmetics industry in Europe***

The EU is the most important market for cosmetic industry with a strong competitiveness inside itself. Like the rest of the world, natural and organic cosmetics market in Europe has been expanding since twenty first century, today this sector shares approximately 2% of total cosmetic sales and the trend is to increase in the future. This report will give the general pictures of European natural cosmetics market and pay closely attention to three biggest markets: Germany, France and Italy.

Natural cosmetic sales in Europe have been increasing at a fast rate for several years given the economic constraint situation. However, from 2009, the growth of the European natural cosmetics market has been continuing but with slower rate due to growing consumer price sensitivity and rising of new market entrants. The revenue of the sector approach 2 billion euro in 2010. The major drivers of market growth are the increasing of distribution channels from specialty shops to large retailers; and the broadening consumer demand for natural cosmetics (Organic Monitor, 2010). The changing values in society to a new orientation towards credible and authentic brands, is also one of the reasons why the cosmetics market is going green (Organic-Market info, 2010). In the period 2007-2008, there were 700 companies who applied to be certified as organic cosmetics.

Natural skin care products have the highest market share of all product categories, whilst color cosmetics and deodorants have the lowest share (Organic Monitor, 2006). Interestingly, value brands are gaining market share and some retailer

private labels with competitive price appeared to doing well since the economic downturn (Organic Monitor, 2010).

The distribution channels of natural and organic cosmetics are organic/health food shops, drugstores, pharmacies, supermarkets, hypermarkets, discount stores, and department stores. Mainstream retailers are responding to high consumer demand by introducing these products some under their private labels which cause a large shift in sales of these products from specialist to mainstream retailers in Europe. Different brands are trying to sell products with different channels such as concept stores, dedicated stores, and international retail networks. The number of concept stores opened by leading brands (e.g. Weleda and Dr. Hauschka Madara Cosmetics and Couleur Caramel) are increasing. Dedicated stores for natural and organic cosmetics are being opened by manufacturers and retailers, as well as private investors. Whereas other brands like Melvita and Florame are building international retail networks (Organic Monitor, 2009).

### **3.2.1 European natural and organic cosmetics leaders**

The French, German and Italian markets are the fastest growing in Europe. High growth in Germany has been driven by increasing distribution through mainstream retailers, whereas in France and Italy sales of natural cosmetics have increased due to the reports in the media regarding the possible dangers of synthetic substances in cosmetics and toiletries (Organic Monitor, 2006).

#### ***a. Germany***

##### **Market size**

Germany is the largest natural cosmetics and personal care market in Europe with a market share of 5.6 % of total European natural cosmetics (German Business Portal, 2011). Furthermore, natural cosmetics becomes the strongest growing market in the skin and beauty care segment in Germany as consumers spending on certified natural cosmetics has increased by almost 50 % since 2006 (Organic-Market info, 2010). In 2009, turnover grew by 7% to 717 million EUR – 45 million EUR more than the previous year – and after the first half of 2010 sales have already risen by 10%. The main reason is the consumers are well informed and are highly environmentally and health conscious (German Business Portal, 2011). The companies operating in this industry are grouped in the German Cosmetic, Toiletry, Perfumery and Detergent Association (IKW - Industrieverband Koerperpflege- und Waschmittel e. V.). The members account for over 95 percent of the industry. The majority of the members are small and medium-size manufacturers and distributors. Natural cosmetics operators are grouped in a federal Association (BDiH - Bundesverband deutscher Industrie- und Handelsunternehmen für Arzneimittel, Reformwaren, Nahrungsergänzungsmittel und Körperpflegemittel e.V.) based in Mannheim, which groups more than 500

companies operating in cosmetics, nutritional supplements, functional food, free-service medicines and pharmaceuticals.

### **Product brands**

Consumers nowadays can find natural cosmetics under private brands of organic food stores, supermarkets, drugstores and even discounters. The low-cost private labels especially those from the drugstores play a major role in the German market (Organic-Market info, 2010). Retailer private labels of natural cosmetics, which are much cheaper than branded products, are gaining in popularity as well, since the economic recession has reduced consumer spending power (Organic Monitor, 2009). This means that price competitiveness is very important in Germany.

However, Gesellschaft für Konsumforschung (GfK), the consumer research institute in Nürnberg, mentioned that the level of loyalty of natural cosmetics customers is currently still too low (Organic-Market info, 2010). This put the question to the operators to find the way to persuade the consumers to change from occasional buyers into regular customers.

### **Distribution Channels**

Natural and organic cosmetics in Germany are mainly sold in organic supermarkets (Reformhaus) and specialized stores. Recently mainstream retailers have increased their role as important distribution channels of natural cosmetics as well (German Business Portal, 2011).

## ***b. France***

### **Market size**

The French market has the fastest growth in natural and organic cosmetic sales in Europe, with sales increasing by 23% in 2008 (Organic Monitor, 2009). Today, natural cosmetics shares about 3 % of the total French cosmetics market (Organic-Market info, 2010). Even though France is home of the big world-renowned cosmetic brands it has shown little interest in the natural cosmetics trend for a long time until 2005 when media reported the possible dangers of substances like parabens in cosmetics and toiletries. Afterwards, the consumer demand for natural cosmetics increasing led to sales increased by 40% per year in the period from 2005-2008 and the trend is to continue increasing, although with the lower rate in last few years (Organic Monitor, 2006). In France, there are two major Cosmetics associations: Fédération des Entreprises de la Beauté or FEBEA (<http://www.febea.fr/>) that groups the larger companies and COSMED, l'association des PME de la filière cosmétique ([www.cosmed.fr](http://www.cosmed.fr)) that gathers Small and Medium Enterprises. An outstanding player for natural and organic cosmetics is COSMEBIO, which is the leading ecological and organic cosmetics professional association in France. It represents more than 350 members in France

and abroad, including cosmetic laboratories, distributors, contract manufacturers and raw material suppliers.

## **Products**

Since France is perceived internationally as the spiritual home of cosmetics and perfumes, there is no doubt that it could be the case also with natural cosmetics. International companies showed more and more attention to the French market, which is evidenced in an increasing number of manufacturers and raw material suppliers coming into the market from Latin America, Africa as well as in Europe (Organic Monitor, 2006). This results in stricter selection criteria for raw material of products in the market. Fair trade raw materials are increasingly important for natural cosmetic manufacturing (Organic-Market info, 2010). Retailer private labels also have impacted on the market as well, since they provide certificated natural and organic cosmetic with low prices to the customers. Hence, low price natural and organic cosmetics with fair trade and natural/organic cosmetic certifications (e.g. Ecocert, Cosmebio) have become important in French market (Organic Monitor, 2009). In 2007 the main organic cosmetic subsector in France was skin care with 111 million Euro or 75% of the organic cosmetic market (Service des Études et des Statistiques Industrielles, 2009).

## **Distribution Channel**

Natural and organic cosmetics are channelled through pharmacies and parapharmacies (30%), Bio retail-shops (30%), Internet stores (20%), supermarkets and hypermarkets (15%), and perfumeries (5%). Furthermore, organic food retailers are convinced that natural cosmetics have great potential in the future. Among these channels, specialist retailers are still the one who provides the wide range of product for customers (Organic Monitor, 2009). Increasing distribution channels and the expertise of the staff and shop are the main factors in the rapid expansion of natural cosmetics in France (Organic-Market info, 2010). Consumers are reported to have confidence (to buy organic) only for products sold in specialized sale-points. Several Multi-brand cosmetics and certified Organic products shops have been opened such as: Le Monde du Bio (<http://www.mondebio.com/cosmetique-bio>) and Mademoiselle-bio ([www.mademoiselle-bio.com](http://www.mademoiselle-bio.com)). Those networks sell several organic cosmetics and organic brands including leader brands such as Dr Hauschka, Lavera, Melvita, Cattier, Weleda, etc.

### ***c. Italy***

#### **Market size**

Italy is one of the largest markets for natural and organic cosmetics in Europe with sales increasing by over 20% annually (Organic Monitor, 2006). Main factors contributed to the high growth rates are the “wellness culture” trend of consumer and broadening sales channels. Italian consumers are turning more to natural and organic cosmetics because of their concern about synthetic substances

in personal care products after the media reported the possible dangers of some chemical substances. This results in the rising rate of adopting natural and organic standards in manufacturing as an assurance for the consumers. The high growth rate of this sector also attracted interest from large cosmetic companies which are launching organic and natural products as well (Organic Monitor, 2009). UNIPRO (a branch of CONFINDUSTRIA) is the main association for manufacturing companies operating in the cosmetics industry. It is divided into thematic groups according to market channels: pharmacies, beauticians and cosmetologists, professional hairdressers, contract manufacturers, herbalist shops and perfume shops. Producers of raw materials and ingredients for cosmetics production belong to another branch of Confindustria – Federchimica AISPEC – that groups chemical companies in specialist sectors. Small associations for natural/organic cosmetics industry operators exist but they do not appear to have a true relevance.

### **Products**

Since Italy is a sophisticated and highly developed market for cosmetics, this is also the case with natural cosmetics. Italian consumers prefer to buy the best quality products they can afford while paying close attention to money spent on them. Products derived from natural active ingredients of plants and vegetable extracts are progressively popular, resulting in growth of this market segment (U.S. Department of Commerce, 2008).

Natural active ingredients with innovative and artisan products seem to be more promising in this market. There are also good prospects for products that distinguish themselves from what is already available on the Italian market, e.g. tea-tree and eucalyptus-based products as well. Opportunity exists for foreign suppliers also since Italy imports almost all its raw materials, for instance aloe vera, lavender, and essential oils, but they must be of high quality and good design; as Italians prefer products that are nicely packaged and creative. In addition, those ingredients should comply with European and Italian regulations in order to guarantee consumer protection (U.S. Department of Commerce, 2008). Recently, products have begun to be advertised (in press and media commercials) promoting the absence of chemicals still allowed but suspected to be dangerous such as parabens.

### **Distribution Channel**

Natural and organic cosmetics are channelled mainly through herbalist shops and specialist retailers; however, demand is increasing through other channels as well such as large retailers, beauty centres, hotels, spas and salons. Retailers are responding by giving greater shelf-space to natural and organic products. There are increasing numbers of concept stores which take the direct route to get closer to consumers (Organic Monitor, 2009). A recent study about natural cosmetics in Italy, however, suggests that supermarkets may become soon among the preferred outlets for these products (Nitto, 2009).

Despite continuing of growth in this sector, the European natural cosmetics market still faces many obstacles. The main ones are 1) low consumer understanding of natural and organic products and 2) lack of harmonized/ uniform standards which lead to consumer confusion about the meaning of the word “natural” or “organic”. Therefore, the development of European-wide standards such as NaTrue and Cosmos are expected to offer a solution to this issue.

### **3.3 Natural cosmetics standards situation in Europe**

Conventional cosmetics are regulated by EU laws - the EU Cosmetics Directive 76/768/EEC and the EU Cosmetics Regulation (EC) No 1223/2009 or “RECAST” (<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:342:0059:0209:en:PDF>), which regulate all cosmetics, toiletry, and perfumery products placed on the market throughout the EU, and national laws. Every country has developed its own code of law for conventional cosmetics. France has Code de la Santé publique, article L.5131-1. The Italian government has published a decree issued on 17 December 2010 which updates annexes III and V of Italy's primary cosmetics legislation, Law 713/86, in conformance with the consolidated version of the EU cosmetics Directive adopted last year (Directive 2010/3/EC) (<http://www.salute.gov.it/cosmetici/archivioNormativaCosmetici.jsp?lingua=italiano&menu=normativa>). Another common EU regulation dealing with registration, evaluation, authorization and restriction of chemical substances (the REACH Regulation (EC) No 1907/2006) also has a relevant impact on the cosmetics industry ([http://ec.europa.eu/environment/chemicals/reach/reach\\_intro.htm](http://ec.europa.eu/environment/chemicals/reach/reach_intro.htm)).

Besides the compulsory laws applied to all producers of the cosmetic sector mentioned above, some producers and/or certification bodies have elaborated voluntary standards with the aim to guarantee the consumers that a product has been organically produced in accordance with specific protocols and documented procedures. In the sector of organic cosmetics, there is not currently a specific norm or a code which is worldwide or EU-wide adopted.






Currently, there is no specific law regulating the natural and organic cosmetics production in Europe and protecting consumers. Organic regulation in Europe, in fact, is mainly focused on agricultural and food products and is not applicable to this industry. In the early 2000s, considering the lack of a binding European legislation, several certification bodies started to develop their own natural/organic cosmetics specifications and standards, with the aim to meet the need of organic cosmetics producers to dispose of voluntary rules to be protected from less qualified and unfair competitors. However, nearly all certification bodies have elaborated an own standard on the basis of different requirements (e.g., percentages of organic components in the recipe). As a result, the high number of certifications has increased the confusion of consumers and generated the need for harmonization of certifications.

A list of the major certification bodies of organic cosmetics are listed in Table 2. Despite of their differences, all those natural/organic cosmetic standards aim at introducing a clear definition of requirements for natural/organic cosmetic products, at strengthening consumers' trust in Natural Cosmetics, and at helping them to recognize the real natural/organic cosmetics from the fake ones. However, even though at the beginning the approach to establish a standard was similar, their specific choice regarding specific aspects of the standard was actually quite different.

Recently, certification bodies and cosmetics producers started to gather together in larger groups in order to go beyond the individual standards of each certification body and agree about a more harmonized system, with the aim to reduce the number of labels and to increase the number of manufacturers producing cosmetics complying with a common standard.

Nowadays, there are two major initiatives that are worth to be noted in the European market: COSMOS and NATRUE.

**Table 2. Organic cosmetics labels**

	<p>BDiH was founded in Germany in 1996. It has been created by an independent organization which examines the compositions of the products to be certified and the methods of production.</p>
	<p>Cosmétiques Cosmebio. It is a pioneer certification of organic cosmetic sector. It requires 95% natural ingredients and at least 10% organic ingredients to be certified Cosmebio with BIO or ECO labels.</p>
	<p>ECOCERT is an organic certification organization, founded in France in 1991. It is one of the largest organic certification organizations in the world. It has elaborated its own Natural and Organic cosmetic standard called ECOCERT. It certifies worldwide more than 1,300 companies of cosmetic sector. The company inspects about 70% of the organic food industry in France and about 30% worldwide.</p>
	<p>Nature &amp; Progrès is the most demanding standard, it requires 100% organic ingredients.</p>
	<p>NATRUE is an international non-profit association which certifies natural / organic cosmetics. It is one of the most important certification of natural cosmetics</p>
	<p>SWISS COS is an association for the protection of the origin of Swiss cosmetics. The label (SWISS GUARANTEE COS) guarantees consumers that the product is made in Switzerland. . The main Swiss cosmetics manufacturers have formed an association to protect genuine Swiss cosmetic products and provide a guarantee of origin for their customers.</p>
	<p>UK Soil Association launched its standards for health and beauty products in 2002 and now certify a wide range of companies and products to the standards. The label assures that 95% of the ingredients are organic.</p>
	<p>United States Dept of Agriculture – National Organic Program. American label certifies that at least 95% of the ingredients in the finished product come from organic farming.</p>
	<p>BIOAGRICERT is an Italian certification body of organic productions and other non-food sectors with about 10,000 operators certified worldwide and more than 25 years of experience. It is one of the certification bodies of NATRUE.</p>
	<p>CCPB Consorzio Controllo Prodotti Biologici (CCPB)</p>
	<p>ICEA Institute for Ethic and Environment Certification</p>

### **3.3.1 COSMOS**

COSMOS (COSMETics Organic and natural Standard) is a standard created in early 2010 by a group of six European certification bodies working for several years to the establishment of a new cosmetic certification in order to create one standard that is internationally recognized for natural and organic cosmetics and harmonizing the sector through defining minimum requirements and common definitions for organic and natural cosmetics.

The starting point was the work of ten cosmetic laboratories that were working together since early 2000s in the framework of COSMEBIO to create common specifications for organic cosmetics. Later ECOCERT has developed this work by elaborating its own standards that become a primary worldwide certification. Two standards were approved by the COSMEBIO Charter and were registered with the French Ministry of Industry: the Ecocert standards (2003) and the Qualité France standards (2004). In May 2010, Ecocert along with other 5 certification bodies: Bioforum in Belgium, BDIH in Germany, COSMEBIO in France, ICEA in Italy and SOIL ASSOCIATION in UK created the international non-profit Association COSMOS-standard. This Association is working to create a European Cosmetics Standard called COSMOS standard.

The major advantage of this future standard is that it will prevent re-certification and facilitate regional trade of natural/organic cosmetics. Cosmos would comprise two levels of certification, Cosmos-Natural and Cosmos-Organic which would identify criteria regarding the products' origin, processing, composition (ingredients), packaging, labeling and disposal (German Business Portal, 2011).

At present a COSMOS logo is not yet available. The six companies belonging to COSMOS add the signature "COSMOS ORGANIC" or "COSMOS NATURAL" to their individual logo, depending on their certification level (Figure 1). To get COSMOS ORGANIC certification, at least 95 percent of a product's ingredients derived from agriculture and at least 20 percent of the whole product must be organic.

### **3.3.2 NATRUE**

NATRUE is an association of cosmetic producers that have developed the NATRUE standard and related NATRUE label. NATRUE is located in Brussels operating since 2008. Today more than 300 companies have NATRUE certification. This standard has been originated by operators (organic cosmetic producers). A number of external independent certification bodies have been appointed by NATRUE Association to certify and control all the products of all cosmetics companies willing to be certified under NATRUE standard and receive the corresponding NATRUE label (Figure 2). Most well known certifier bodies are Alphachem in Germany; Bioagricert in Italy; Hygade in Denmark; IBD Certification in Brazil. Most well-known members of NATRUE association are

Lavera, Weleda, Logona, Dr Hauschka. NATRUE certifies three grades of natural and organic cosmetics: Natural cosmetics; Natural cosmetics with organic portion; and Organic cosmetics. The first category identifies cosmetics with natural ingredients while the other two grades indicate the quantity of natural ingredients from organic agriculture.

**Figure 1. COSMOS signature in natural/organic seals**



**Figure 2. NATRUE logo**



In addition to these two important certifications, retailers are also developing their own standards for natural & organic beauty products. Whole Foods Market has just announced its Premium Body Care Standard to differentiate its products from inferior naturals. British retailers have already introduced natural personal care

ranges under their private labels, choosing to adopt industry standards. However, Boots developed its own standard for its Botanic Organics launch last year (Organic Monitor, 2008).

## 4. Results of the qualitative study

The following sections describe the results of the content analysis of interview transcripts and summary reports, presented in form of semantic category and organized corresponding to the structure of interview guideline. Significant and relevant topics were highlighted through informants' verbatim quotes.

It is important to note that we provide here a perspective on Thai natural/organic natural skin care products in the European market (focused on Italy, France and Germany) that reflects the information about experiences, perceptions and opinions we obtained from the interviewees. Given the qualitative nature of the study and the sample size, these opinions cannot be considered as generally valid and statistically representative of a population of natural cosmetics business operators. We do not report frequencies, since an exploratory qualitative study does not aim at measuring a phenomenon using descriptive parameters but at exploring diversity. (Jansen, 2010).

The discussion is organized into 7 sections: (1) Situation of Thai natural/organic cosmetics in European market (Italy, France and Germany), (2) Perception toward Thai natural/organic cosmetics, (3) Expectation and requirement for natural/organic cosmetics, (4) Attitude toward cosmetics with natural or organic certification, (5) Attitude toward Thai cosmetics with natural or organic certification, (6) Potentials and Barriers of Thai cosmetics with natural or cosmetic certification, and (7) Suggested marketing strategies for Thai cosmetics with natural or organic certification.

### **4.1 Situation of Thai natural/organic cosmetics in European market (Italy, France and Germany)**

Thai cosmetics, both conventional and natural/organic, are not known in the European market. In general, few producers and consumers in Europe know Thai products. They said that this might be because there are no marketing/promotion initiatives from Thai operators and there are no relevant Thai distributors in Europe yet; thus, most of the respondents have never imported natural cosmetics from Thailand.

*“Thailand cosmetics are unknown either as final products or raw materials. Thai are more known as touristic attractions.” (A manufacturer and distributor of natural cosmetics in Italy)*

*"I don't know any Thai products, I never heard about a specific product nor saw one which has been marketed with specific campaigns." (A distributor of natural cosmetics in Germany)*

At the moment, raw materials imported from Thailand such as essential oil of jasmine, orchids, lemon grass and ginger, etc. are available in the market, but they are processed into final products without indicating Country of Origin. According to most of the respondents there is no final product coming from Thailand with 'Thai brand' in the consumer market at all. Most of Thai final products have been distributed directly through spas or beauty centers for professional usage, not in general retail channels for household purchase.

Despite this lack of knowledge, we asked for respondent opinion about possible market chances for Thai natural/organic products in their country. According to our respondents' opinions, Thai products may have better chance in Germany, since Germany is a leader of natural cosmetic and it usually imports a lot of raw materials from around the world. Some of German manufacturers (e.g. La Nature Hartmann) have already imported raw materials from Thailand and other third countries. Nevertheless, it is still a very tiny niche market. France and Italy are the big cosmetics markets with strong and high domestic competitions. Therefore, the penetration of Thai final cosmetic products is harder and requires great effort. There might be better chances for raw materials but not so much because most of manufacturers prefer their own local materials for natural cosmetics.

However, in this regard we must point out that in Italy recently two producers and distributors have created "THAI" line of products (Bottega Verde, an operation with 400 points of sale, and "Organic Thai Coco" of Perlier, an operation with 30 points of sale). They are using an appeal linked to wellness of traditional Thai massage to market skin care and bath products. However, the raw materials are not from Thailand and they use only the positive images associated to Thailand (calm, relaxing massage, spirituality, exotic, beauty, etc.) to market their products. Although this is an example of image usurpation, this also demonstrates that Thailand may benefit from a good image for natural cosmetics.

In order to complement information from respondents the researchers also attended the 2011 edition of CosmoProf trade fair, which is among the most important cosmetics exhibition in the world, the researchers noticed that there were very few Asian products exhibited in the fair. Only products from Korea, Hong Kong, Taiwan, Israel and India were noticeable and most of them were conventional products. So far, products from Korea, Hong Kong, Taiwan focus only in makeup and color products, nail products, and other tools (e.g. dryer, brushes) but there is no skin care product. Israel presented the spa and cream products and there are some natural skin care products from India. However, we must point out that CosmoProf is usually reserved to mainstream cosmetics

products, therefore more relevant information for the segment of natural/organic cosmetics may be collected from specialized trade fairs, such as SANA (taking place in September) and BioFach (taking place in February).

#### **4.2 Perception toward Thai natural/organic cosmetics**

Most of respondents argued that no Thai natural/organic cosmetics under ‘Thai brand’ exist in the market except in few spas or beauty centers. However, the respondents who are importers and distributors of Thai products in Europe said that Thai natural cosmetics have high quality with reasonable price.

One respondent said that in her opinion, Thai natural/organic skin care products are perceived by consumers as quality–traditionally manufactured products with strong link to well-being (massage, and other therapies). Therefore consumers are ready to pay a premium price for such high quality products.

However, there is still room for improvements in quality, concerning: packaging, instructions about how-to-use, and information/communication materials and labels for better presentation in line with competitors, that in general have lower quality but good presentation.

In addition, they mentioned that Thai natural/organic raw materials may have some opportunities in the EU market but they must have no artificial or chemical compounds above the required thresholds.

Strengths and weaknesses of Thai natural/organic cosmetics have been identified by the respondents as follows:

##### **Strengths of Thai natural/organic cosmetics**

- High quality products
- Perceived as real natural products especially raw materials
- Artisanal production method

Considering specific quality attributes, good texture and fragrance of natural ingredients are highly appreciated by consumers especially in the area of aromatherapy. Considering specific products, cleansing lotion and scrub are appreciated.

##### **Weaknesses of Thai natural/organic cosmetics**

- Low consumer awareness of Thai brand and products. Thai operators do not pay enough attention and do not allocate enough budget to marketing/communication activities. They do not provide enough information about characteristics of the products, thus causing problems in terms of acceptability of products in the European market.
- Poor packaging
- Competitors have a better approach to quality presentation and marketing.
- The logistic structure to handle products is poor

- The commercial network is not well organized.
- Thai operators are not reliable enough on the following key issues: standardizing quality of products, timeliness, and regularity of supply
- Price of Thai products is perceived as higher compared to other Asian products (one respondent in Italy).

### ***4.3 Expectations and requirements for natural/organic cosmetics***

The most mentioned requirement is that natural/organic cosmetics must **have no chemicals or synthetic ingredients and no chemical preservatives should be used**. Paraben and Phenoxyethanol free products are appreciated; even though they are approved by the General Cosmetic EU regulation, they are not allowed by the voluntary organic and natural standards. Obviously, no ingredients that are illegal in Europe must be used, thus highlighting the need for Thai producers to be informed and stay updated about EU regulation.

The respondent highlighted that the most important factors for these products are: **'quality'** and **'good quality – price ratio'**. Quality is mostly linked to naturalness of the products; therefore some recommend using oil instead of parafine, or making substantial use of natural raw materials.

**'Traceability'** is important to ensure that there are no ingredients that are illegal in Europe and that in case problems arise the causes and responsibilities may be identified.

Another factor mentioned by many respondents is **'good marketing strategy of suppliers'**.

Some of the requirements were specific for natural raw materials:

- Ingredient extracted from organic products
- Fair Trade
- No tests on animals.

The respondents also mentioned that the **consumers** of natural skin care products are very well informed about the ingredients and the composition of the products. Their buying decision is more guided by **product quality, its specific ingredients, and the positive or negative experience the consumer made with a specific product**.

### ***4.4 Attitude toward cosmetics with natural or organic certification***

Natural/organic certification is mainly perceived as a marketing tool, rather than an organization management and a quality improvement tool. However, the main problem of natural/organic cosmetic certification is the diversity of labels with different contents that exist on the market, which confuse the consumer and may

reduce its usefulness. The most important certificates guaranteeing naturalness in Germany are BDiH and Ecocert, whereas Ecocert is mentioned both in France and Italy. The respondents mentioned COSMOS as an attempt to homogenize certification schemes. This might help consumers to have a clearer idea about the “natural” attribute; however, this will take time and the choice to maintain the different names of the certification bodies in the COSMOS logo may slow down the diffusion of the standards.

Most of respondents stressed that certification is important to reassure consumers that the products are genuine natural/organic products and to increase consumer awareness toward certified products. Furthermore, certification in turn forced all manufacturers to increase the quality of ingredients and the safety controls of production processes; as an aside, it also means increasing the global quality and reliability at every tier of the supply chain.

However, for some of the respondents certification is not the precondition for success of the products. There are many successful products that are not certified and there are more important aspects for the products than certification such as ingredients, product performance, reputation of brands, etc. Nevertheless, most of the respondents agree that a certification can help to attract the attention of the consumer.

*“Certification can improve the acceptance of the products among customers; nevertheless, the ingredients are the more important aspects. That the products only have natural and quality ingredients, because the customers look at the ingredients list.” (A distributor of natural cosmetics in Germany)*

One respondent in Germany said that product quality and marketing strategies of the distributor are more important than certification. If the distributor develops a good marketing strategy, there’s a good chance to introduce new natural skin care products to the market.

*“Certification can improve the value of the product. The more important aspect nevertheless is that producers offer some new products, based on new ingredients, for example a special Thai root.” (A distributor of natural cosmetics in Germany)*

One respondent in France mentioned that French consumers are well aware of natural/organic certifications and products. Therefore, natural/organic label or certification is very important for the French market.

One respondent in Italy expressed the opinion that certification is a purely a marketing tool, in particular for the new or potential customers. He also said that he has low trust in certification and that the organic certification does not assure high quality of the raw materials.

#### **4.5 Attitude toward Thai cosmetics with natural or organic certification**

So far, among respondents there is no perception of demand for specific Thai cosmetics with natural or organic certification because of missing knowledge about these products in the distributor/importer market as well as in the consumer market. Yet, they are not easily accessible. Therefore, there is no opinion of respondents on this regards.

#### **4.6 Potential and Barriers**

##### **4.6.1 Potential of Thai natural/organic cosmetics with natural/organic cosmetics certification**

One respondent from France pointed out that even though there is little chance for Thai cosmetics in France, there is still room for certified natural products.

‘Fair Trade’ is also advantageous for raw materials coming from third world countries. The most important point is that these products have to be ‘different’ from what is already available in Europe.

The products that represent traditions and cultures of Thailand or the local products used in Thai tradition will have an added value but Thai suppliers have to invest a lot on information and promotion. An example was mentioned of a Korean company that presented hair treatment products in CosmoProf Fair as traditional products with sound information and nice packaging.

A respondent from Germany mentioned that there might be a chance for Thai specific fragrances and ingredients such as ginger, lotus, lemongrass, orchids, jasmine and curcuma.

*“The advantage for Thai products can be their exclusive ingredients and scents which distinguish them from German products. And they have a high quality and at the same time a good price.” (A distributor and producer of natural Thai cosmetics in Germany)*

Spa-specific cosmetic products may be more successful, for Thailand has a positive image linked to spa and well-being. There might be a better chance for Thai cosmetic products channeled through spa and wellness centers, as well as health clubs or similar facilities.

#### **4.6.2 Barriers for Thai natural/organic cosmetics with natural/organic cosmetics certification**

Lack of knowledge about specific natural skin care products from Thailand was mentioned as an important reason why importers might not consider importing these products. Therefore, Thai operators need to present products well, with a strong emphasis on high quality and with high level of investments in communication.

Rules and regulations are another important barrier to successfully introducing products into EU markets. It is obvious that an important pre-condition is that Thai products comply with both European and importing country's laws.

#### **4.7 Suggested marketing strategies for Thai cosmetics with natural or organic certification**

Respondents were asked to suggest marketing strategies and actions aimed at developing the Thai natural/organic cosmetics. Their suggestions may be summarized as follows.

**Information provision and promotion.** Thai producers and operators should develop their relationships with international traders and operators, investing more in participating to international promotional events and trade exhibitions (for instance, COSMOPROF in Bologna, Italy, Vivanness in Germany and other trade events).

Investments in advertising and propagation of information about special features of Thai natural cosmetics and raw material are needed. Information may be delivered through advertising on media, personal selling and word-of-mouth communication, in any case recognition of the major role played by information in consumer's purchasing behavior is needed.

Compliance with **European and local law and regulations for cosmetic materials and products** must be assured. Therefore investments in information services and continuous update of regulation framework should be put in place by Thai operators, since regulation is complex and changes quite rapidly. In this respect, **Natural or organic certification** may be a guarantee for Thai products but in this case they should be certified by an international body to ensure a higher level of trust.

**Offering new products with special ingredients.** Even more important than certification is the capacity to offer a new product – something new, something special, with special ingredients – and to point out the fact that it is based on natural ingredients only.

**Differentiating products by linking product to Thai traditions.** It is more useful to invest in the value-enhancement of High Quality–Traditionally manufactured products with strong link to well-being. Further exploitation of the spa/wellness centers, health clubs distribution channel may be strategic in this respect. Use of fragrances linked to Thai culture and country image, such as ginger, lotus, lemongrass, orchids, jasmine, curcuma, taking advantage of a high trend and demand for that kind of products that the European competitors cannot satisfy.

**Establishing a strong partnership with importers/distributors in Europe.** Thai firms are apparently not in the condition to organize the distribution in Europe on their own. A strong distribution partner in Europe is needed. In this respect, the Thailand's Department of Export Promotion may play a key role in establishing contacts and fostering better relationships between Thai firms and European distributors.

## 5. Conclusions and Recommendations

This chapter is divided into 2 sections: in the first section we summarize the main results from the survey and literature review and in the second section the researchers give the recommendations for Thai operators in order to introduce Thai natural/organic skin care products to the European market. However, it should be noted that a conclusive recommendation cannot be given by qualitative research approach.

### 5.1 Summary of the main results

**Thai natural cosmetics are not common in the European market**, and most are mainly distributed through spa or wellness centers/health clubs, therefore they are used by professionals rather than consumers. The absence of information and products availability affect gatekeepers and consumers awareness. **High level of investments in communication and information provision**, are a ‘must’ in every country to introduce every new product in the EU market.

**Germany** seems to be a more promising market for Thai products, because they are searching for a wide-range of raw materials and new products. However, in this market high cost efficiency is necessary, since German consumers are usually extremely price sensitive and less willing to pay a premium for better quality. In addition natural cosmetics are widely available also in mainstream supermarkets and discount stores in Germany, therefore more distribution channels are available and the choice of the proper one is crucial.

**France and Italy** are to be considered more difficult markets for Thai products because they host both the big world-renowned cosmetic brands and many highly specialized small and medium enterprises. As a consequence, these markets are not easy to penetrate for foreign products. However, consumers are sophisticated and tend to appreciate artisan-traditional products, so there might be a chance for Thai products with good presentation, information provision about quality, and carefully designed packaging. In addition, natural/organic ingredients from Thailand may be interesting for local companies in France and Italy, since they are always looking for innovation and the switch to “green” cosmetics is a clear trend in the market.

The most relevant points elicited from the interviews are listed as follows:

**Lack of knowledge and awareness toward Thai natural cosmetics** – both European operators and consumers are not aware of Thai products and some of them have never seen or heard about Thai natural cosmetics before.

**Positive attitude among people that have already imported and distributed Thai natural cosmetics** - Thai natural/organic cosmetics are perceived as high quality products. In their opinion, Thai products are perceived by consumers as high quality and traditionally manufactured products linked to a well-being concept. They give value to natural raw material, and traditional and artisanal production method of Thai products the most. These are strengths of Thai products which should be well presented in order to exploit their potential.

**Lack of information and communication are the greatest hindlers for Thai products.** All respondents stressed that Thai operators currently not provide enough information, and communication and marketing activities are insufficient, which results in low awareness not only among consumers but also among operators in Europe.

**Thailand has a good image for cosmetics products** (e.g. calm, relaxing massage, spirituality, exotic, beauty, etc.) – some European manufacturer using the positive images associated to Thailand to market their products such as ‘Bottega Verde (‘Thai’ production line) and ‘Perlier’ (‘Organic Thai Coco’). Spa products are the most promising production line for Thai natural/organic cosmetics products because Thailand’s image is linked to spa and wellness.

**Thai herbs with specific characteristic and properties have more chances in the EU market** (e.g. ginger, lotus, lemon grass, orchids, jasmine, curcuma, etc.). There is a clear trend in Europe to use more natural raw materials or traditional recipes, both from Europe and outside Europe, to produce cosmetic products that may claim to be natural. However, information and communication about specific characteristics, special properties, and correct ways of use are crucial.

**Innovative, artisanal and differentiated products** such as **Traditional products** (e.g. Thai traditional beauty treatments recipes) are considered attractive and may get appreciation from European consumers. These products have to be totally different from other European products, and must match **high quality** with high effectiveness (for beauty and wellness).

**Spa and wellness centers could be a promising channel** to present and provide an impressive experience of Thai natural skin care products to consumers. Besides, information about characteristic of products, how to use it from professionals will enhance knowledge of consumers as well.

**Building up commercial networks and establish partnerships with European local actors** are crucial objectives in order to cope with different and changing regulatory frameworks to comply with and to extend the distribution channels. Business relationships could be improved by fostering a better understanding of

Europeans' business culture, in order to overcome problems due to cultural distance.

**'Quality'** and **'a balanced quality-price ratio'** are mentioned as the priority purchasing decision factors for natural/organic cosmetics. **'Traceability'** appears to be significant as well. 'Certification' might play a role here as a guarantee of product quality; however, it is not necessarily a priority.

**Natural or organic certification** may be a guarantee for Thai products and contribute to increase consumer awareness but they should be preferentially **certified by an international body**. **Certified raw material, Fair trade** and **animal test free** ingredients are mentioned as value-added in the French market.

## **5.2 Recommendations**

In order to introduce and promote the Thai natural cosmetics in Europe there are many aspects to be considered:

Excellent product quality based on high quality ingredients and standardized processes, as well as reasonable price are "musts", but other factors such as healthy business relationships, reliability and trustworthiness, quality control and traceability, and ability to implement appropriate marketing strategies are important requirements to export products. In fact, producers of raw materials and cosmetics products have to comply with all the technical (processing, GMP, adequate preservatives, chemicals and their safe use) and hygienic EU rules before to plan any export. Compliance with the General Cosmetic European regulation, and the registration to EU Competent Authority for cosmetics (Department of Ministry of Health) is also a very important pre-requirement for Thai operators prior to export.

A useful overview of the product life cycle and its development process for cosmetic products is presented in the *Parlons Cosmétiques* web site <http://parlonscosmetiques.com/files/files/cyclevie.html> (in French). This explains how in all phases of the lifecycle (conception, development, production, and marketing); regulations, information management, controls, quality assurance and safety play a relevant role.

For many SMEs export has to be seen as a gradual and monitored upgrading and learning of all steps of production and marketing best practices to be able at the end to be a reliable supplier to their customers, while a good producer is expected to strengthen local market shares first or to exploit a niche in the domestic market based on unique quality attributes. Once it has a consolidated domestic market it can try to penetrate export markets being the supplier of (for instance) a **Thai SPA located abroad as a preferred marketing channel**.

In our opinion, the first choice marketing strategy for exporting Thai natural/organic cosmetic products should be based on **product differentiation**

**based on product features that may be perceived as uniquely linked to Thai products** and appropriate **positioning as high quality, traditionally manufactured products** linked to health, beauty, and wellness. That is, special products different from existing European products.

In this context, **Natural and organic cosmetics third party certification** based on the NATRUE or one of the COSMOS standards may represent a positive attribute and an additional guarantee for Thai products. However, it is not an ultimate goal and is not a guarantee of success if quality performance and marketing activities do not match expectations. It should therefore be considered as an initial step to create trust with consumers and business partners and a useful tool to maintain and improve product quality.

**Information, promotion and targeted communication actions** are crucial to make such a strategy successful, since information is necessary to perceive relevant differences. Information about unique products characteristics, specific properties (e.g. why it is good for beauty, etc.), and instructions on the proper use of products are the basis for the development of an interest among users. In this context, a necessary step to introduce Thai natural/organic cosmetics products is through **investments in relationships marketing** and a direct commitment by Thai operators. Operators should invest in **participation to international trade fairs** (such as CosmoProf, SANA, and Vivaness/BioFach), showcasing their products and companies. This will allow spreading of knowledge about products features and ways of use both to consumers and operators. It will also allow **establishment of commercial relationships and foster networking with European operators**.

Since one of the main hindrances for Thai natural/organic cosmetic products is represented by compliance with regulation, quality assurance, and appropriate marketing activities, we suggest that a consortium of Thai producers, eventually with the support of Thailand's government aimed at benefiting the SMEs, should pool their resources and invest in a specialized marketing research and business intelligence (MRBI) unit; ideally operating in four main markets in Europe (Germany, France, UK and Italy). The tasks assigned to this MRBI unit should be the collection and diffusion of up-to-date information and secondary data (eventually translated in Thai) about the relevant regulation, market trends regarding competition and consumer behavior, e.g., merging and acquisitions among companies and most preferred quality attributes by consumers. Periodically, quantitative surveys on cosmetics consumer preferences, as well as awareness, knowledge and purchase intentions for Thai natural/organic products should be performed and the report may be the basis for new product development activities and for export-related investment decisions. This MRBI unit should also provide assistance in the organization of networking and communication activities and organize training activities in Thailand about the state of the art of good manufacturing and quality assurance practices, as well as training targeted to Thai marketing staff in Europe.

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## **6.2 Online data sources and materials**

- <http://www.german-business-portal.info>
- <http://www.colipa.eu> - Colipa the European Cosmetics Association
- <http://thaicosmetic.org> - Thai cosmetic manufacturers association
- <http://ageconsearch.umn.edu> – Research in Agricultural & Applied Economics.
- <http://www.emeraldinsight.com/> - Emerald Insight
- <http://www.ingentaconnect.com/> - Ingenta connect
- <http://onlinelibrary.wiley.com/> - Wiley Interscience
- <http://online.sagepub.com/> - SAGE Journals Online
- <http://www.organicmonitor.com>
- <http://www.sciencedirect.com/> - Science direct
- <http://www.scopus.com/home.url> - Scopus
- <http://springerlink.metapress.com/> - Springer Link

## **6.3 Trade Events**

- **COSMOPROF, Bologna-Italy** (Annual)  
**Date:** 18-21 March 2011  
**Website:** [www.cosmoprof.com](http://www.cosmoprof.com)  
 Cosmoprof Bologna is the world's most important international event in the beauty and cosmetics sector running successfully from past 40 years with a special focus on the spa industry. Last year Cosmopack, the packaging and contract manufacturers showcased a high-level international platform that hosted an international packaging buyers delegation with 100 participants, celebrating 146,331 visitors in the course of 5 days of exhibition, out of which 33,338 (24%) foreign visitors. 2,254 total exhibitors, out of which 1,323 (60%) foreign exhibitors. Cosmoprof has sealed joint-venture agreements with other international organizations to generate new top-level trade fair events in every part of the globe: Cosmoprof Worldwide Bologna (Italy), Cosmoprof Asia (Hong Kong), Cosmoprof North America (Las Vegas); Guangzhou International Exhibitions Ltd (Guangzhou), Beauty Eurasia powered by Cosmoprof (Istanbul).

**Venue:** Bologna Fair Centre, Bologna, Emilia-Romagna, Italy

**Exhibitors:** 2,254

**Visitors:** 146,331

**Organizer :** **Bologna Fiere**

Via della Fiera,, Bologna, Italy

**Tel:** +(39)-(51)-282111

**Fax:** +(39)-(51)-6374004

▪ **IN-COSMETICS** (Annual)

**Date:** 29<sup>th</sup> -31<sup>st</sup> march2011

**Place:** Milan, Italy

**Website:** <http://www.in-cosmetics.com/>

Staged annually in spring in a major European city, **in-cosmetics** brings together the world's leading personal care ingredients suppliers, formulators, R&D and marketing specialists and showcases the most diverse range of innovative cosmetics ingredients and technologies.

**Exhibitors:** 560

**Organizer :** **Maria LoBue**

Exhibition Coordinator

T: +44 (0)20 8910 7983

Richmond, UK

▪ **InterCharm Milano** (Annual)

**Date:** 24-SEP-11 to 26-SEP-11

**Website:** <http://www.intercharm.net>

Organized by Reed Exhibitions Italia, InterCharm Milano is a B2B event dedicated to Beauty salons, Hair, Nails, Packaging and Perfumery & Cosmetics. Held in the center of Milan, capital of fashion and design, in September, the exhibition combines the exhibition area with collateral events to satisfy professionals of all the sectors represented.

**Venue:** Fiera Milano, Milan, Lombardia, Italy

**Organizer:** Reed Exhibitions Italia Srl

Via F. Melzi d Eril, 26, I -, Milano, Italy

**Tel:** +(39)-(02)-3191161

**Fax:** +(39)-(02)-3314348

▪ **SANA**, (Annual)

**Date:** 8-11 September 2011

**Place:** Bologna, Italy

**Website:** [www.sana.it](http://www.sana.it)

International exhibition of natural products - Nutrition, health, environment. Trends, technological and applicative scenarios, innovations in products, services and systems offer solutions for sustainability. It is the reference show for the international market of organic and environment-friendly products and of sustainable consumptions. Living in a "natural way" means to pay attention to the environment one is living and working in, to the clothes to be worn and to the environmental impact of all products and instruments of common use. The technologies and products for eco-sustainable building, the ecological furniture and natural yarns find in the Sana environment area their perfect setting.

**Exhibitors (bio cosmetics):** 80

**Visitors:** 30,827

- **Prodonna** (Annual)  
**Date: 17-NOV-11 to 21-NOV-11**  
 Prodonna show will be organized at the exhibition centre name as Bolzano Exhibition Center on the 17th to 21st Nov 2010 in Italy. Approximately more than 100 of fashion & fitness industry leaders are supposed to be participating in this leading international fair and convention from across the world. This show is not only for industry professional but also for those who wants to remain fit and healthy in their life. The participants will also get latest information about the goods & techniques which are being used in the field of fashion industry and also get the expert advice how to improve their health and how to improve their life style by getting body in shapes.  
**Venue:** Bolzano Exhibition Center, Bolzano, Trentino-Alto Adige, Italy  
**Exhibitors:** 280+  
**Visitors:** 45,000+  
**Fair organizer:** Messe Bozen AG  
 Messe Platz 1 I-39100 Bolzano, Italy  
 Tel: +39 (0)471 516000  
 Fax: +39 (0)471 516111  
[info@messebozen.it](mailto:info@messebozen.it)
- **Beyond Beauty Paris** (Annual, cosmetics & spa)  
**Date: 12-SEP-11 to 14-SEP-11**  
**Website:** <http://www.beyondbeautyparis.com/bbp/en/index.html>  
 Beyond Beauty Paris is one of the biggest European exhibition for beauty and well being industry. The event will showcase latest products for beauty. Fashion, esthetics, cosmetics and hair are the essential accessories of a fair. This premier trade is being organized by ITEC France.  
**Venue:** Porte de Versailles, Versailles, Ile-De-France, France  
**Exhibitors:** 500+  
**Organizer: ITEC France**  
 21 Boulevard Poissonniere, Paris, France  
**Tel:+(33)-(1)-44699569**
- **European SPA** (Annual, spa & cosmetics)  
**Date: 12-SEP-11 to 14-SEP-11**  
 European SPA is comprehensive European world of event for beauty and well-being. Last edition the exhibition welcomed more than 500 exhibitors from different parts of the globe. The event will features latest brands, the new skincare, the newest technologies and the most innovative ingredients for related industry. The trade show is being organized by ITEC France.  
**Venue:** Porte de Versailles, Versailles, Ile-De-France, France  
**Exhibitors:** 500+  
**Organizer: ITEC France**  
 21 Boulevard Poissonniere, Paris, France  
**Tel:+(33)-(1)-44699569**
- **MONDIAL SPA & BEAUTE** (Annual, spa & cosmetics)  
**Date: 12-14 March 2011**  
**Place:** Paris, France  
**Website:** [www.msbparis.com](http://www.msbparis.com)  
 Dedicated to the spa, wellness, beauty, cosmetics, make-up and nails professionals, the 2011 edition of the exhibition has gathered 13450 visitors in search of innovations, networking and exchanges.  
**Exhibitors:** 181

**Visitors :** 13,450

- **BEAUTE SELECTION** (Annual)  
**Date:** 8-9 May 2011  
**Place:** Rouen, France  
**Website:** [www.beuteselection.co](http://www.beuteselection.co)  
Avec 4 évènements dans l'année dédiés à des échanges fructueux, Beauté Sélection est un des seuls salons professionnels en France permettant aux professionnels de la coiffure et de l'esthétique de se rencontrer en région. Un contact de proximité pour faire découvrir vos nouveautés: produits, innovations, techniques et savoir-faire... et appuyer votre présence sur des secteurs géographiques ciblés.  
**Exhibitors:** 59
  
- **INNOCOSMETIC**  
**Date:** 8-9 June 2011  
**Place:** Paris, France  
**Website:** <http://kgsglobal.com/2011/06/08/innocosmetics-europe-2011/>  
InnoCosmetics Europe From Consumer Insights to Open Innovation via co-creation and crowdsourcing: Collaborate to Innovate in 2011 June 8th and 9th, Paris Discovering the next big thing which is crucial to staying ahead of the game in an industry.
  
- **COSMETIC BUSINESS INTERNATIONAL TRADE FAIR** (Annual)  
**Date:** 09-JUN-11 to 10-JUN-11  
**Website:** <http://www.cosmetic-business.com/en/tradefair/>  
Cosmetic Business event is one of the dazzling b2b trade fairs which is known for providing diversities of cosmetic products. It serves as the biggest market place for all the cosmetic suppliers and cosmetic dealers. It brings together individuals from all areas of cosmetics. The event is encompassed with b2b information and communication platform. This event is held to bridge the gap between buyers and sellers. The show has grown so much importance and is regarded as one of the most reputed show in Europe. Cosmetic Business event has been organizing for last many years and has leaved an impressive effect on both exhibitors as well as visitors.  
**Venue:** Espace Gruyere Halles, Munich, Bayern, Germany  
**Exhibitors:** 340+  
**Organizer:** **Cosmetic Business**  
Maximilian- Wetzger- Strasse 5, Munich, Germany  
**Tel:**+(49)-(89)-35404740
  
- **Cosmetica Stuttgart** (Annual)  
**Date:** 28-MAY-11 to 29-MAY-11  
**Website:** <http://www.messeninfo.de/Cosmetica-M664/Stuttgart.html>  
Cosmetica Stuttgart is Germany's leading trade fair for Cosmetics and Beauty Products industry. Cosmetica Stuttgart will be held at New Stuttgart Trade Fair Centre, Stuttgart, Germany between 28 to 29 May 2011. Cosmetica Stuttgart is attended by visitors from germany, Spain, USA and other parts of the world. Various exhibited products include likes Accessories fashion, cosmetic appliances, raw materials, instruments, aroma cosmetics, work clothes, decorative cosmetics etc.  
**Venue:** Stuttgart Neue Messe, Stuttgart, Baden-Wurttemberg, Germany  
**Covered Area:** 21,000 square meters  
**Visitors:** 17,270  
**Organizer:** **Kosmetik International Messe GmbH**  
Geschäftsführerin, Gaggenau, Germany  
**Tel:**+(49)-(7225)-916150

**Fax:**+(49)-(7225)-916109

- **Cosmetica Berlin** (Annual)  
**Date: 05-NOV-11 to 06-NOV-11**  
Cosmetica Berlin is the largest and most important and attractive professional event for the beauty industry. The event will be promoted to attract trade buyers from the region's beauty and health and fitness sectors, as well as top-end consumers by invitation.  
**Venue:** Messe Berlin, Berlin, Germany  
**Covered Area:** 8,500 square meters  
**Exhibitors:** 220  
**Visitors:** 9,574  
**Organizer:** **Kosmetik International Messe Gmbh**  
Geschäftsführerin, Gaggenau, Germany  
**Tel:**+(49)-(7225)-916150  
**Fax:**+(49)-(7225)-916109
  
- **Friseur+Kosmetik Event** (Annual, cosmetics & spa)  
**Date: 17-APR-11 to 17-APR-11**  
Friseur+Kosmetik Event International presents itself with current and into the future arranged contents. It is the largest and most important and attractive professional event for the beauty industry and spa sector. The event will be promoted to attract trade buyers from the region's beauty and health and fitness sectors, as well as top-end consumers by invitation.  
**Venue:** GLOBANA TRADE CENTER LEIPZIG/HALLE, Leipzig, Sachsen, Germany  
**Exhibitors:** 100  
**Visitors:** 7,000  
**Covered Area:** 10,000 Square Meter  
**Organizer:** **Gs Expo Gmbh**  
Lindemannstrae-30, Dusseldorf, Germany  
**Tel:**+(49)-(211)-30187600  
**Fax:**+(49)-(211)-30187650
  
- **Cosmetica Hannover** (Annual)  
**Date: 21-JAN-12 to 22-JAN-12**  
**Website:** www.cosmetica.de  
Cosmetica Hannover is the largest and most important and attractive professional event for the beauty industry. The event will be promoted to attract trade buyers from the region's beauty and health and fitness sectors, as well as top-end consumers by invitation.  
**Venue:** Hannover Fairgrounds, Hannover, Germany  
**Exhibitors:** 280  
**Visitors:** 10,526  
**Covered Area:** 11,500 square meters  
**Organizer:** **Kosmetik International Messe Gmbh**  
Geschäftsführerin, Gaggenau, Germany  
**Tel:**+(49)-(7225)-916150  
**Fax:**+(49)-(7225)-916109
  
- **VIVANESS/BIOFACH** (Annual)  
**Date:** 15-18 February 2012  
**Place:** Nuremberg, Germany  
**Website:** www.biofach.de  
At the Trade Fair for Natural Personal Care and Wellness, will be displayed the following products: Cosmetics and body care, Skin and body care, Hair care, Baby and child care,

Decorative cosmetics, Scents and perfumes Drugstore articles, Baby and children's articles, Detergents and cleaning agents, Bath and toilet articles, Hygiene articles and Wellness products, Natural medicines and remedies, Decoration and room ambience, Massage accessories

- **Professional Beauty London** (Annual)  
**Date:** 16-OCT-11 to 17-OCT-11  
**Website:** <http://www.professionalbeauty.co.uk>  
**Professional Beauty 2011** is famous as one of the biggest beauty event which will offer almost everything related to enhancing inner and outer beauty as well. Energetic spa treatment, nail art, medical treatment with natural products and many more will be some highlights of the show. It will give a great platform to the numerous brands to market their products and to reach their financial goals.  
Big names will be going to attend the expo such as Decleor to Elemis, Guinot to Thalgo, Aromatherapy Associates to Bliss, Dermalogica to Environ, everyone will be at **Professional Beauty 2011**. Salon owners constitute majority of visitors.  
**Venue:** Manchester Central, Manchester, England, United Kingdom  
**Exhibitors:** 400+  
**Organizer:** **Professional Beauty**  
Emap Communications, Greater London House, Hampstead Road, Camden, London, London, United Kingdom  
**Tel:** +(44)-(20)-76103001  
**Fax:** +(44)-(20)-76103566
  
- **BeautyUK** (Annual)  
**Date:** 08-MAY-11 to 09-MAY-11  
**Website:** <http://www.beautyuk.org/>  
BeautyUK is one of the biggest exhibition for beauty professional in UK. This leading trade show will provide a best opportunity to meet all the professionals form salon owners and managers, qualified beauty therapists, nail technicians, college buyers, final year students and complementary therapy practitioners.  
**Venue:** National Exhibition Centre, Birmingham, England, United Kingdom  
**Exhibitors:** 273  
**Organizer:** **Guild Press Limited**  
3 Charnwood, Derby, United Kingdom  
**Tel:** +(44)-(1332)-227690  
**Fax:** +(44)-(1332)-227688
  
- **SCOTTISH BEAUTY TRADE SHOW**  
**Date:** 17 April 2011  
**Place:** Edimburgh, United Kingdom  
**Website:** [www.beautyserve.com/events/scottishbeauty/](http://www.beautyserve.com/events/scottishbeauty/)  
The Beauty Product presents your products or services to a targeted buying audience with a concise, professional and appealing approach: Perfumery, Cosmetics, Raw materials, Packaging, Equipment and technologies  
**Exhibitors:** 151
  
- **EXPOCOSMETICA**  
**Date:** 16-18 April 2011  
**Place:** Porto, Portugal  
**Website:** [www.expocosmetica.exponor.pt](http://www.expocosmetica.exponor.pt)  
Always aware of the latest trends in the world of fashion, EXPOCOSMÉTICA cares about the wellbeing of those who help this exhibition to grow and become ever more

qualified. All thanks to the presence and dedication of the most esteemed brands of hair and beauty products.

**Exhibitors:** 187

- There are several others fairs in Europe relevant to cosmetic sector as detailed in the following links:  
[http://www.eventseye.com/fairs/zst1\\_trade-shows\\_europe\\_perfumes-cosmetics.html](http://www.eventseye.com/fairs/zst1_trade-shows_europe_perfumes-cosmetics.html) - PERFUMES & COSMETICS Trade Shows in Europe  
<http://www.expotop.ru/Exhibition/lang/en/region/11/mode/byCategory/category/9/> - Trade Shows in Europe, Cosmetics.

#### **6.4 Key public and private sector players**

##### **BDIH - Bundesverband deutscher Industrie- und Handelsunternehmen für Arzneimittel, Reformwaren, Nahrungsergänzungsmittel und Körperpflegemittel e.V.**

L11, 20-22

D-68161 Mannheim

Tel +49 (0)621 - 30 98 08 60

Fax +49 (0)621 - 1 22 91 72

<http://www.bdi.de/>

e-mail: [bdi@bdi.de](mailto:bdi@bdi.de)

##### **Colipa the European Cosmetics Association**

Avenue Herrmann Debroux 15A

B-1160 Auderghem, Brussels Belgium

Tel: +32 2 227 66 10

Fax: +32 2 227 66 27

##### **COSMEBIO – Professional Association for Ecological and Organic Cosmetics**

**Pôle Ineed - Rovaltain TGV**

**1, rue Marc Seguin**

**BP 11132 ALIXAN**

**26958 VALENCE Cedex 9**

**France**

<http://www.cosmebio.org/en/>

##### **The Italian Association of Cosmetic Industry Unione nazionale delle industrie di profumeria, cosmesi, saponi da toilette e affini (UNIPRO)**

via Accademia 33

I - 30131 Milano

Mr M. Crippa, Director General

Tel: 39 02 28 177 351

Fax: 39 02 28 177 390

e-mail: [unipro@unipro.org](mailto:unipro@unipro.org)

##### **FEBEA - Fédération des Entreprises de la Beauté**

33, Champs-Élysées

F - 75008 Paris

Mr. A. Grangé Cabane, President & C.E.O.  
Tel: 33 1 56 69 67 67  
Fax: 33 1 56 69 67 90  
e-mail: [presidence@febea.fr](mailto:presidence@febea.fr)

**Germany/Deutschland I.K.W.** - Industrieverband Körperpflege- und Waschmittel  
Mainzer Landstrasse 55  
D - 60329 Frankfurt Am Main  
Dr B. Stroemer, Managing Director  
Tel: 49 69 25 56 13 21  
Fax: 49 69 23 76 31  
e-mail: [info@ikw.org](mailto:info@ikw.org)  
Website: [www.ikw.org](http://www.ikw.org)

**PERLIER S.r.l**

Corso Monforte, 36 – 20122 Milano, Italy  
(+39) 02 76008533  
[www.perlier.com/home.php](http://www.perlier.com/home.php)

Cosmetics, beauty products and hygiene. Perlier's success is primarily attributed to their on-going commitment to research. Although the Research Center calls upon university laboratories and dermatological centers in Milan and Turin, the most important and basic part of the scientific research is carried out in the company's own Biological Research Center, LA CARIGNANA

**BOTTEGA VERDE**

Podere S. Luigi, Palazzo Massaini – 53026 Pienza SI, Italy  
(+39) 0578 741106  
[www.bottegaverde.ic](http://www.bottegaverde.ic)

The Group are dedicated to handicraft production and sale of natural cosmetics on natural active ingredients

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The organization has a reliable technical-scientific staff in order to guarantee continuously innovation, thanks to international partnership. They assure research and development of new products. In December 2010 AMITALIA was awarded by SDS-IQNet the UNI EN ISO 9001: 2008 Quality Certification.

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Handicraft, candle and cosmetics

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Natural spa products. Thai products establishing branch in Europe to sell their products in Europe - present in France, Germany, Italy

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They have already contacted with suppliers in Thailand. Some raw materials used in production are from Thailand.

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## **7. Annexes**

- 7.1 Appendix I Semi-structured interview outline
- 7.2 Appendix II Interview Summary reports

### 7.1 Appendix I Semi-structured interview outline

Topics of interest	Questions
<p>1. Characteristics of Interviewee's business</p> <ul style="list-style-type: none"> <li>- Business type, size (geographical coverage) and network</li> <li>- Business environment</li> </ul> <p>Customers and supply chain</p> <ul style="list-style-type: none"> <li>- Characteristics of the company's distributive network</li> </ul>	<p>Could you please explain something about your business and network?</p> <p>How long have you been in this business?</p> <p>What is your import channel / chain?</p> <p>How can you distribute products? (Distribution channel / chain)</p>
<p>2. Degree of involvement and familiarity with Thai natural skin care products</p>	<p>What do you think about Thai natural skin care products (quality, price, dealer, and other issues...)?</p> <p>Have you ever imported or purchased Thai products? or</p> <p>Do you know companies importing Thai products?</p> <p>If so,</p> <p>Which are the main buyers</p> <p>What is the main product?</p> <p>What are the strengths/weaknesses of Thai products in comparison with the others?</p> <p>What is the response of customers to Thai products?</p> <p>What do they think about Thai products?</p> <p>What kind of image do Thai products have?</p> <p>What are important purchase factors for the customers considering natural skin care from Thailand?</p> <p>If not,</p> <p>Which are the main countries you imported these products from?</p> <p>What is the reason why you chose these products from other countries than Thailand?</p>

Topics of interest	Questions
3. Expectation and requirement for natural skin care products	<p>What is your procurement strategy?</p> <p>What are the main regulations and control of import products?</p> <p>What are the important purchasing factors for you concerning natural skin care products from the point of view of the importer and distributors?</p> <p>What are your expectations on quality parameters and requirements for these products (e.g. safety controls, certifications, trust, etc.)?</p>
4. Attitude toward natural skin care products with natural cosmetic certification (e.g. Natrue)	<p>Do you know any natural cosmetic certification? Which one do you know?</p> <p>What do you think about products with natural cosmetic certification? Do you think natural cosmetic certification add value to the product?</p> <p>Is natural cosmetic certification an advantage for natural skin care products, to get listed from EU importers and distributors?</p> <p>How do European customers perceive natural cosmetic certification?</p> <p>Do they recognize the natural cosmetic label?</p> <p>Do they understand the natural cosmetic label?</p> <p>Do you think that natural cosmetic certification may be an important attribute which customers take into consideration when purchasing natural skin care products?</p> <p>If yes, why? / If no, why?</p>
5. Attitude toward Thai natural skin care products with natural cosmetic certification and Potential products	<p>What do you think about the demand trend / evolution of Thai natural skin care with natural cosmetic certification?</p> <p>What is the potential Thai natural skin care with natural cosmetic certification in your opinion?</p> <p>Which marketing strategies/measures would you suggest to increase the sales of Thai natural skin care with natural cosmetic certification?</p>

## **7.2 Appendix II Interview Summary Reports**

### **7.2.1 France**

#### **a.1**

**Company:** Laboratoires DEVEDERM  
**Address:** 116 route de Paris  
69260 Charbonnières Les Bains  
**Date and time:** March 19, 2011  
**Contact person:** Export Sales and Marketing Manager  
**Web:** [www.terrahumana.fr](http://www.terrahumana.fr)

#### **Characteristics of Interviewee's business**

Since 1990 Laboratoires Devederm is producing cosmetic and pharmaceutical products in France. In 2008 Terra Humana trade mark was created with the aim at producing natural Skin-care products.

Main products of Terra Humana are creams for hand and face skin care.

#### **Customers / distribution chain**

Terra Humana products are extensively distributed in France in Pharmacy, Parapharmacy, beauty salons and spa as well. Number of GMS is growing fast as well the share of cosmetics sold in GM stores however organic are still traditional sold in specialised stores where the assistance of storekeepers in products selection is of paramount importance in consumers' behaviour.

**Main suppliers** - Ingredients for Terra Humana productions are supplied by producers of several countries as macadamia oil from Australia, marula oil from Africa, green tea from Asia and in particular Inca Inchi oil from Peru.

#### **Degree of involvement and familiarity with Thai natural skin care products**

Thailand cosmetics are unknown by Laboratoires Devederm despite deep researches of active component all over the world. Thai are more known for the quality of the massage and touristic attractions.

#### **Expectation and requirement for natural skin care products**

Laboratoires Devederm for products formulation gives priority to ingredients extracted from organic agriculture products as well as of fair trade origin. Terra Humana products are Paraben and Phenoxyethanol free and are not tested on animals. All imported products are certified to be able to be accepted in the production chain

Attitude toward Thai natural skin care products with natural cosmetic certifications

Terra Humana is member of COSMEBIO, major French professional association of natural, organic cosmetic players of cosmetic chain from producers to distributors via processors, laboratories and suppliers (350 worldwide members). COSMEBIO is funding member (along with other 4 European associations) of the European certification COSMOS.

### **Consumers attitude in their opinion**

In France consumers are well aware of benefits and characteristics of natural and organic products.

Label / certification is very important in the France market as the consumers are able to identify and understand main characteristics. However consumers have difficulties to understand the difference between natural and organic products. Major producer through the certification are working to increase the awareness of consumers towards certified quality products.

### **Market of organic cosmetics**

The number of certified organic producers is increasing and is expected to continue in the near future to meet consumers demand.

Sales of cosmetics are always growing (5% in 2008) even though at lower rate than 5 year ago (30%). The world market of natural cosmetics is some Euro 50 million (3% of total world market). Germany is 10% of European market while France UK Italy are 3% each.

### **Attitude toward Thai natural skin care products with natural cosmetic certifications and potential products**

The potential of Thai products with natural cosmetic certifications could be good as all other origins. Obviously the products have to be produced in accordance with standards to be natural / organic certified and have access to supplier chains of raw material and/or final products.

### **Market strategies to increase the sales of Thai natural skin care with organic certification.**

The participation of Thai producers to international events and exhibitions (as COSMOPROF in Bologna) is actually very limited and must be increased.

## **a.2**

**Company:** FRA-COS-02  
**Date and time:** March 19, 2011  
**Contact Person:** Customer Services Manager

### **Characteristics of Interviewee's business**

FRA-COS-02 is a specialist laboratory for health and well-being products. FRA-COS-02 is able to enhance new produce with specific active ingredients to differentiate the products of different customers and create unique products. The Laboratory is able to design products to customers needs either traditional or certified organic.

FRA-COS-02 produces dermo-cosmetics and pharmaceutical products as face wash and exfoliating cream; body cream and scrub; anti-aging and body care as cleansing lotion and milk.

FRA-COS-02 employees about 100 persons and its turnover in 2010 was some Euro 12 million. Total surface is 47 000 sq.m.

### **Customers / distribution chain**

Main activity is cosmetics production for export.

### **Degree of involvement and familiarity with Thai natural skin care products**

Thailand cosmetics are unknown either as final products or raw materials. Thai are more known as touristic attractions.

### **Expectation and requirement for natural skin care products**

FRA-COS-02 is supplied by local importers able to meet the ingredients specifications to prepare a wide range of end products.. Country of origin is not a purchasing criteria. The main purchasing criteria is always quality and quality/price ratio. Certification became a precondition to buy organic raw materials.

### **Attitude toward Thai natural skin care products with natural cosmetic certifications**

FRA-COS-02 is certified ECOCERT, major European accreditation body and member of COSMOS. COSMOS is a standard not very well known by them.

FRA-COS-02 could purchase Thai raw material if certified by an internationally body. However she doubts that Thai products could be competitive (in term of price at least) compared with European products due to higher transport costs.

Certification became a marketing tool and is a precondition for any marketing strategies. Certification bodies have to certify all steps of value-chain to be able to guarantee the organic properties of final products. Certification is a guarantee for the consumer and in turn forced all manufacturers to increase the quality of

ingredients and the safety controls of production processes increasing the global quality and reliability of all chain' steps.

**Consumers' attitude toward natural/organic cosmetics in respondent's opinion**

In France consumers are more and more aware of quality of ingredients and characteristics of end products because are able to understand the label and ingredient list. To be "natural" product is not any more enough to address consumers' preferences. Media and advertising are playing a major role in purchasing behaviours.

## 7.2.2 Italy

### b.1

**Company:** ITA-COS-01

**Date and time:** March 16, 2011

**Contact Person:** Manager

#### **Characteristics of Interviewee's business**

ITA-COS-01 has been established in 2008 with the aim at importing and distributing natural / organic cosmetics in the Italian market. Main products are from Denmark and Thailand. The Thailand products are PP brand that has established PP Europe in Paris to supply all European distributors. Main products are skin and body care, scrub and bath products.

#### **Customers / distribution chains:**

ITA-COS-01 has developed two main distribution channels i.e.1) Retail shops and 2) professional parlours (beauty salons and spa). Retail shops channel is most important with 60% of sales. Professional shops are increasing their sales and demand is more stable in the actual economic crisis.

#### **Degree of involvement and familiarity with Thai natural skin care products**

PP Thailand has developed a specific approach to organic products that involved all step of cosmetics production chain from organic farming up to processing in end products. The resulting quality of products is very high. Some improvements have to be planned as concerns packaging material, instructions about how-to-use, and information/communication materials and labels for better presentation in line with competitors that in general have lower quality but good presentation. The products price is adequate to the product quality.

#### **Main strength/weaknesses of the products**

*Strengths:* Right approach to chain of organic products. Good quality of final products. Good texture and fragrance of natural ingredients are highly appreciated by consumers especially in the frame of aroma-therapy. Cleansing lotion and scrub are appreciated, too.

*Weaknesses:* Competitors have better quality and marketing approach / and research to anti-aging creams that are actually more in demand. Consumers have low awareness of the brand and the budget for marketing/communication in Italy is inadequate.

#### **Image of natural / organic Thai skin care products**

Natural / organic Thai skin care products are perceived by consumers as quality – traditionally manufactured products with strong link to well-being (massage, and

other therapies). Therefore consumers are ready to pay a premium price for quality products.

#### **Expectation and requirement for natural skin care products**

Absence of chemicals preservatives (e.g. Parabens, Phenoxyethanol) and use of oil instead of paraffin, and massive use of natural ingredients are perceived by consumers as a guarantee of “natural” quality.

#### **Attitude toward Thai natural skin care products with natural cosmetic certifications**

I know some certification bodies as ECOCERT, NATURENE and others; however PP products are not certified by them.

In general certification could be an added value for products distributed by GDO to create a product niche. Obviously is an advantage but not a must for quality products. The benefits in terms of sales rising are difficult to be evaluated. My buyers didn't have ever required any certification; probably because the product quality is a guarantee itself. This is more evident in beauty salons and spa channels where the high prices are an interior guarantee of quality of products.

#### **Consumers' attitude toward natural skin care products with natural cosmetic certifications in respondent's opinion**

In Italy consumers are not yet well aware of benefits of organic cosmetics. Organic cosmetics are niche products. Consumers are not always able to full understand labels and appreciate organic characteristics and certifications. Certification is more a marketing tools that benefits of good trend of organic food.

#### **Attitude toward Thai natural skin care products with natural cosmetic certifications and potential products**

PP has created its own certification of organic ingredients called “certified organic ingredients” showing the percentage of organic ingredients in each products of its production range.

This “self-certification” shows the awareness of PP of the paramount importance of the organic issue and certification as well.

#### **Market strategies to increase the sales of Thai natural skin care with organic certification.**

Improve the participation of Thai producers to international events and exhibitions and increase the budget for marketing activities of local distributors in one hand and in the other hand study new communication approach for better product perception by consumers.

## **b.2**

**Company:** ITA-COS-02  
**Date and Time:** Monday 21 March 2011 at 15.00 – 15.45 pm  
**Contact Person:** Manager and owner

### **Characteristics of Interviewee's business**

#### ***Business:***

- Thai Natural cosmetics
- Furniture for the cosmetic centers
- Services (e.g training, former for beauty massage, etc)

#### ***Experiences:***

Since 2004 the Company is specialize on selling Thai Natural cosmetics, furniture for beauty salons and SPA, and services of massage training courses.

***Importer partners:*** Thailand

***Supplier or exporter partners:***

Main partners: Swiss and Poland.

Others: Emigrant Arab countries and Russia.

#### ***Customers:***

Sector of professional cosmetic (e.g. Beauty salons and SPA).

### **Degree of involvement and familiarity with Thai natural skin care products**

Thai natural skin care products are perceived by the company as high quality products due to the natural properties of their raw materials and the artisanal production method through which they are made. On the other hand, the price is considered higher compared to the other Asian products and the logistic structure is lacking as well as the commercial network is not well organized.

***Strengths:*** Thai products have high quality, naturalness of raw materials, artisanal production method.

***Weakness:*** Inadequate logistic, unreliability of the operators, lack of commercial structure, low consumer awareness.

### **Consumers' characteristics**

In general, only the 25% of consumers have enough information and knowledge of Thai natural cosmetics products. The rest of them are indifferent (50%) or perceive them as Chinese products (25%) linking to them low quality.

### **Business working relationships (strengths and weakness of Thai exporters)**

#### ***Strengths***

- Direct link with the Thai Operators.

#### ***Weakness***

- Thai exporters are unreliable

- Lack of information – Thai exporters don't provide information about characteristic the characteristics of the products causing problems in terms of acceptability of products in the European market.
- Cultural distance

***Suggestion***

Information provision – they should provide information especially on the characteristics of the raw materials.

**Perception toward certification of cosmetic products**

- Do not know bio certification for cosmetic products;
- Have no willing to pay extra money for the certification.
- The certification is viewed as a toll for market orientation. In particular for the new or potential customers;
- Have low trust on certification (e.g. the bio certification does not assurance high quality of the raw materials);

## 7.2.3 Germany

### c.1

**Company:** DARIKA GmbH & Tara Thai Massage & Spa,

**Address:** Schulgraben 1, 34593 Knüllwald, Germany

**Date and time:** 23 March 2011 at 18:00 – 18:30 pm

**Contact Person:** CEO

**Web:** <http://www.darika.de/html/home.html> <http://www.tara-thai.de/>

#### **Company description**

Founding members of the German Thai Spa Association.

Owner (wife of the interviewee) is president of the German Thai Spa Association.

They have a company for import and distribution of Thai natural cosmetics and other Thai wellness and spa products and a Thai Spa business with three locations.

Distribution of the products to final customers and to retail sale, other Spa businesses in Germany and Europe.

They have an own brand which they produce in collaboration with a Thai producer which currently is in the process of trademark protection and will be on the market soon.

Furthermore they distribute an exclusive Thai cosmetics brand which in Thailand is already established and which you can buy on airports etc.

#### **Knowledge about Thai natural cosmetics among customers**

Thailand is a worldwide leader regarding natural cosmetics and Spa products.

German cosmetic customers generally don't know Thai products because they aren't easily to find on the market.

Import regulations are complicated and Thai producers don't know them, so they have difficulties to export.

German companies generally produce their own natural skin care products.

#### **Advantages of Thai natural cosmetics**

**Thai specific and typical fragrances:** orchids, jasmine, lotus, curcuma, herbs, lemongrass are just some of the high variety.

These fragrances are currently very demanded by customers.

German products cannot fulfil these needs.

### **Products have a high quality**

The quality is very good, and the prices aren't too high. The quality-price relation therefore is very good.

The important thing is to create a brand and to place it.

### **Standards and certification**

There aren't any necessary certifications for cosmetic products. The products need to have certain documents for import and distribution in Germany, which are described in the regulation for cosmetic products: safety issues, control of food products,

### **European market access strategies**

Partnership with a German distributor

Thai firms should establish a partnership with a German distributor to get market access. They won't be able to get market access on their own.

The German partner would know all the regulations.

Thai department of export promotion

This government institution has also offices in Germany, in Berlin and Frankfurt.

It's their job to establish contacts between German and Thai companies.

## **c.2**

**Company:** Salandis GbR, Küster & Küster,  
**Address:** Fischstr. 6/7 Greifswald, Germany  
**Date and time:** 18 March 2011 at 11:00 – 11:30 am  
**Contact Person:** CEO  
**Web:** <http://www.salandis.de/>

### **Characteristics of the company**

Specialized in online-distribution of natural cosmetic products and organic foods. In the business since 2006.

Customers: 70% feminine, 30% male; medium age.

Customers are mainly private persons.

Some business as wholesaler for export sales.

Product sourcing: German products and direct import from foreign countries and companies: France, USA, Hawaii, Switzerland.

No import and distribution of Thai products because of missing knowledge about Thai natural cosmetics.

Because importer/distributor never heard of any specific product or saw any.

Because you cannot find any Thai natural product at the wholesalers.

Didn't notice any promotion initiatives for Thai natural cosmetics.

### **Export of German natural cosmetics to Asian countries**

There are many requests for German cosmetic products from Asian countries. Also the company of the interviewee sells natural cosmetics and other organic products to Asian countries.

German producers work with ingredients from Asian countries. But there are no final natural cosmetic products coming from Asia to the German market.

### **Certification**

The company doesn't have a specific certification, but the products do.

Certification for organic products.

The aim is to buy products that don't have chemical or synthetic ingredients.

The most important certificates are BDIH and Ecocert (knowledge about certification of natural products of the interviewee is limited because his company doesn't produce cosmetics.).

### **Monitoring**

There isn't any monitoring process in general.

It's important that you as a firm check that the products don't contain any ingredients which are illegal in Europe.

### **Customers knowledge of standards**

Some customers explicitly look for specific standards.

Customers recognize the labels.

Customers of natural cosmetic products are very well informed about the products and the ingredients. Therefore, the customers are more interested in the ingredients of the products than the specific standards.

Customers trust the labels but they don't know all the underlying criteria.

Ingredients of the natural products are a more important factor for the buying decision of the consumer as the certification. But it's not just about ingredients, it's also the experience with the product the consumer had which is decisive.

#### Effects of standards

Product standards are a guideline which can create the trust of the customer in the product.

Standards can improve the value of some products but they aren't a prerequisite. ("We have many products without any certification which are very appreciated by the customers.").

Standards for natural cosmetics can be an advantage to get listed from European importers.

#### Different standards for natural cosmetics confuse the consumer

Different standards are based on different criteria which create mistrust among consumers.

Would be more useful to have a unified system.

A problem with standards can be that bigger companies use several standards for their products but not every product has these standards.

#### Marketing strategies

New interesting products/special ingredients: It's more important to present a new product, for example with special ingredients, to gain market access than having a certification.

Creates curiousness in the consumer; activates buying decision of the customer.

#### Current demand for Thai natural products

So far no demand for Thai natural cosmetics.

#### Potential of Thai natural cosmetics with certification

Market potential depends on the specific product. It's not so important if you have certification or not. More important are the following aspects: quality of the product; marketing strategy and marketing/promotion capacity of the company/salesman.

#### Marketing strategy for Thai natural cosmetics

Strategies similar to those you use for other products: samples for the customers, flyers.

Selling strategy: wholesaler or with a distribution partner.