

The UK C&T Market in the
past year –
Opportunities and Challenges
A review of 2012

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ECM Magazine – an overview of UK reports in 2012

All of the figures and quotes referenced in this presentation have come from European Cosmetic Markets Magazine (ECM), from issues which have been published in the past 12 months. The figures are courtesy of Kantar Worldpanel, who contribute regularly to the UK market reports in ECM.

More about the magazine...

ECM occupies a unique niche in the C&T industry. Its detailed market reports bring you the most up-to-date statistics, market trends and product information from France, Germany, Italy, Spain and the UK. Also invaluable are the company profiles and regional reports which appear monthly in the magazine

- This presentation will take a detailed look at the following areas
- Women's fragrances
 - Colour cosmetics
 - Facial skin care
 - Male grooming
 - Body care
 - And a special focus to conclude on Hands & Nails

Overview of UK C&T market

- Women's fragrance = +4.7% to £840.1m
- Colour cosmetics = +/-0.0% to £664.99m
- Facial skin care = -1.3% to £770.63m
- Body care = +1.3% to £379.65m
- Sun care = -6.2% to £202.5m
- Hair care = +6.0% to £1.26bn
- Bathroom products = +2.9% to £543.2m
- Deodorants = +6.4% to £570.15m
- Hands & Nails = +7.2% to £231.27m
- Male grooming = -0.7% to £711.06m

Women's fragrance

- Value = +4.7% to £840.1m
- Volume = +0.4% to 37.73m units
- Fine fragrance dominates, taking 88.5% of the market share in the UK, a rise of 3.9%
- Top five UK fragrance retailers in 2012
 - Boots
 - Debenhams
 - The Perfume Shop
 - Duty Free
 - Superdrug

Key launches 2011/2012

- Forbidden Euphoria, Calvin Klein
- Release Me, Red or Dead
- Gucci Guilty Intense, Gucci
- Burberry Body, Burberry
- Florascent, Pravera Ltd
- Very Irresistible, Givenchy
- Le Brew, Tetley Tea

Industry insights

“As an organic company we were keen to launch in the UK fragrance market, which is still performing well, despite the current economic climate.” – **Jo Blaylock, marketing manager, Pravera Ltd and UK distributor of Florascent**

“Chanel No 5 is the only example of a fragrance that becomes more intriguing as time passes. Each year adds to its charm, its mystery, its depth” – **Jacques Polge, creator Perfumes Chanel**

“Fragrances for women are forecast to drive growth until 2016, however opportunities still remain to bolster the men’s fragrance market which currently sits at half the size of the female market.” – **Brid Costello, senior beauty analyst Mintel**

Colour cosmetics

- Value = +/-0.0% to £664.99m
- Volume = +2.7% to 112.7m units
- Facial skin care colour cosmetics account for 38.1% of the entire market in the past year, followed by eyes at 43.1% and lip products at 18.8%
- The biggest increase was seen by lip care products at +2.2%

Key launches 2011/2012

- Liz Earle Colour Collection, Liz Earle
- Emotional Brilliance, Lush Cosmetics
- CK One Colour Line, Calvin Klein
- No 7 Match Made Service, No 7 Foundation
- Matchmaster SPF15, Mac Cosmetics
- 3 Dot Liner, Clarins
- Generation Q collection, Illamasqua
- Marvelscara, Salon System
- Chubby Stick Intense, Clinique

Industry insights

“For many years our customers have been requesting high performance make-up essentials that would deliver the same dependable results as our skin care so colour was the next natural step for us.” – **Liz Earle, managing director and founder Liz Earle Cosmetics**

“Seasonal trends seem to repeat year on year so we have developed something that happens to cover every colour choice. It’s not trend focused but led by the customer’s emotions.”
– **Charlotte Howe, colour expert, Lush**

Industry insights continued

- “We have seen a huge growth in the brow area this year with people looking to get products that define, shape and colour the brow. We’ve also seen a trend for darker lips and the continuing success of BB creams.” **Andrew Groom, buying director, Superdrug**

Facial skin care

- Value = -1.3% to £770.63m
- Volume = -1.0% to 209.86m units
- Of this, moisturisers account for a 58.5% market share with cleansers and toners taking the remaining 41.5%
- When it comes to moisturisers, anti-ageing skus accounted for 41.4% while essential care moisturisers made up 17.1%

Key launches 2011/2012

- Optimum Swiss Apple Cream, Superdrug
- Dragon's Blood Sculpting Gel, Rodial
- Daily Skin Brightening Moisturiser, Aveeno
- SPF35 UV Face Protector, Origins
- Visionnaire, Lancome
- Overnight Repair Serum, Demalogica
- Fresh Skin, Elemis
- Clear Skin & My Skin, Tesco

Industry Insights

“We are in an economy of time and money, the customer is spending but only on products they trust. No gimmicks and no false promises – results is the watchword. The client must see an immediate difference when using our skin care products.” – **Noella Gabriel, director of product and treatment development, Elemis**

“Everything must be results driven. Increasingly we find people don't want to be just pampered, they simply don't have the time. They want a combination of relaxation and visible results. – **Geraldine Howard, managing director, Aromatherapy Associates**

Industry insights continued...

“Our new product Overnight Repair Serum contains an active peptide named Palmitoyl Tripeptide 38, which accelerates the production of collagen and hyaluronic acid without irritating the skin. Brown seaweed meanwhile is thought to fight free radicals. This formula incorporates incorporates the soothing aromas of botanical oils like jasmine, rose, ylang ylang, geranium, rosemary, cinnamon and neroli while providing the consumer with the active ingredients they are looking for to help address the signs of ageing.” –

Dr Diana Howard, vice president of technical development and global education, Dermalogica

Male grooming

- Value = -0.7% to £711.06m
- Volume = -3.5 to 317.42m units
- In the male grooming category, deodorants account for 40.5% of sales, an increase of 3.5%; male fragrances account for 18.6% of sales, a 5.7% drop; while hair products also saw a drop of 7.8% to account for just 2.8%.

Key launches 2011/2012

- Vita Lift 5 range, L'Oréal
- MX range for Men, Tesco
- Age Defend Shave, Osmium for Men
- Matte Hed Extra/Matte Head Gas, Fudge
- Gucci Guilty Homme, Gucci
- Luxury Pre Shave Oil, The Bluebeards Revenge
- Paw Paw Skin Repair Cream, VitaMan

Industry insights

“There has been a massive change in male attitudes to health and beauty that has been slowly growing in the past decade. It is no longer considered effeminate for men to keep their skin soft and wrinkle-free or to look after their hair.” – **Richard Lucas, Male Grooming Buyer, Tesco**

“The male market is expanding to appeal to the younger generation thanks to computer games and word of mouth from their peers. Kids today are more educated about their appearance.” – **Herbie Dayal, ceo of KMI, owners of Ted Baker & Fish**

Body Care

- Value = +1.3% to £379.65m
- Volume = +0.4 to 22.49m units
- Of this total, which incorporates both traditional body products and hand care products, body care takes the overwhelming majority of this at 83.4% while the hand care sub-sector mops up the other 16.6%. Both areas have seen rises in the past year.

Key launches 2011/2012

- Sit Tight Intense XS, Soap & Glory
- Sp@Home Collection, Elemis
- Deep Care Complex, Dove
- Anti-Ageing Hand Cream, Molton Brown
- Pure & Natural range, Nivea
- Cocoa Radiant, Oat Soft & Aloe Fresh lotions, Vaseline

Industry insights

“Generally our industry performs well in a recession as customers cut back on spending but still allow themselves a small treat. The industry should continue to perform well as people opt for home care body products rather than go out to spas and salons – **Graeme Bralsford, UK sales and marketing manager, Soap & Glory**

“Satisfaction levels for body and hand lotions are below par and this provides manufacturers with an opportunity as most adults still use body care products on a daily basis and are happy to .”

– **Herbie Dayal, ceo of KMI**

Hands & Nails

- This past year was the first year that ECM ran a Hands & Nails market report following the huge influx of nail care products to have hit the UK market over the past year in particular
- To summarise, all countries across the Big 5 that ECM covers every month, France, Germany, Italy, Spain and the UK, made gains in value terms
- In the UK, value sales rose by a massive 7.2% to £231.27m in the past year while volume sales rose by an even more impressive 8.9% to make 86.87m units
- Splitting the category up into sub-sectors, hand care made up just 27.1% of the category while nails accounted for 72.9% of the total share

Key launches 2011/2012

- **3D launches**
- Caviar Sequin Manicure, Ciate
- Velvet Manicure, Ciate
- Bling it on Rocks/Hologram/Midnight 3D, Nails Inc
- **Magnetic launches**
- Magnetic Effect, Nails Inc
- Instant Nail Effects Magnetic, Barry M
- Magnetized Nail Polish, Boots 17
- **Crackle launches**
- Instant Effects Crackle Range, Barry M

Key launches continued...

- Shatter range, OPI
- Python Top Coat, Bourjois
- **Glitter launches**
- Nail Jewellery, Nails Inc
- Special Effects Sprinkles, Nails Inc
- Art Attack Graffiti, Nails Inc
- Mirrorball, Models Own

Key launches continued...

- Glitter Bomb, Gellux by Salon Systems
- **Nail wraps**
- Models Own wraps in partnership with nail design salon WAH Nails
- Colorshow Nail Wraps, Maybelline
- 3D wraps for River Island, Nail Rock
- Painted Lady Wraps, Umberto Giannini

Industry insights...

“Nail art is so hot in the UK right now, propelled by celebrities such as Rita Ora and Rihanna, so it felt like the right time for us to be bringing new nail innovations to the marketplace. Now people at home can have fun trying new nail trends, easily and affordably.” – **Charlotte Knight, founder, Ciate**

- Fortnum & Mason is now home to a Ciate Caviar Nail Bar in the store's Beauty a la Carte Rooms

“We are thrilled to offer Ciate's Caviar Nail Bar as a permanent addition to our offering.” – **Katheryn Catanzaro, Beauty Buyer, Fortnum & Mason**

Industry insights...

- In 2012 Selfridges launched its new retail concept The Beauty Workshop which included 'The Paint Shop' where customers can get their nails painted with any polish sold in-store.
- Special area dedicated to Ciate's Caviar Manicure, which was huge for Selfridges, with initial order of stock selling out in 24 hours. Other key brands sold are Butter London, Models Own, Nails Inc and larger brands such as Chanel and MAC.

“Nails have become a key category for us this year and have done especially well through our concept The Paint Shop. We now even track nails as an individual category as it has become so strong. – **Jayne Demuro, Head of Beauty, Selfridges**

Industry insight....

- OPI has collaborated with many Hollywood films or Icons in the past year – three main collaborative collection were ‘The Amazing Spiderman’ including the shades Your Web Or Mine? and My Boyfriend Scales Walls; ‘Vintage Mini Mouse’ with the shades If You Moust, You Moust and I’m All Ears; and ‘Skyfall’ featuring 12 different shades and a special 18ct Gold Leaf Top Coat called The Man With The Golden Gun.

“Ever year OPI partners with different films and celebrities to release exciting new shades. It has closed the year this year with the Skyfall partnership where the elegance, glamour and beautiful women showcased in this movie are a great source of inspiration.” – **Lena White, distributor for OPI products in the UK**

View from the shop floor

- UK retailers have done much in the past year to support this burgeoning category and this is only expected to grow...

- The Paint Shop – Selfridges

A bespoke paint and manicure workshop where customers can get a variety of colours and designs with a host of different brands

- Virtual Manicure Service, Marks & Spencer

Online users can choose a virtual hand that bears the closest resemblance to their own skin colour and then choose from a wheel of nail colours and brands that are stocked in-store

- Bourjois Beauty Bars – Superdrug

The AS Watson-owned retailer partnered with the French beauty brand in certain stores last year to offer manicures from £9-£20

Thank you

Thank you very much for your attention today – I hope you have found this presentation informative and interesting

Questions and follow-up

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