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Trends in the Development of the World and Ukrainian Markets of Cosmetic Products

Abstract. Introduction. The question of the development of product markets, changes, trends, features, and influencing factors is of primary importance in international business from the point of view of marketing research for entering new markets or business expansion.

Purpose. The purpose of the research is to monitor the functioning of the global and Ukrainian market of cosmetic products and to determine the main trends in their development.

Results. As a result of research into the world market of cosmetic products, the following trends are observed: growth in the sales of Korean cosmetic products, growth in the production and sales of ecological cosmetics, the target audience of the market is expanding, the popularity of the promotion and sales of cosmetic products using Internet technologies is increasing, there is a decline in the demand for decorative cosmetics, the demand for products of the premium segment is decreasing, while the demand for products of the cheap price segment is increasing. Similar trends are also taking place in the Ukrainian market, namely the growth in demand for cosmetics based on natural ingredients, a significant increase in online sales of cosmetics.

Conclusions. Therefore, international business entities working in the cosmetics market should take into account the trends of the world and domestic markets, focus on customer requests, and significantly develop the online promotion and sales system, using the latest information technologies in international marketing.

Keywords: market development trends; global market of cosmetic products; Ukrainian market of cosmetic products; international business; marketing research.

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Тенденції розвитку світового та українського ринків косметичних виробів

Питання розвитку товарних ринків, змін, тенденцій, особливостей, факторів впливу має першочергове значення у міжнародному бізнесі з точки зору маркетингових досліджень із виходу на нові ринки або розширення бізнесу. Метою дослідження є моніторинг функціонування світового та українського ринку косметичних виробів та визначення основних тенденцій їх розвитку. В результаті досліджень світового ринку косметичної продукції спостерігаються наступні тенденції: зростання обсягів реалізації корейської косметичної продукції; зростання обсягів виробництва та продажів екологічної косметики; розширяється цільова аудиторія ринку; зростає популярність просування та продажів косметичної продукції за допомогою інтернет технологій; відбувається спад попиту на декоративну косметичну продукцію; зменшується попит на продукцію преміум сегменту, при тому, що зростає попит на продукцію дешевого цінового сегменту. На українському ринку також відбуваються схожі тренди, а саме: зростання попиту на косметичну продукцію на основі натуральних інгредієнтів; суттєве зростання обсягів продажів косметики онлайн. Отже, суб'єктам міжнародного бізнесу, які працюють на ринку косметики, доцільно враховувати тенденції світового та вітчизняного ринків, орієнтуватися на запити клієнтів, суттєво розвивати систему просування та продажів онлайн, використовуючи новітні інформаційні технології в міжнародному маркетингу.

Ключові слова: тренди розвитку ринку; світовий ринок косметичних виробів; український ринок косметичних виробів; міжнародний бізнес; маркетингові дослідження.

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Formulation of the problem. The important component of marketing research is the analysis of global and national markets of certain goods, which involves the assessment of factors that influence the development of the respective markets, namely competition, political, legal, economic, technical, social, and cultural and others. The result of the conducted research is the possibility of determining the prospects of market development, taking into account negative trends for timely response to changes in the market situation for the purpose of stable functioning of international business entities.

Analysis of recent research and publications. Monitoring the development of the market of cosmetic products is a very relevant issue, the research of which is paid attention by domestic and foreign scientists, such as T. B. Ignashkina, L. M. Dushina, and T. A. Moskalets, R. I. Baitsar and Y. M. Kordiyaka, V. V. Dobrovolskyi, V. O. Lebedynets and I. S. Kazakova, N. M. Watanabe, J. Kim, and J. Park, S. M. Kim, and M. J. Park.

T. B. Ignashkina, L. M. Dushina and T. A. Moskalets studied the state of the world market of perfumes and cosmetics, analysing the structure of the beauty market in product categories and regional composition [5]. R. I. Baitsar and Y. M. Kordiyak conducted a study of the domestic market of cosmetic products, the main problem of which is a significant number of falsified products, which indicates an emphasis on the issue of quality and safety of cosmetic products [1]. V. V. Dobrovolsky studied the issue of regulation in the market of cosmetic products, analysed the dynamics of sales of the corresponding type of products and proposed ways to improve the business development of this segment [3].

V. O. Lebedynets and I. S. Kazakova conducted a comparative characterization of the development of the world and Ukrainian markets of cosmetic products [7]. N. M. Watanabe, J. Kim and J. Park claim that the current trends in the development of the cosmetics market depend on the promotion of brands, and among the tools of promotion in the cosmetics market, social networks have priority [9]. S. M. Kim and M. J. Park carried out international segmentation of the cosmetics market, which allows determining the marketing strategy of standardization or localization in accordance with the characteristics of each market segment [6].

In addition, analytical materials on the development of the cosmetics market are published by business consulting structures, specialized organizations related to the issue of the development

of the cosmetics market, as well as official statistical bodies. Considering the sufficiently large number of works in this area, the question of trends in the development of the world and Ukrainian markets of cosmetic products remains relevant, as the market situation changes, new competitors appear, innovative types of cosmetic products are developed, the regulatory and legal framework is adapted, etc.

Formulation of research goals. The purpose of research is to monitor the functioning of the world and Ukrainian market of cosmetic products and to determine the main trends in their development.

Outline of the main research material. The cosmetic products are a group of pre-selected goods that are necessary for life. The cosmetics industry is rapidly developing in Ukraine and the world. Production, sales and export of cosmetic products are increasing every year.

The world market of cosmetic products is developing rapidly, improving the quality of products, focusing on products with natural ingredients. The forecast indicators of experts regarding the development of the cosmetic and perfume market are quite positive.

According to statistics, the beauty industry brings in more than 100 billion dollars of income worldwide per year. The men's personal care market is projected to reach \$276.9 billion by 2030, while the skin care market is projected to reach \$177 billion by 2025 [4].

According to the Export Promotion Office, the cosmetic industry is included in the ten promising industries of Ukraine from the point of view of export, and according to the Ministry of Economic Development, it is among the five most promising [8]. By volume of sales on the market of Ukraine, cosmetic products occupy the fourth position. The cosmetic products are products of everyday use and have a stable demand. The natural cosmetics are now very popular.

According to the structure of sales on the market of cosmetic products of Ukraine, personal hygiene products make up 26.8%, hair care products 19.6%, skin care products 28.4%, decorative cosmetics 13.6%, and perfumery 11.6% [8]. In terms of price, low-cost cosmetics account for more than 60% of sales, mid-priced about 30%, high-priced or premium products about 10% [8].

In total, in 2022, cosmetics companies spent 7.7 billion dollars on advertising. Cosmetics retailers report \$17.09 billion in online sales [4].

That is, there are positive trends in the market of cosmetic and perfume products, and the system of

online sales and promotion in this particular market industry according to the rating of the TOP 500 global exceeds the general growth rate. In the Table 1 brands [2]. presents the TOP 10 global brands of the beauty

Table 1. TOP 10 world brands for the production of cosmetic and perfume products according to the Global 500 rating

Position in 2022	Position in 2021	Company name	Country	Brand value, billion US dollars	
				2022	2021
1	1	L'Oreal	France	11,217	10,222
2	5	Esteitander	USA	7,926	5,687
3	2	Gillette	USA	6,91	7,55
4	3	Nivea	Germany	6,807	6,192
5	4	Guerlain	France	6,13	5,691
6	8	Clinique	USA	6,063	5,005
7	7	Dove	Great Britain	5,057	5,094
8	6	Pantene	USA	4,748	5,189
9	11	Lancome	France	4,585	3,712
10	9	Garnier	France	4,132	4,094

Source: compiled by the authors [2]

As for sales, the key players in the cosmetics market in 2022 were L'Oréal, Unilever, Estée Lauder, P&G, and Shiseido (Table 2).

Table 2. Key players in the cosmetics market in 2022

Brand	Revenue 2022, in billions of US dollars
L'Oréal	35.64
Unilever	24.17
Estée Lauder	16,22
Procter & Gamble	14,42
Shiseido	8.68

Source: compiled by the authors [2]

In Figure 1 shows the development trends of the international market of cosmetic products.

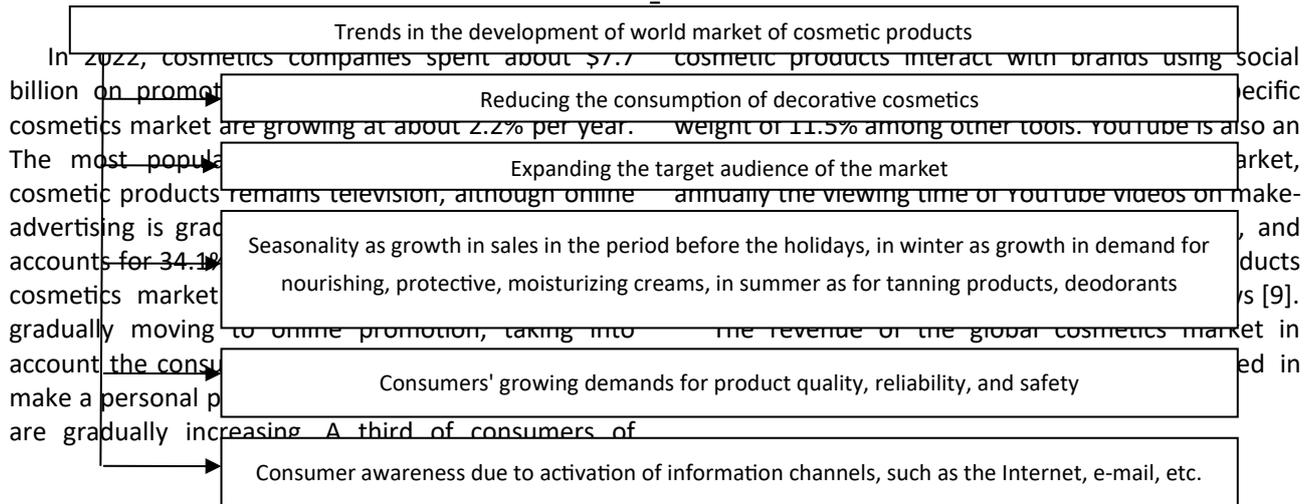


Figure 1 – Trends in the development of the international market of cosmetic products

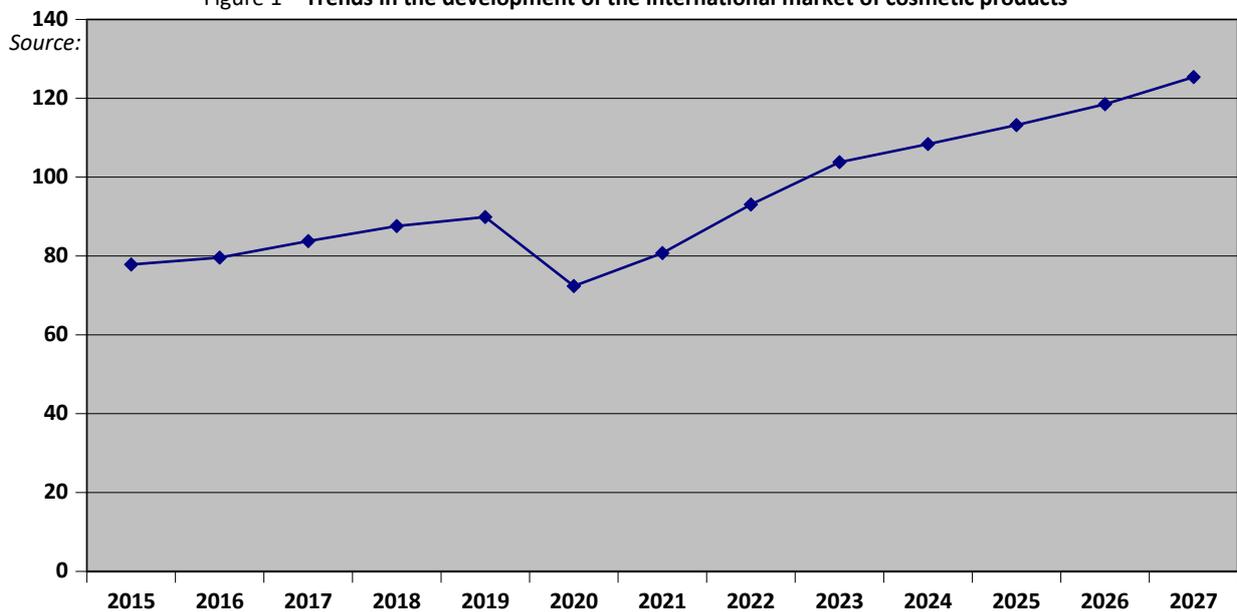


Figure 2 – Revenue of the global cosmetics market in 2014-2027 in billions of US dollars [4]

Source: compiled by the authors [4]

The main producers of cosmetic products are European countries, the USA and South Korea. The cost of consumption of cosmetics and personal care products in Europe in 2021, by country (million euros) is shown in Figure 3.

It should be emphasized that Korean cosmetics belong to the middle price segment. The advantage of Korean cosmetics is its high quality. Also, one of the advantages of Korean cosmetics is its naturalness and specificity of organic components. This is what attracts the attention of customers who prefer natural ingredients. The ingredients of Korean cosmetics can be snake venom, volcanic ash, snail slime, herbal extracts, etc. [8]. The strengths of Korean cosmetics

are the safety of application, the minimal amount or absence of chemicals that are harmful to humans, etc.

The advantages of French cosmetics are a high level of quality, a wide range, a combination of therapeutic and cosmetic effects, and the constant development of new cosmetic products by cosmetologists and dermatologists. The disadvantages of French cosmetics include the high price of many products and the limited production of some products. German cosmetic products are of high quality, mostly mineral, organic and natural. That is, the advantages of German cosmetics are universality, naturalness and efficiency. German cosmetics do not contain preservatives, dyes, aromatic substances; they

are not tested on animals. There are many laboratories in the country that carry out innovative developments in the field of cosmetic products.

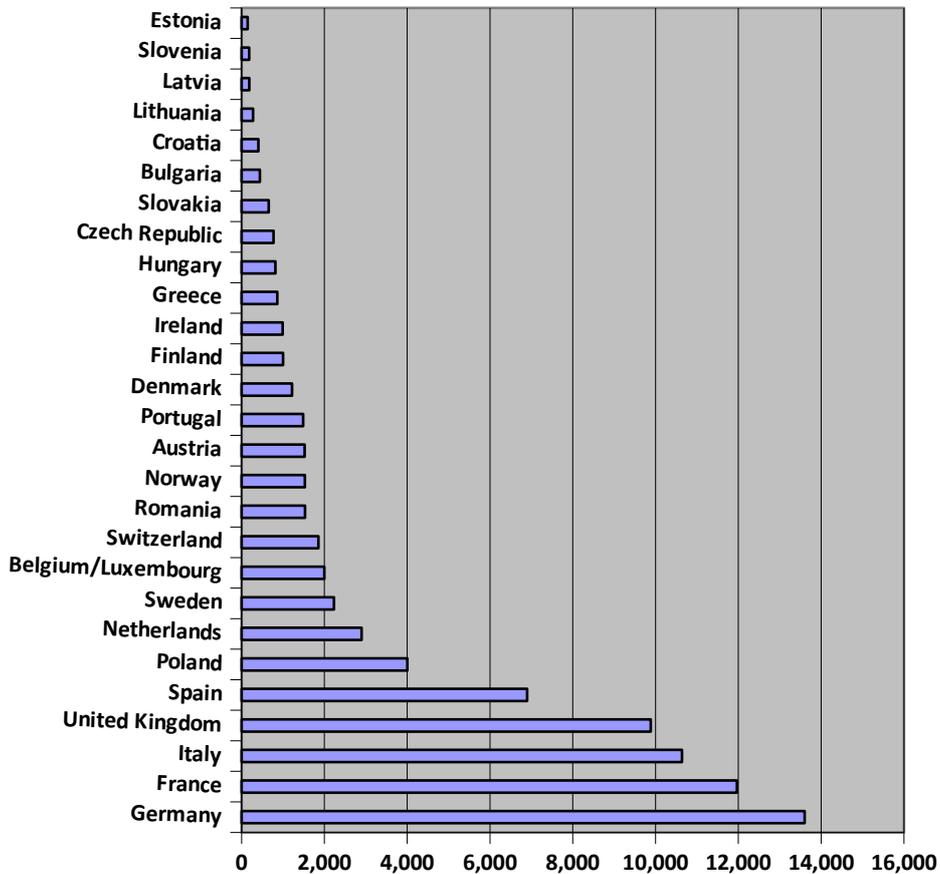


Figure 3 – Cost of consumption of cosmetics and personal care products in Europe in 2021, by country (million euros)

Source: compiled by the authors [4]

Cosmetic products from Italy are characterized by the following advantages as high quality, designer packaging, naturalness as the use of local ingredients of lemon, orange, olives, grapes, grapefruit, a large assortment of cosmetic products, an innovative approach to the production of cosmetics, safety. The peculiarities of Spanish cosmetics are characterized by its unique composition, namely pearls, black caviar, gold, orchid extract, etc., it is also natural, made on the basis of honey, exotic fruits, aloe, olive oil, flowers, grapes, in addition, it is characterized by high quality, innovative

technologies, a wide assortment, a significant number of lines for various segments and affordable prices [5]. Characteristic features of American cosmetics are a wide assortment at a wide price range, almost no animal testing, constant updating, and a high level of quality, modern design, and innovation.

The leading European cosmetics markets by value are Germany, France, Great Britain, Italy and Spain. Let's consider the main cosmetic markets of Europe from 2014 to 2021 by market value (in billions of euros) in the Table 3.

Table 3. Major cosmetic markets in Europe from 2014 to 2021 by market value (in billion euros)

Year	Germany	France	Great Britain	Italy	Spain
2014	13,01	10,58	10,39	9,39	6,35
2015	13	11,30	12,50	9,70	6,40
2016	13,60	11,40	11,50	9,90	6,70
2017	13,60	11,30	11,10	10,10	6,80
2018	13,80	11,40	10,90	10,10	7

2019	14	11,40	10,70	10,50	7,10
We consider the international market of beauty and personal care products for the manufacturers from 2013 to 2026 by product category (in billion USD).					

Table 4. Market value of manufacturers of beauty and personal care products in the world from 2013 to 2026 by product category (in billion USD)

Year	Cosmetics	Perfumes	Personal Care	Skin care
2013	80,69	54,04	223,18	130,04
2014	82,25	54,44	224,92	131,05
2015	77,85	49,41	208,90	121,89
2016	79,59	49,56	210,70	124,38
2017	83,77	51,86	219,22	129,64
2018	87,58	53,08	225,36	134,65
2019	89,88	53,28	227,71	137,12
2020	72,37	46,54	224,26	128,70
2021	80,74	50,58	235,88	136,38
2022	100,49	56,69	253,96	153,29
2023	111,49	60,03	264,03	164,08
2024	117,55	61,97	273,98	171,83
2025	124,02	63,89	284,25	179,49
2026	131,04	65,89	295,18	187,68

Source: compiled by the authors [4]

The expansion and further development of the cosmetic products market indicate broad export opportunities. When exporting cosmetic products, you should remember the countries regarding the composition of the products and their labeling. When starting the export of cosmetic products to foreign markets, it is necessary to obtain documentation for cosmetic products, which differs in different countries, in accordance with its regulatory acts. Such documents may be a test report; quality certificates, etc. The transportation of cosmetic products also has certain peculiarities and difficulties, since for some products the appropriate temperature regime, humidity, etc. must be maintained. The suitable methods of delivery of cosmetic products are container transportation, collective shipments, and air transportation [2]. Taking into account the specified features and specifics of cosmetic products, it is desirable to insure them, minimizing the risks associated with shortage, damage, loss, etc. The poor-quality packaging of cosmetic products can cause certain problems, such as evaporation of substances, hardening, change in colour or smell, beating of containers, spoilage of ingredients, etc. That is, the export of cosmetic products has additional risks.

Conclusions. So, as of 2022, the following trends are observed in the world market of cosmetic products. First, the increase in the number of Korean cosmetic products, as a natural and high-quality product. Secondly, the

growth of production and sales of ecological cosmetics, which is connected with the fashion for environmental friendliness and nature protection in all sectors, including the cosmetic industry. Thirdly, the target audience of the market is expanding. The promotion and sales of cosmetic products using Internet technologies is growing in popularity. The popularity of promoting cosmetics on Instagram, with makeup workshops and product testing opportunities, is contributing to the growth of cosmetics sales among children and teenagers. In addition, the trend for well-groomed men contributes to the growth of sales of cosmetics among men. Fourth, there is a decline in demand for decorative cosmetics, starting from 2020 with the beginning of quarantine restrictions. Fifth, the demand for products of the premium segment is decreasing, while the demand for products of the cheap price segment is increasing. The consumers prefer inexpensive goods, living in austerity mode due to the economic crisis. The similar trends are also taking place in the Ukrainian market, namely the growth in demand for cosmetics based on natural ingredients, a significant increase in online sales of cosmetics.

Therefore, it is advisable for international business entities operating in the cosmetics market to take into account the trends of global and domestic markets, focus on customer requests, and significantly develop the online promotion and sales system, using the latest information technologies in international marketing.

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