

# *Venas Report*

## **The Beauty Market at a Crossroads: Local Realities and Global Ripples**

April 2025



# *Main Issues*

VENAS



Global Tariff War



Foreign Exchange  
Volatility



Intellectual Property  
(IP) Issues



Government  
Regulation  
Changes Toward  
Import Quota



Current Consumers  
Behavior on Finding  
The Best Deal  
Possible



Diversifying  
Distribution Channels  
As One of the Means  
to Thrive in the  
Market

# *About Venas Consulting*

VENAS

## About Us

We are a consulting firm specializing in the beauty industry that delivers data-driven and targeted solutions for brands aiming to be at the forefront of consumers' minds.

Venas was founded in February 2020 by 3 highly driven women who are industry veterans, combining a multitude of skills and a deep understanding of the beauty audience.

## Our Services

Brand Direction / Audit

Product Research & Development

Customer Experience Optimization

Commissioned Research

Beauty Training

## Venas in Numbers

**30+**  
Clients

**100+**  
Products we have  
helped developed

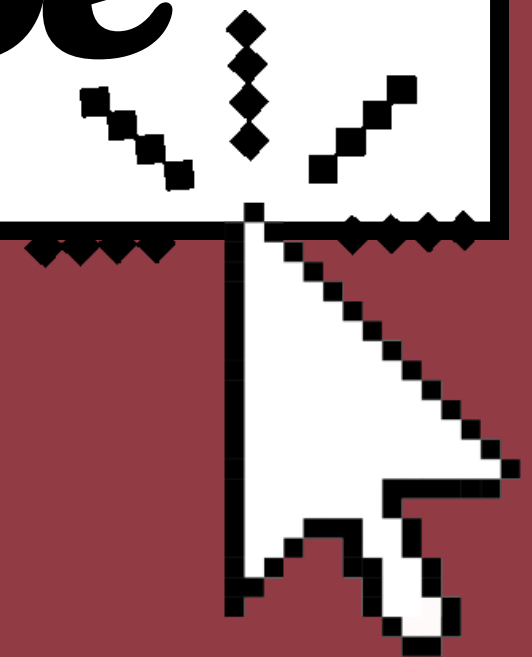
**100+**  
Primary  
Research

**8**  
Skincare  
Party

**600+**  
Samples  
Tried



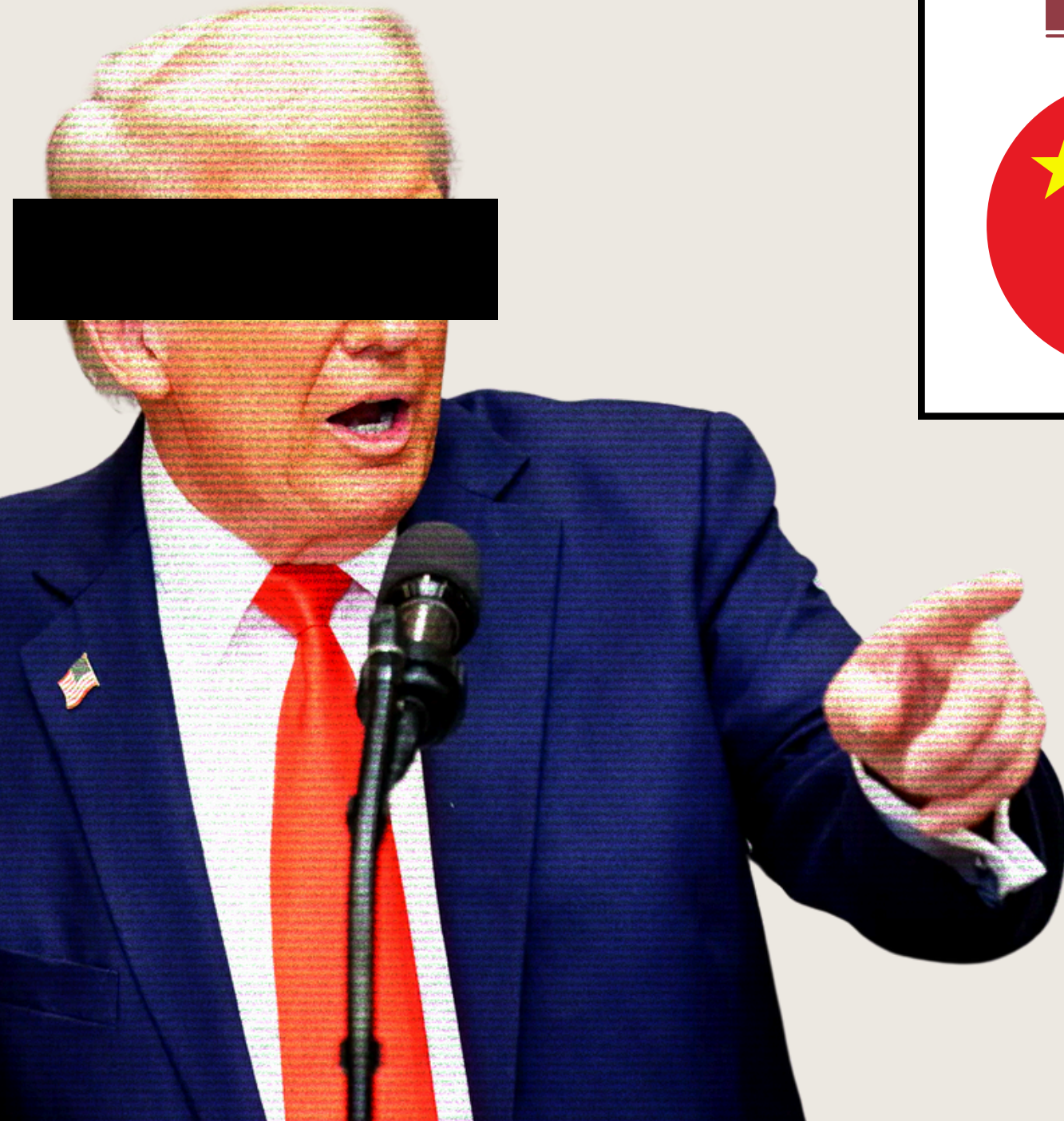
# ***A Change in Global Landscape***





# Updates on Tariffs

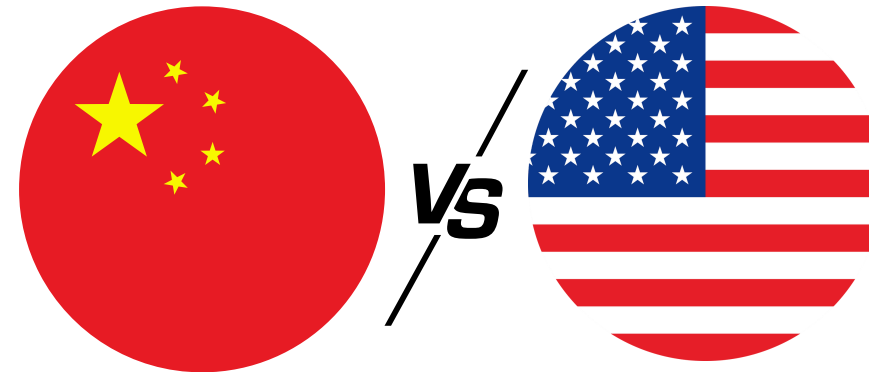
VENAS



US and China have been raising tariffs on each other

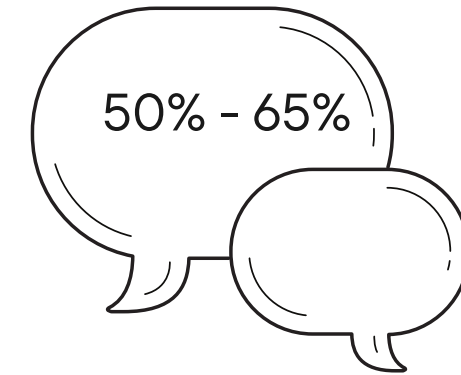
↑ **125%**

↑ **145%**

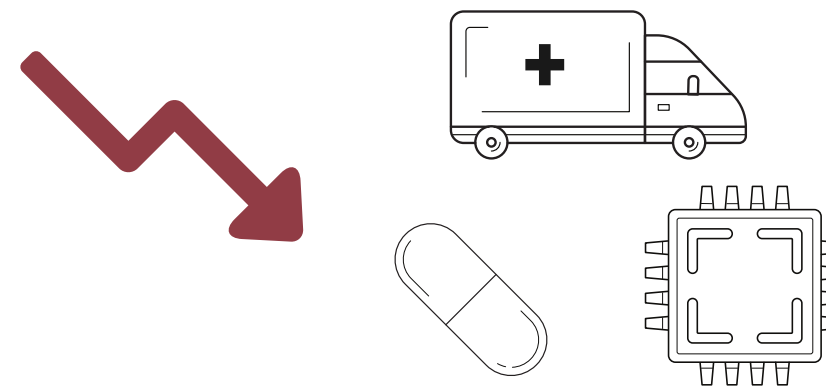


There are signs the US may reduce tariffs on Chinese goods

50% - 65%



China has quietly lowered tariffs on certain US products



# ***Direct Impact; Foreign Exchange Volatility***

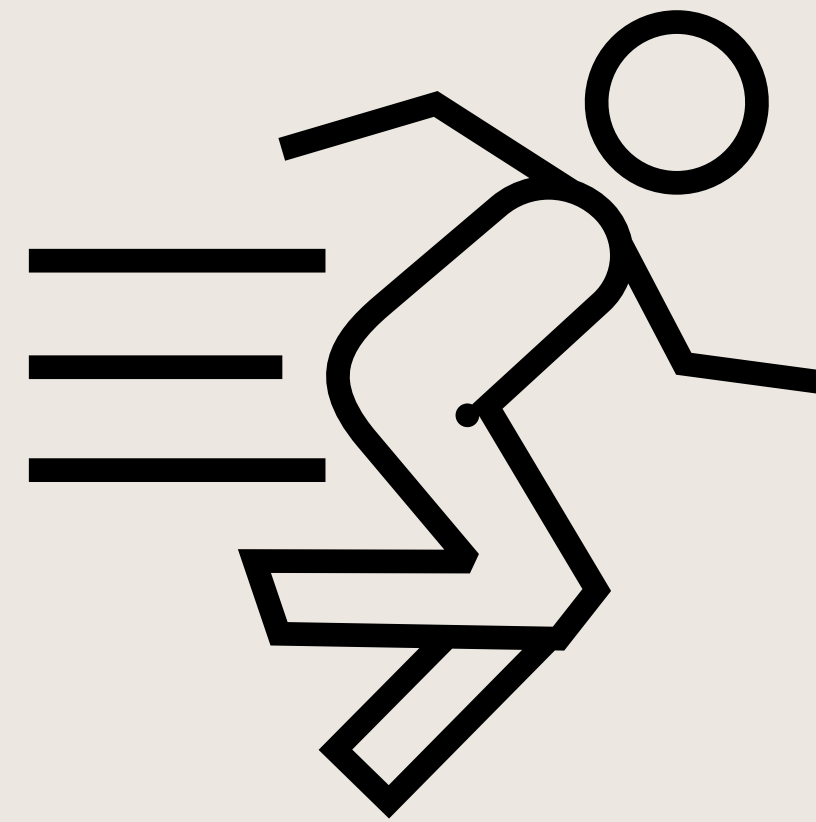
## **Indicators that are relevant to your business:**

- A widening gap may weaken the IDR, raising imported input costs.
- Higher production cost (for imported inputs), squeezed margins, or pricing mismatches in export markets.
- Inflation that will affects consumer demand and locals purchasing power.



### **Short Term**

*Exchange rates usually adjust over time to balance the price of goods between countries (PPP\*). When the local currency weakens, people will start living more frugally.*



### **Long Term**

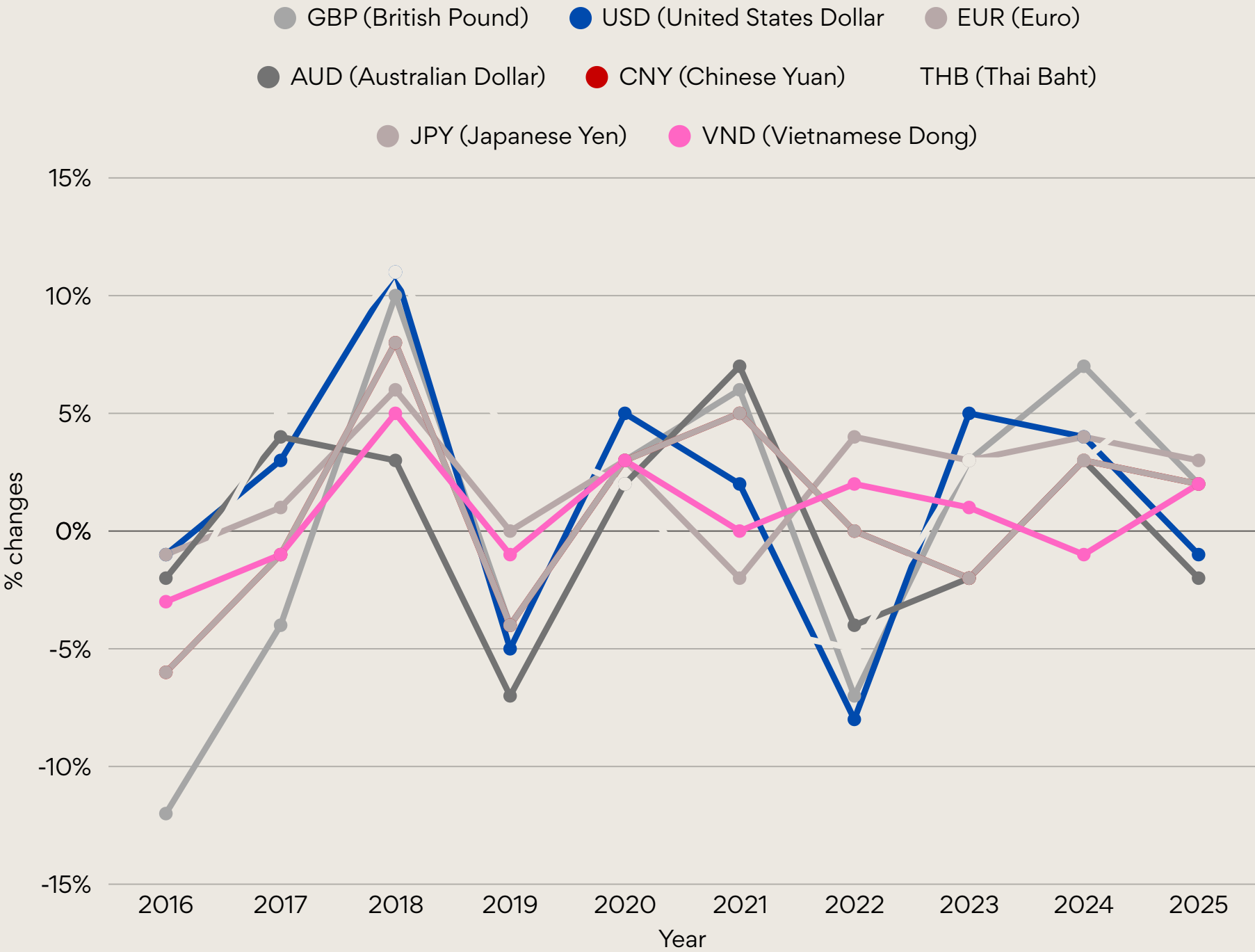
*Exchange rate fluctuations create business uncertainty.*

\*Purchasing Power Parity: Metrik untuk membandingkan mata uang berbagai negara melalui pendekatan "keranjang barang". Menurut konsep ini, dua mata uang berada dalam keseimbangan—nilai tukar keduanya setara—ketika sekeranjang barang memiliki harga yang sama di kedua negara, dengan mempertimbangkan nilai tukar.

# Foreign Exchange Changes in 10 years

VENAS

Foreign Exchange Currency	Average Changes to Indonesian Rupiah (IDR) Y-O-Y 10 years	Current Exchange Value (25 <sup>th</sup> April, 2025)
GBP/IDR	0.29%	22.461
EUR/IDR	1.51%	19.116
USD/IDR	2.04%	16.838
AUD/IDR	0.29%	10.773
CNY/IDR	0.63%	2.307
THB/IDR	2.22%	500,19
JPY/IDR	0.63%	117,39
VND/IDR	0.54%	0,64



Source: <https://www.exchange-rates.org/>



# Foreign Exchange

Quarterly changes in eight selected currencies highlight the volatility in specific exchange rates, which reflects the current diplomatic and trade relationships between the nations involved.

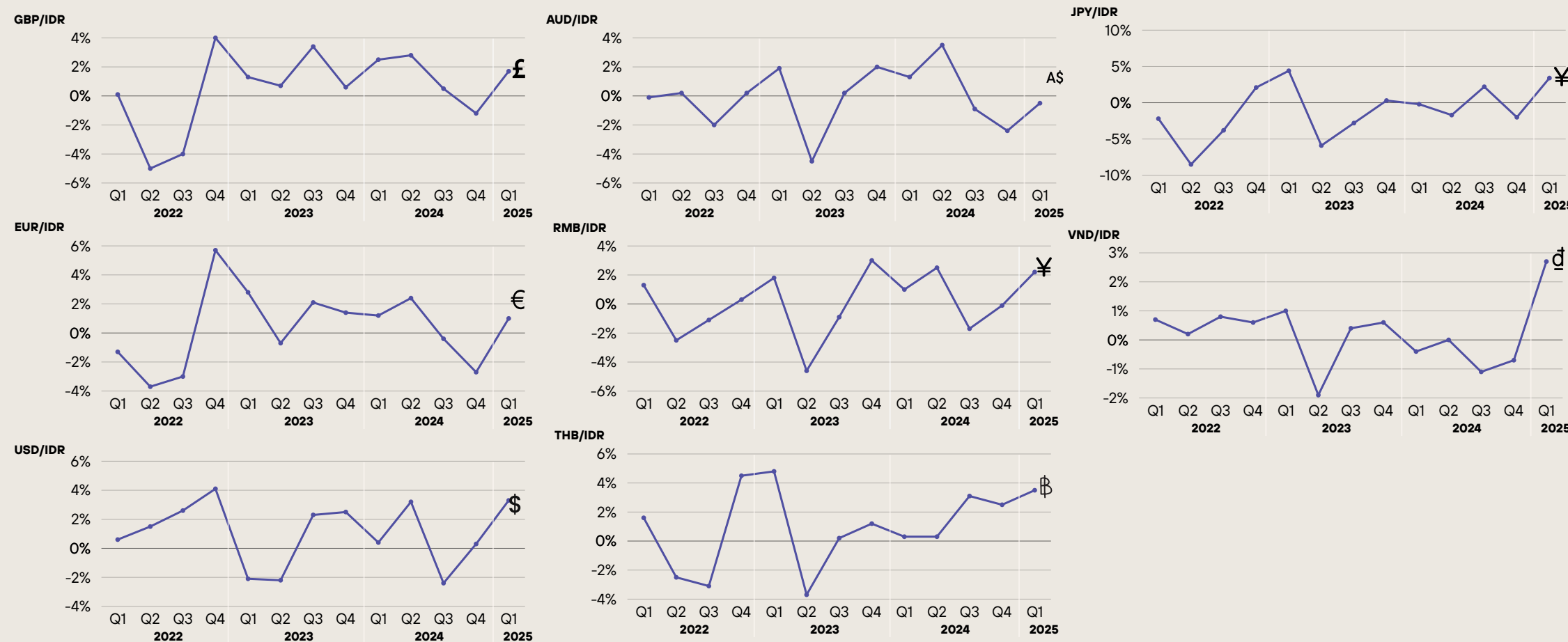
China's government and the People's Bank of China's commitment to stabilizing the yuan is evident during these challenging times.

INTERNASIONAL /

China Melawan Balik! Bank Sentral Batasi Pembelian Dolar AS untuk Menstabilkan Yuan

Kamis, 10 April 2025 / 12:20 WIB

Source: Kontan (April 10 2025),“China Melawan Balik! Bank Sentral Batasi Pembelian Dolar AS untuk Menstabilkan Yuan.”.



## Exchange rate to IDR comparison

Currency	Jan 1 <sup>st</sup> 2024	April 28 <sup>th</sup> 2025	Growth/Loss
RMB	Rp2.174,15	Rp2.262,12	+4%
USD	Rp15.390,59	Rp16.802,20	+9%
EUR	Rp16.983,83	Rp19.175,81	+12%

# *How to Mitigate Volatility Exchange*

VENAS



1

Evaluate Your Current Supplier Locations.

2

Implement Multi-Sourcing Strategies.

3

Avoid overreliance on a single region or currency.

4

Identify the currencies used most often in your procurement contracts.

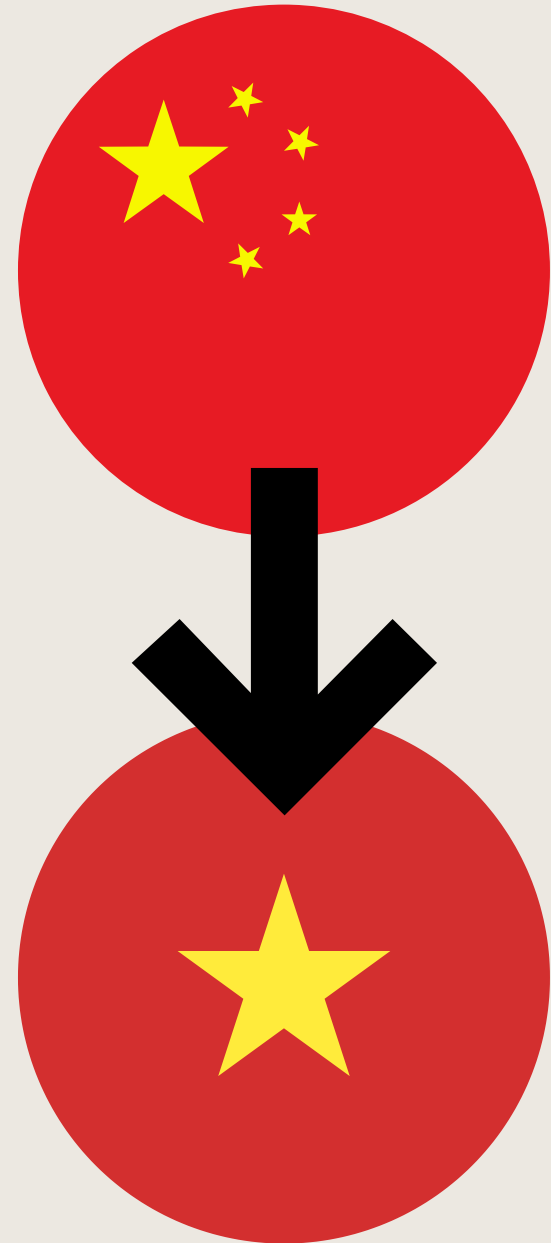
5

Develop Local Supplier Alternatives as Backups.

6

Invest to currency that you mainly use for transactions.

# ***Vietnam as Alternative Supplier?***



**Strong global investments and new cooperation agreements with China are accelerating Vietnam's manufacturing growth. Even so, Vietnam still deeply tied to Chinese raw materials and technology.**

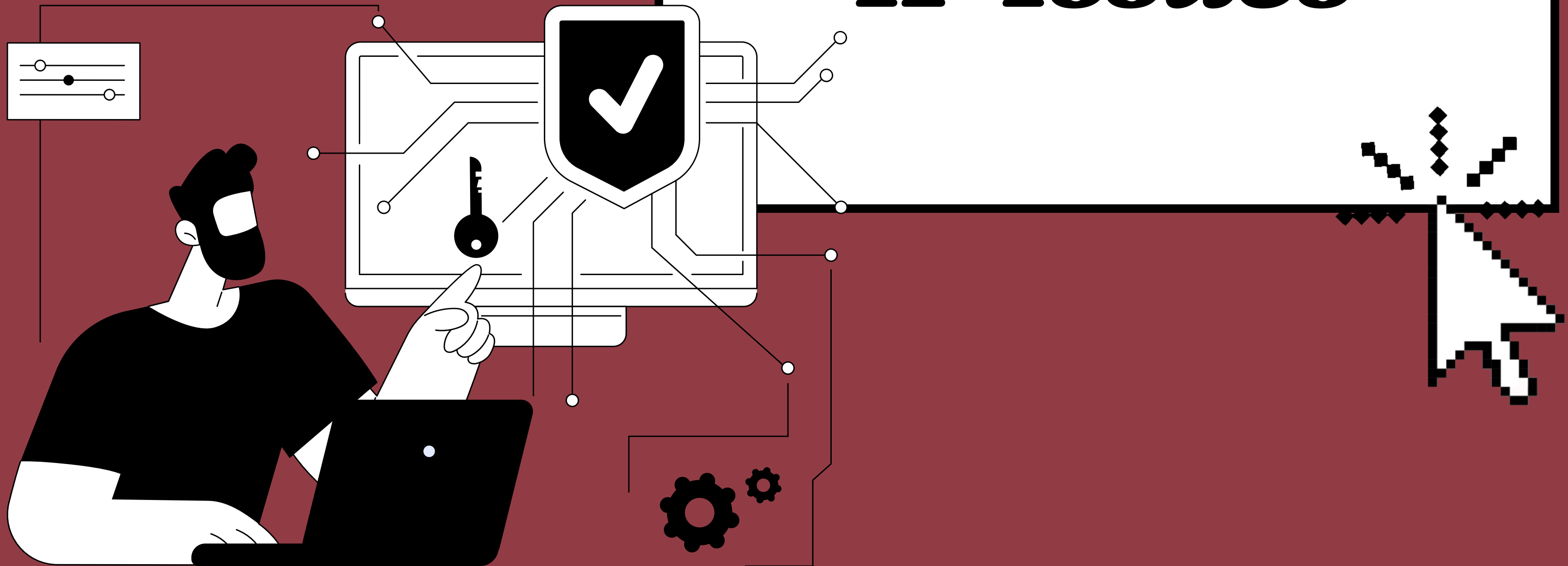
**Vietnam Attracts Global Companies for Manufacturing Expansion. 75% of European business leaders recommend Vietnam for investment\***

\*according to the European Chamber of Commerce in Vietnam (EuroCham Vietnam)

**Manufactures Vietnam best known for:**

- **Packaging (Plastic, glass, and paperboard packaging)**
- **OEM/ODM Cosmetic**
- **Beauty garment like Headbands, beauty pouches, scrunchies, facial cloths**

# ***IP Issues***





# *How does this controversy affect your business?*



# *China's New IP Rules Signal Retaliation against Foreign Actions*

VENAS

China's "**First-to-File**" system carries the risk of misuse, potentially threatening the intellectual property of the fashion, beauty, and luxury goods industries.



# *China's New IP Rules Signal Retaliation against Foreign Actions*

VENAS

## **Proactive Strategies**

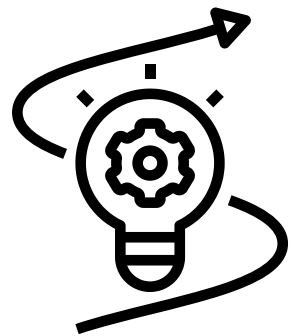
- Secure your trademarks, patents, and copyrights
- Register them with China's General Administration of Customs (GACC).
- Use AI tools and tech platforms to monitor counterfeit products
- Collaborate with local experts to strengthen protection.





# Opportunities

VENAS



Vast beauty tech innovations development and more affordable alternative ingredients coming from China.



Consumers are starting to see "Made in China" in a more positive light

Ingredients that are most heavily dedicated to research and development in China.

- Black tea
- Bamboo extract
- Ginseng
- Black Ginseng
- Black Ginseng Extract
- High-purity snow lotus mud extract minerals

# ***Indonesian Government Import Relaxation***





Should we be worried about this news?



ANALISIS

Segudang Bahaya Intai RI Jika Keran Impor Dibuka Jor-joran Tanpa Kuota

Feby Febrina Nadeak | CNN Indonesia

Kamis, 10 Apr 2025 07:30 WIB

Pelonggaran Aturan TKDN Berpotensi Melemahkan Industri Lokal

Wakil Ketua Komisi VII DPR mengingatkan pemerintah agar pelonggaran aturan TKDN tidak memperlemah industri dalam negeri.

15 April 2025 | 05.10 WIB

Bisnis

Kementerian Perdagangan Deregulasi Aturan Impor

Menteri Perdagangan Budi Santoso berencana melakukan deregulasi kebijakan ekspor dan impor.

17 April 2025 | 11.21 WIB

# Opportunities for Local Brands

VENAS

Consumers are starting to switch to local alternatives from their existing products.



—— R1 - 36yo - Make Up Artist

... aku tuh udah nyetok 5 botol untuk produk **MUFE** (*setting spray*), terus aku nyobain **Studio Tropik** di kantor dan aku mikir "*Wow! this is a gamechanger!*" dan untuk produk yang aku merasa *gamechanger* itu aku akan loyal banget dan akan merekomendasikan produk tersebut ke orang lain,



—— R2 - 30yo - Freelancer

**Bioderma** itu risetnya dalem, *stance* sebagai *skincare brand* jelas, *effective*, *efficient*, *to the point*, nggak banyak *gimmick* dan nggak neko-neko. Menjawab permasalahan aja. Makanya seneng bgt pas Paragon ngeluarin **Labore**, menurutku itu juga *to the point* dan nggak neko-neko.



—— M14 - 31yo - Konsultan

Aku pakai **LRP** (*facial wash*). Alternatifnya pakai sabun muka yang netral banget **ERHA**. Karena asalnya dari klinik, dia *medically-proven*, banyak orang pake, mudah dibeli.



# Opportunities for Local Brands

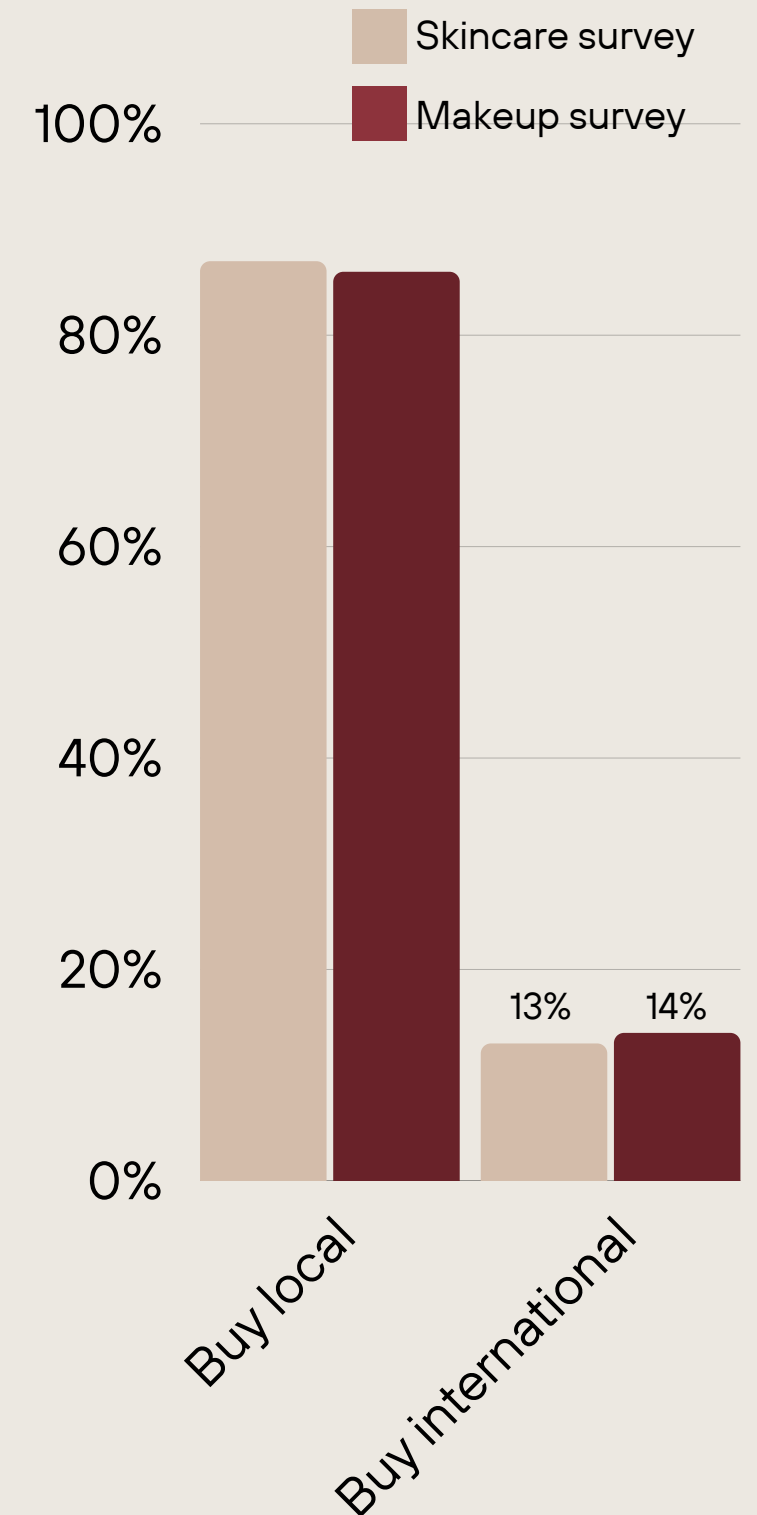
VENAS

**R5 - 21yo - Mahasiswa**

Sekarang **mostly produkku lokal, 90% lokal.** [redacted]. Yang bikin suka [produk lokal], kualitas produknya, gampang dijumpai, banyak di toko-toko *offline* jadi bisa dibeli kalo kepepet.

**R9 - 24yo - Karyawan Swasta**

Kalau harganya masuk, merek cukup terkenal, **aku pilih produk lokal.** Karena mau dukung produk lokal juga, biar ekosistem produk lokal lebih maju dan ke depannya lebih *accessible* untuk kita nyari produk, karena udah banyak produk lokal yang menyediakan alternatifnya.



Top brands like **Rare Beauty**, **Rhode Skin**, **Fenty Beauty**, and **Huda Beauty** show how strong founder presence boosts brand name.

Today's consumers seek **emotional connection and authenticity, both best delivered through founders**. In beauty, authenticity sells and founders are the face of it.



— **R16 - 21yo - Mahasiswa**

Brand Ambassador [nama brand lokal] **yang paling sesuai menurutku adalah founder-nya** [nama co-founder]. Karena seger, kayak *the face of* [nama brand lokal]



— **R41 - 30yo - Karyawan Swasta**

Aku suka [nama brand lokal] karena hasilnya memuaskan apalagi kalo dipake rutin... **sama suka ownernya.**



— **R4 - 31yo - Entrepreneur**

Selain product quality, **aku suka banget dengerin story foundernya** (produk lokal).

# *Consumers Behavior on Deal Comparison*



# Discount-Savvy Market

*Diskon Tanggal Kembar, Harbolnas, Payday*

*Psychological Pricing*

*Impact on brand*

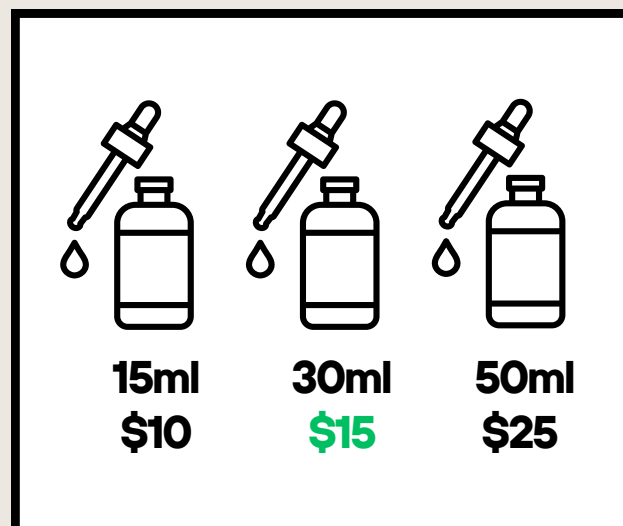
**FOMO-driven buying behavior**

**Consumers addicted to promotions**

Charm Pricing



Price Bracketing / Tiered Options



Flash Sale or Time-Limited Offer Pricing



Artificial Price Markup Before Discount



# ***Impacts on Psychological Pricing***

## **OPPORTUNITIES**

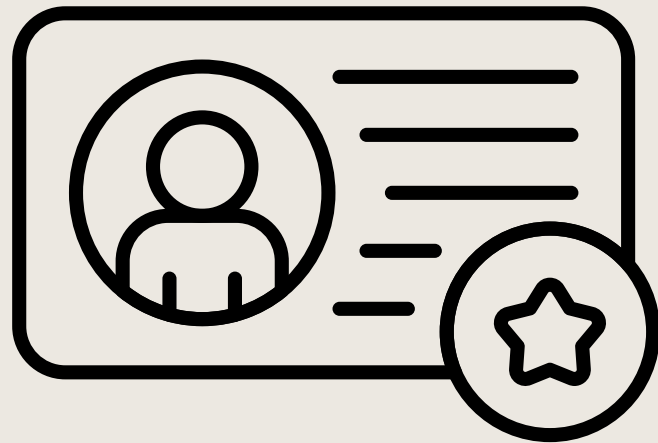
- Lower prices make people check out faster.
- Small price changes make products look like better deals.
- Bundles and price ranges help boost sales.
- Prices under Rp 100K make it feel more worthy for people to try.
- Range pricing helps brands build trust.

## **THREATS**

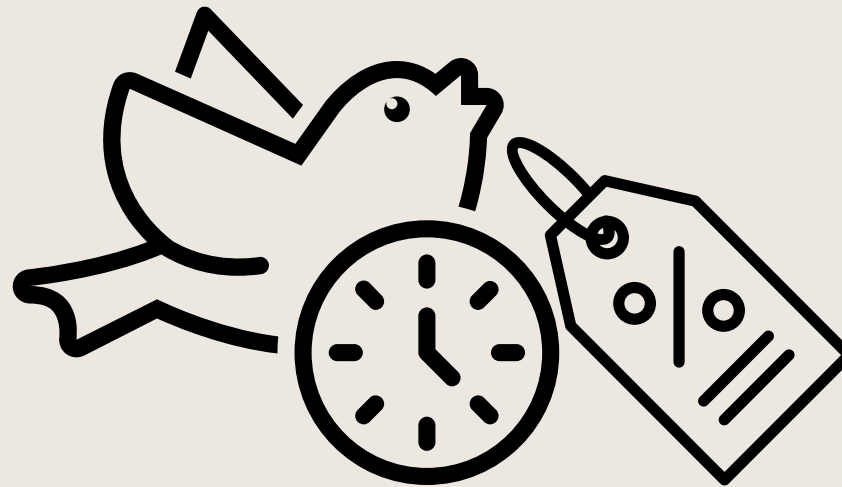
- Too many discounts can make the brand look cheap.
- People start doubting the real price or quality.
- Consumers may push back on normal pricing later.
- If price is all that matters, loyalty drops fast.
- Future price hikes or premium lines might not be taken seriously.

# ***From Deals to Relationships***

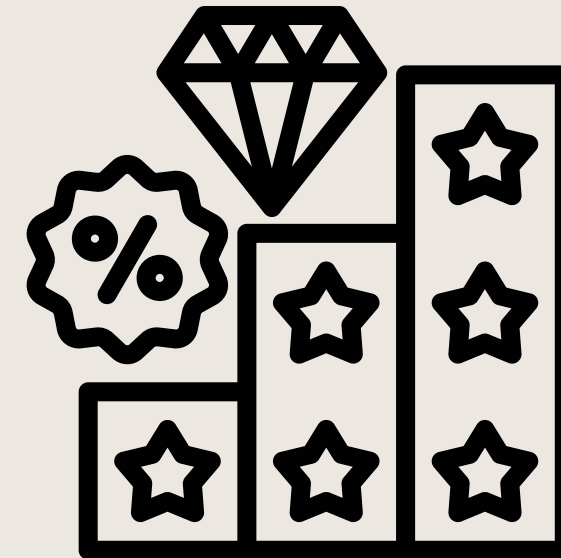
VENAS



***Membership***



***Early Access Discount***



***Tier Discount for VIP Member***



***Point System  
(Convert to Rupiah)***



***Birthday Discount***



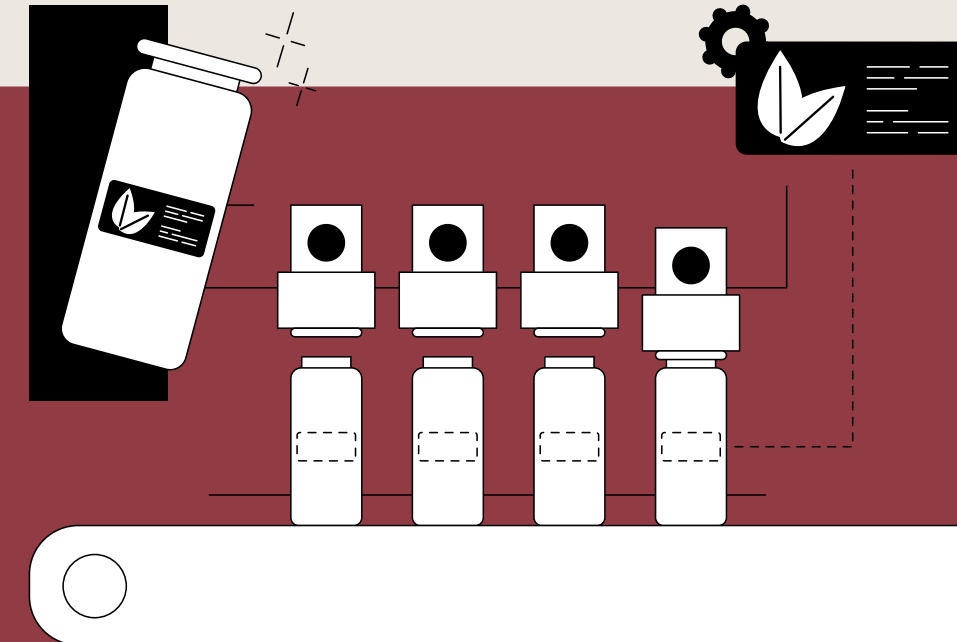
# How e.l.f. Beauty Navigate 2019 Tariff

VENAS

e.l.f. →

## Packaging Simplification

e.l.f. eliminated secondary cartons, vacuum-formed trays, and paper insert cards, reducing packaging for over 200 SKUs, improved shelf space efficiency.



## Focus on Hero Products

This approach involved expanding product lines around bestsellers, like the Poreless Putty Primer and Camo Concealer. By concentrating on these proven successful items, E.l.f. ensured that the products most likely to drive sales were always available and prominently featured in retail spaces.



# ***Focusing on Hero Products***

## **Repackaging Hero Products**



Cle De Peau Lipstick

Shiseido Ultimune

## **Bundling**



Sulwhasoo bundling

NARS bundling

## **Expand Product to Full Line**



NARS from Blush to full line



Clinique Black Honey to full line

## **Keep Improving Your Hero Product**



Viva improving their Eyebrow Pen

# Summary

Issue	Threat	Opportunity
Tariff war	Inconsistent cost production, affecting sourcing from US	
Forex volatility	Higher production cost, inflation, weakened purchasing power	Seeking alternatives from US & Europe, diversify investment portfolio
IP issues	Copyright abuse, IP infringement	Procure technology/formulation from China
Import Relaxation	Imported products will be easily available in the country, tougher competition	Simpler import bureaucracy, technology transfer, procuring ingredients/packaging
Consumers behavior on deal comparison	Psychological pricing	<ul style="list-style-type: none"><li>• Stick with and or improve existing products</li><li>• Building consumer trust</li></ul>



# Existing Venas Reports

VENAS



***Venas Report 2020  
Beauty in the Time of  
Coronavirus***



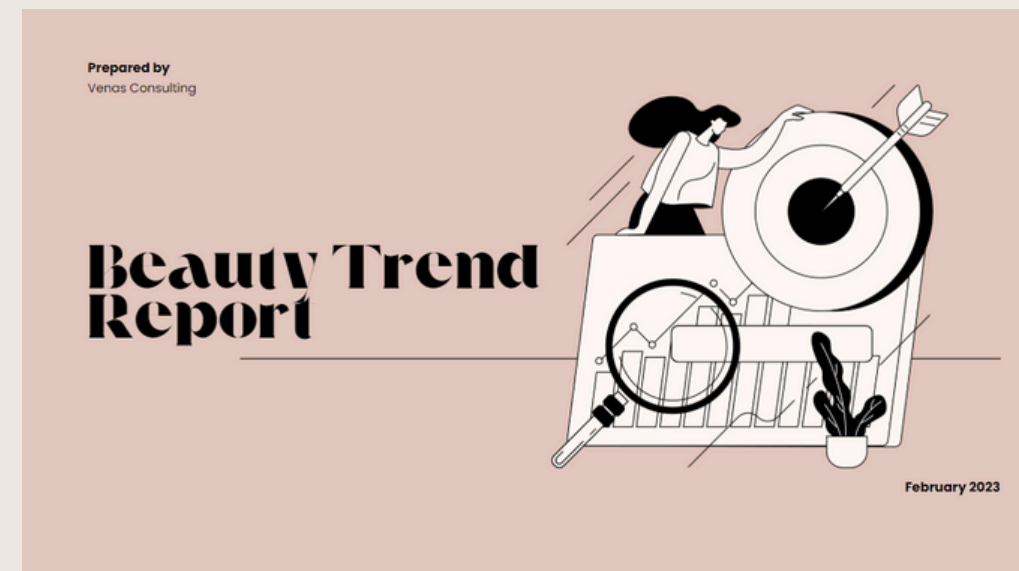
***Venas Report 2020  
Beauty Shopping Habit  
in The New Normal***



***Venas Report 2021  
Influencer  
Marketing***



***Venas Report 2022  
Taking Perspective of Indonesian Gen X,  
Gen Y and Gen Z in Their Beauty Behavior***



***Venas Report 2023  
Beauty Trend Report***



***Venas Report 2024  
Unlocking Indonesia's Beauty Market  
Potential***

# *Beauty Brands Quick Survey*

*Help us understand  
you more.*



**THANK YOU  
FOR LISTENING**