



Czech Republic: Nail Care Market

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Summary

The Czech nail care market is mature, with a number of international brands present. The market has experienced stable growth over last decade and is expected to continue to grow as Czech women learn to use wider range of nail care products. The U.S., along with Germany and France, are the largest nail polish importers to the country. The reputation of the U.S. for quality and innovative products provides opportunities for U.S. nail care firms.



Market Demand

According to Euromonitor studies, in 2011 nail polish was one of the fastest growing categories within the global beauty industry, increasing by 11 percent. Although the growth in the Czech Republic was not so evident, the segment showed stable growth and there were several new nail care brands that successfully entered the Czech market over the last five years, despite the impact of the economic crisis.

Nail polish might be seen as a hint of affordable luxury in financially difficult times for some customers. The segment is strongly influenced by fashion shows, celebrities and bolder designs from branded product manufacturers. It is also influenced by innovations – gel-textured formulas, magnetic polish or polish strips. Some of the products that have so far been reserved for nail salon treatments are now becoming available in mainstream retail stores. On-line shopping has also started to play a role, although it is not yet comparable to on-line sales of perfumes or skin care, since the price difference compared to store pricing is not as large.

The nail care market faces similar challenges as other beauty categories as it becomes more competitive and saturated. New products are critical to category growth, but Euromonitor predicts that reaching out to growing segments, like multi-cultural and older women, will be essential in maintaining the momentum currently being enjoyed by the category. In the Czech Republic, there is still potential for growth in the main target category since the use of nail polish is still lower than in some of other Western as well as Eastern European countries. Czech women prefer a more elegant inconspicuous style, although the younger generation is slowly changing the pattern being more open to colors and nail art.

In last few years, a new phenomenon of Vietnamese nail salons has emerged. Vietnamese are one of the biggest minorities in the Czech Republic, and most often run their own food stores and Chinese food restaurants. Recently, Vietnamese have entered a third area of business – nail salons offering manicures, pedicures, elaborate varnish jobs and nail jewelry. Interestingly enough, the signs on the salons often say "Euro nails", "American style nails" or "New York nails," referring to the U.S. as one of the leaders in the category. While in the mid-2000s there were almost no Vietnamese-owned nail salons, now there are around 200 in Prague alone.

Market Data

Although Czech nail care imports and exports over the last five years have been affected by the impact of economic crisis, the effect has not been as notable as in some other sectors. The nail care market is growing mostly thanks to new and innovative products that are being introduced.

Table 1: Total Imports (in \$ thousands)

	2008	2009	2010	2011	2012 est.
330430 Manicure or pedicure preparations (nail polish, art, cuticle remover etc.)	8,572	8,457	7,217	9,951	10,581
821420 Manicure or pedicure sets and instruments (including nail files)	3,479	3,323	2,144	4,353	2,477

Table 2: Imports from the United States (in \$ thousands)

	2008	2009	2010	2011	2012 est.
330430 Manicure or pedicure preparations (nail polish, art, cuticle remover etc.)	1,049	1,094	967	2,240	1,902
821420 Manicure or pedicure sets and instruments (including nail files)	153	179	131	1,428	60

Table 3: Total Exports (in \$ thousands)

	2008	2009	2010	2011	2012 est.
330430 Manicure or pedicure preparations (nail polish, art, cuticle remover etc.)	5,345	5,195	5,105	6,479	6,034
821420 Manicure or pedicure sets and instruments (including nail files)	1,965	1,150	3,566	1,507	1,491

Source: Czech Statistical Office

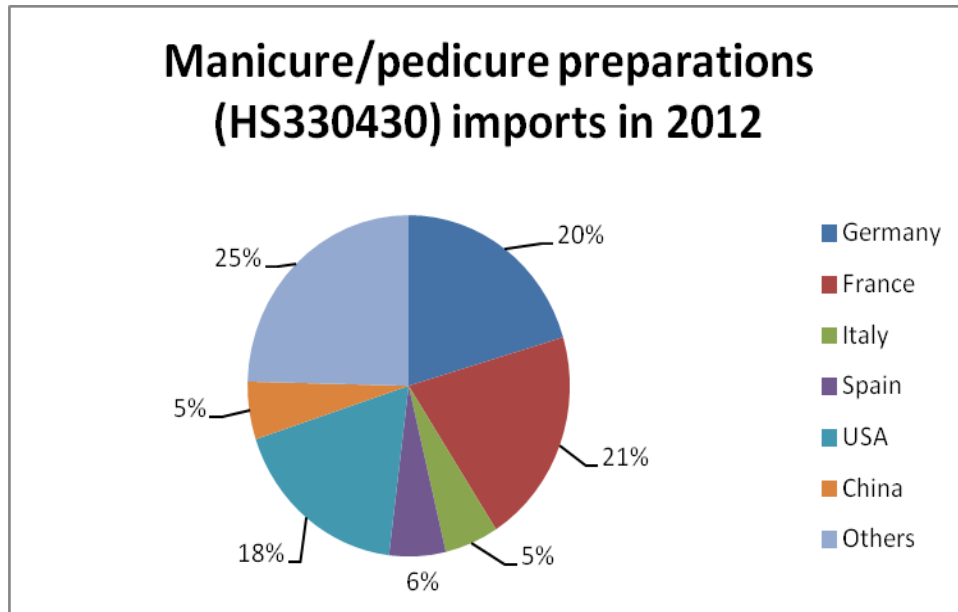
Best Prospects

Currently Czech women use a relatively small range of nail care products. It is expected that with the innovations in the nail care industry and the influence of Western trends, women will start to use a wider range of available products, which will support further growth in nail care sector. The products that bring value added – natural, bio, environmentally friendly – are also becoming more popular. Customers start to look more for quality products. As there were a few cases of health threatening nail polishes found on the market – most notable cases were Nail Polish Cr and a Lucci cosmetic in 2010, customers become more cautious in their product selection.

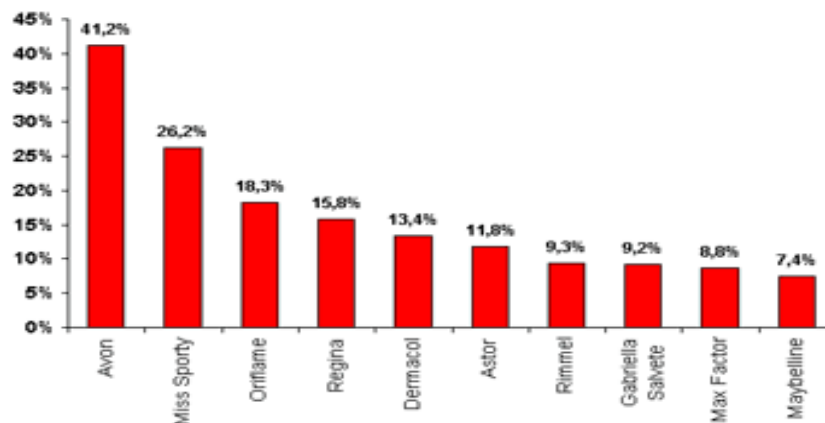


Key Suppliers

A large number of international brands are already present on the Czech market. U.S. products rank high – among the top three importers – in the manicure and pedicure preparations category, which also includes nail polishes. Other important players are Germany and France. In manicure and pedicure sets the situation is more diversified, with more countries playing an important role. Apart from the U.S., it is also Germany, China, Pakistan and Korea. Given the size of the market, most foreign organizations choose to find a local representative. In this industry most suppliers prefer an exclusive distributorship.



There are a large number of brands available in the market. Based on 2009 Median research, Avon, Miss Sporty and Oriflame are the most often used nail polish brands. Brands of large multinationals – L’Oreal, Max Factor, Maybelline, Miss Sporty, Rimmel London, Margaret Astor, Dermacol, Estee Lauder, Lancome, Sally Hansen - sell nail care mainly through drugstore chains and perfumeries. In nail salons, brands like Alessandro or Spa Ritual hold strong positions. Among the many other brands present on the Czech market, there are: Le Chat, Nails Inc., CND, O.P.I., China Glaze USA, Crystal Nails, Dekor Styl, Enni Nails, She-Nails, Tasha, THAL’ION Thalasso Cosmetics, Gabriella Salvete, Bio Visage Concept MANSARD, FARMONA, P.SHINE, Cedro Sole, Orly, Essence, Vollare, Sollingen, and Bohemia Files.



Prospective Buyers

For Czech women, well-tended hands and nails have become a necessity, but they still use less nail care products than women in the US. An estimated 45 percent of Czech women use nail polish. The percentage of women using nail art is still relatively low. Most Czech women use nail polishes that do not have colors too bright, although younger generation is ready to try more unusual colors and patterns than just French nail care.

Market Entry

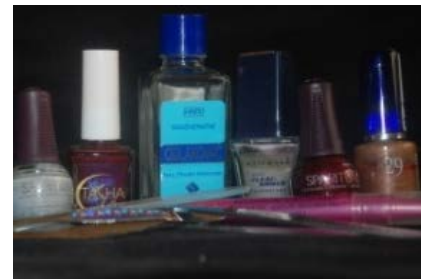
A recommended strategy for a U.S. company interested in penetrating the Czech nail care market would be to find a local partner/representative or open an office in the country. Without a local representative who can support everyday contact with customers, it is very difficult to succeed in the market. A number of important cosmetics and hair care companies have already established a local office or a partner. A U.S. company can stimulate further sales by working with Czech partners on effective marketing campaigns, as well as by utilizing trade shows, in-country promotions, and advertising. The U.S. Commercial Service offers a number of ways to help U.S. companies find business partners in the Czech market. These include setting up meetings with Czech companies interested in partnership, government officials and associations representatives (Gold Key Service), due diligence on prospective partners (International Company Profile) and events to introduce new product lines to potential customers (Single Company Promotion). U. S. Commercial Service Prague also offers a catalog fair at one of the Czech cosmetic fairs – World of Beauty & Spa. More information and contacts can be found at www.export.gov/czechrepublic

Market Issues & Obstacles

The Czech Republic, with average gross salary of \$1,302 per month, is a highly developed, open market with liberal policies and intense competition. While imports from the EU are exempt, products from non-EU countries are subject to import duties. [Customs duty rates](#) are updated annually and are harmonized within EU countries. In addition, all goods, imported or produced domestically, are subject to a value-added-tax (VAT). The VAT is paid by the importer and passed on to end-users.

The metric system of weights and measures is standard in the Czech Republic. Though Czech is the official language in the Czech Republic, more than half of Czech company representatives are able to communicate in English or in German as well.

If a U.S. company wants to achieve remarkable sales, investment in promotional activities will be important. More over for products sold in drugstores and hypermarkets/supermarkets, there are “listings” that have to be paid by the company or its distributor for the products to appear on the shelves.



In the European Union new cosmetics legislation (the Cosmetics Regulation 1223/2009) adopted in November 2009 is gradually replacing old legislation (the Cosmetics Directive 76/68/EEC). Most provisions will come into effect in July 2013. The new Cosmetics Regulation streamlines terminology and simplifies the process of placing a cosmetic product on the EU market. Only cosmetic products with a designated “responsible person” will be allowed to be placed on the EU market from July 2013. Regulation also introduces a simplified, centralized and electronic notification requirement to a central EU portal (goes live in January 2012) as opposed to national government notifications. In March 2013 a total ban on animal testing, whether or not alternatives exist, was introduced.

Product Labeling: Labels must include the following information:

- Name and address of the responsible person (country of origin)
- List of ingredients
- Nominal content
- Precautions to be observed in use
- Date of minimum durability (new symbol – below n.1) or period after opening for products > 30 months (symbol below n.2).

Information must appear on the container AND packaging – if not feasible enclose the information (symbol below n.3).



Trade Events & Opportunities for Profile Building

WORLD OF BEAUTY & SPA SPRING / AUTUMN

<http://www.beautyexpo.cz>

September 6 – 7, 2013; Prague

March 14-15, 2014; Prague

- The U.S. Commercial Service plans to offer a catalogue display for U.S. companies interested in the Czech market at the March addition of the fair. Please contact our office if your firm is interested in participating.

INTERBEAUTY PRAGUE

www.incheba.cz



Resources & Key Contacts

General Directorate of Customs - www.cs.mfcr.cz

Ministry of Health - www.mzcr.cz

Ministry of Industry and Trade - www.mpo.cz

State Institute for Drug Control – www.sukl.cz

Union of Manufacturers, Importers, Exporters and Resellers of Cosmetic Products - www.sdrprokos.cz

Hairdresser's Association of the Czech Republic - www.akcz.info

Union of Beauticians - www.uniek.cz

For More Information

The U.S. Commercial Service in Prague/Czech Republic can be contacted via e-mail at: Veronika.Novakova@trade.gov; Phone: +420 257 022 437; Fax: +420 257 022 810 or visit our website: www.export.gov/czechrepublic.

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