

## Recession rewrites rules in beauty retail

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With channels like internet and home shopping promising more targeted ways to woo consumers and boost sales in the midst of a deepening global recession, beauty players are increasingly placing their hopes on “*alternative*” distribution and marketing platforms. But with the downturn pushing consumers to rely on web or home shopping more frequently and even redefining the role of the brick-and-mortar business, manufacturers and retailers alike will need to define much smarter strategies for non-traditional channels, industry experts suggest.

If online retailers were unable to buck a general trend of slower growth last year, future growth is likely to come from existing online buyers making more purchases in the channel, a recent study by consultancy Emarketer found. US web sales grew just 7.2% in 2008 to reach \$136.8bn, compared with growth of 19.8% between 2006 and 2007, the study said. In a January 2009 survey from Comscore, six out of ten US consumers said the internet was an important source of information for making purchasing decisions.

In response to high channel sales and changes in consumer habits, beauty players like UK retailer The Perfume Shop and consumer-goods company Unilever have been boosting their web platforms.

Selective players are also shifting gears. “*We’ve been emphasizing online more to compensate in part for the difficult environment in traditional retail,*” Clarins Paris customer relations management & e-marketing project manager Bénédicte Françon tells *CosmeticNews*.

But consumers are savvier than ever, and strategies should reflect the complex way people now shop, suggests Thomas Harpointner, ceo at interactive marketing company AIS Media. “*Since more consumers are accessing internet via mobile devices, we’re literally seeing consumers doing pricing checks right in stores. This puts heavy pressure on retailers because they won’t get a second chance,*” he says. And since retailers have been dramatically reducing inventories, at times carrying only a few products from a range, many brick-and-mortar stores now “*look more like showrooms*”, he says, arguing that the web is becoming a primary, rather than a secondary, channel.

France-based branding consultant Michel Gutsatz says selective brands in particular have been too complacent to fully exploit alternative channels. “*I don’t think beauty companies have understood what the internet is,*” he says, arguing that most prestige brands are too afraid to “*lose control*” to take advantage of truly interactive platforms like video sharing website YouTube or microblogging tool Twitter. Gutsatz also predicts that selective retail models will (Cont’d on p.2) ►

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► (Cont'd from p.1)

become all but irrelevant as traditional and newer channels blur lines between categories. "You can be a luxury brand in a mixed environment," he says, underlining that outlets like Sephora and Boots already represent a more hybrid model—and exploit alternative channels successfully in tandem with brick and mortar.

Home shopping networks also illustrate this new malleability, with mass and prestige brands rubbing shoulders on channels like QVC and HSN. In the economic crisis, moreover, home shopping can provide opportunities for fledgling brands. "A lot of retailers can't commit to new brands and therefore it makes it quite hard to expand—so home shopping is a low-risk way to introduce your brand," says Michelle Feeney, ceo at UK tanning brand St Tropez. For some, home shopping rhymes with critical mass. "On the HSN [Home Shopping Network], in just one show we sold more than 2,500 units, which is amazing. [...] That it is equivalent to [sales on] a national day for a huge success like [mascara brand] Oscillation," says Lancôme International president Odile Roujol. "[But] it's complementary because it's recruiting customers that don't buy in department stores," she adds. Clearly, the crisis is accelerating the advancement of what may be tomorrow's dominant channels.

Courtney Traub

**PEOPLE**

Global fragrance company **Coty Inc** has appointed **Renato Semerari** president of Coty Beauty. Semerari, who joins Coty from LVMH-owned perfumery chain Sephora where he was president and ceo, has also held positions with US consumer goods company Procter & Gamble, Parfums Christians Dior and Guerlain (both LVMH). His new role involves managing Coty brands in the Americas, Europe, Asia and the Middle East. Semerari replaces **Joachim Honigfort** who is set to retire in the fall. He is expected to take up his new position in early May.

**STRATEGY**

**Sara Lee likely to divide for-sale portfolio, FT says**

US consumer-goods corporation Sara Lee declined to comment on news reports saying the company may have to divide its European household and personal care portfolios. The division was put on the block earlier this year, but what the company described as a \$2.3bn business segment will likely have to be divided into separate personal care and household goods businesses to attract a buyer, the Financial Times reports. UK consumer-goods manufacturer PZ Cussons has reportedly joined the shortlist of possible bidders for some of these products, although the maker of Imperial Leather soaps also declined to comment when contacted by *CosmeticNews*. Other companies rumored to be possible candidates include Unilever, Reckitt Benckiser and Colgate-Palmolive. **LaG**

**Kevyn Aucoin enters Asia**

US makeup artist brand Kevyn Aucoin has launched in Asia with distribution at Lotte department stores in South Korea. Kim Jon-ryeol, chief executive of Kevyn Aucoin Korea, tells *CosmeticNews* the brand will focus on color cosmetics in an effort to capitalize on the lack of technical sophistication of locally produced products. "We're focused on the color makeup segment, rather than basic skincare," Kim says, adding that the brand hopes to change the perception among South Korean consumers that more money should be spent on skincare than on color cosmetics. "I believe our color makeup is the most expensive among all our other competitors in the department store," he says. Kevyn Aucoin is available exclusively at Lotte's flagship store in Seoul and in its outlet in the Seoul suburb of Jamshil. The brand has no current plans for further openings. **SY**

**Terme di Saturnia aims to expand European circuit**

Italian company Sirpea, which since January 1 holds the international cosmetic license for the production ►

► and distribution of Italian skincare brand Terme di Saturnia, is aiming to expand European distribution ahead of a product revamp planned for next year. International distribution of the skincare brand will be handled by France's Différentes Latitudes. "The aim will be to develop distribution in Europe, given that the brand is already present in Russia, the US, Lebanon and several Asian markets, including Japan and Hong Kong," Sirpea president Dario Belletti tells *CosmeticNews*. Terme di Saturnia is distributed in some 450 perfumeries in Italy. Sirpea is currently working on new formulations and packaging for the line, slated for January 2010, Belletti says. **CB**

### Promoparf debuts Fabi license

Italian fragrance company Promoparf is launching the first duo of perfumes for Italian shoemaker Fabi under a licensing deal signed in late 2008. The his 'n' hers Fabi Uomo and Fabi Donna scents, unveiled at the Cosmoprof trade show in Bologna earlier this month, will be distributed from May in Italian perfumeries, according to Promoparf regional and duty free sales manager Emy Cesaroni. Eurocosmetics is handling domestic distribution and Promoparf international markets. The scents are scheduled to roll out to 30 Russian points-of-sale, including a corner at Moscow department store Tsum. They will launch in the rest of Eastern Europe later this year, followed by the Middle East and Asia in 2010, Cesaroni tells *CosmeticNews*. **CB**

## RESULTS

### Cosmetics and toiletries shine for Henkel in Q1

The cosmetics and toiletries division of German consumer-goods company Henkel provided a bright spot in an otherwise brutal first quarter for the company, with preliminary results for the division showing a 3% rise in organic sales to €720m. Henkel, which is due to release full first-quarter results in early May, said preliminary results indicated an approximate 7% drop in organic sales for the

period, while operating profit (EBIT) declined from €320m to about €215m. Henkel said falling demand for industrial commodities had continued to affect its business, with the Adhesive Technologies division reporting a decline of around 19% in organic sales. **SD**

### J&J sees US skincare sales rise

US pharmaceutical and consumer products company Johnson & Johnson (J&J) has reported a 7.2% decline in sales to \$15bn for Q1 2009. Domestic sales dropped 5%, while international sales fell 9.6%, reflecting a negative currency impact of 12.6%, the ►

## Interview

Jean-Jacques Bona *Essence Corp, president*

### Riding out the crisis

**M**iami, US-based distributor Essence Corp has been hit hard by the sharp drop in travel retail sales in Latin America, North America and the Caribbean. The group, which represents brands including Clarins and Burberry in these regions, now expects its turnover to drop by 10% in 2009 following several years of double-digit gains. Essence Corp ceo Jean-Jacques Bona details the challenges ahead in an interview with *CosmeticNews*. Below are excerpts.

#### How has the economic downturn impacted Essence Corp?

Globally, 2008 was positive for us. We ended the year with a 10% increase in total turnover. In late September, the trend was for an increase of 22% and like everyone, we had a bad fourth quarter due to the global crisis. When we elaborated our [2009] budget, we were not tabling on 22% growth but rather on 12%. We were being cautious, because for the last five years, we've been growing on average by 18% to 20% annually. We downwardly revised our budget for the first time in December to flat [growth in 2009]. And we revised it again in early March, and now see turnover dropping by 10%. We are slightly below that for the first three months of the year. The trend is around -12%, -13%. But the second half of the year should be better, and even if the situation remains identical, given that the fourth quarter of last year was very bad, the fourth quarter of this year should be better by comparison.

#### Are any bright spots emerging?

Even if they represent only 35% of our activity, local markets have held up. Sales contracted in November and December. We registered flat sales for those months, whereas normally, without the crisis, they could easily have expected increases of 15%. Everyone is betting on a flat year in 2009 compared with 2008, so that is better than we expected. There are two explanations for this: the crisis [...] did not originate in Latin America; it comes from the US. Secondly, the [Brazilian currency] devaluation of 20-30% that happened overnight in October immediately affected travel retail, but in local markets the prices were not increased. Latin America has been growing by 5% over the last 5-6 years; maybe in 2009 it's going to be 1% or 2% growth, so it's going to be better than Europe or the United States.

#### What measures are you taking to tackle the crisis?

We are being more cautious [with] launches. But we didn't stop launching lines, because it's part of the game. On average, novelties represent 18-20% of the business, so you need the novelties and the retailers need the novelties. Training is a big factor in cosmetics and we have not reduced the level of training. Clarins was relaunched in Brazil only last year. We pulled out of the market three years ago because of problems with the former distributor. So the priority was to re-establish the brand in the main perfume shops and the main doors of the country, and at the same time we are looking for opportunities for spas. ☞

Joëlle Diderich

## STRATEGY

## Farmeco to launch global e-commerce network

Greek cosmetics company Farmeco plans to launch a global e-commerce network by the end of summer. Company ceo Alkis Kostarelos says the move aims to improve the brand's penetration in markets like Latin America. "That is a way to approach that market with a manageable investment," Kostarelos tells *CosmeticNews*. "We're not expecting that it's going to do miracles at the beginning, but it's going to add to the business." Online sales will be operational everywhere except the 20 countries where the brand already has a local distributor, he said.

Farmeco, the maker of Covermark concealer, also plans to expand its presence in European pharmacies, which it expects will boost market share as consumers seek value for money. "The stock concerns are more evident in the perfumery channel," says Kostarelos. "In most European countries, pharmacies are protected professionally. They have a stable business which covers their costs." With consumers retrenching as a result of the global economic downturn, many retailers are reluctant to take on new brands this year, he notes. Farmeco at present splits its distribution evenly between pharmacies and other retailers, but it aims to boost its share of pharmacy distribution to 60% of the total by the end of 2009.

Joëlle Diderich

► company said. Net earnings fell 2.5% to \$3.5bn for the quarter. In the consumer category, skincare, which includes J&J brands Neutrogena and Aveeno, saw 10.7% growth in US sales to \$423m. International skincare sales retreated 8.5% to \$419m, contributing to a flat global sales result of \$842m for the quarter, compared with \$840m in 2008. Overall, sales for the consumer category fell 8.7% on year to \$3.7bn. "Despite challenging economic and near-term business pressures, we continue to deliver solid financial results," J&J chairman and ceo William Weldon said. "We are continuing to make strategic investments in order to bring important new products to market, positioning us well for long-term growth." SD

## FINANCE

### L'Oréal stakeholders confirm continued cooperation

French beauty group L'Oréal announced that two of its principal stakeholders, US food and beverage company Nestlé and the Bettencourt family, will continue "acting in concert" toward L'Oréal when the non-transferability clause of a shareholder agreement expires on April 29. Other

clauses of the shareholder agreement, including pre-emption rights, remain in place until 2014. The Bettencourt family and Nestlé each own roughly 30% of the beauty giant, and speculation around what Nestlé may do with its stake when the agreement ends later this month has been rife. Nestlé, which has been a L'Oréal stakeholder since 1974, is not authorized to increase its share until six months after the death of Liliane Bettencourt, but will be free to sell its stake following the April deadline. CTR

### P&G ups dividend 10%

US consumer products company Procter & Gamble (P&G) has announced a 10% increase in its quarterly dividend to \$0.44 per share. The increase is payable on or after May 15 to shareholders on record at close of business April 24, and follows a 2% increase in organic sales over the second quarter ended December 31, which the company attributed to price increases and a strong product mix. P&G is forecasting organic sales growth to come in at between 2% and 5% for fiscal 2009 ending June 30. P&G will report Q3 results on April 30. SD

## AFRICA

### Rwandan beauty school to open in 2009

US nonprofit organization Business Council for Peace (Bpeace) is calling for interested parties to contribute to the creation of a beauty school in Rwanda by providing donations and scholarships. The proposed school, to be located in the Rwandan capital Kigali, hopes to open later this year with an initial class of 30 young adults. The school is the brainchild of local beauty salon operators Jeanne Murekatete and Sylvie Mukamasoni, who hope the school will provide job training and career opportunities for young adults who were left orphaned by the 1994 genocide. A current shortage of trained beauty professionals in Rwanda forces beauty salon operators to seek employees outside the country. SD

## EUROPE

### Avon France aims to motivate

US direct-sales beauty company Avon Inc will revamp its French distribution network in an effort to turn around a 5% drop in turnover registered in 2008. Angéline Mazarra, president Avon France, told a Paris press conference the company hopes to employ 20,000 new sales representatives by increasing incentives for recruitment. In line with a "godparent" system already in place in the US, Canada and UK, Avon sales representatives in France will now be paid commission on two levels, rather than one. Whereas previously sales representatives were paid commission on their own sales and those of their recruits, they will now also be paid commission on sales made by second-level recruits. SdC

### North Sails skincare enters Italian pharmacy channel

Italian company Mediterranea Lab (part of the Fratelli Carli group) is launching its North Sails Cosmetics skincare brand in Italian pharmacies this spring. Developed via a global license with the American sails ►

► maker of the same name, and formulated specifically for sea sports enthusiasts, the 13-sku product line will launch in May in 300 pharmacies in Italy, after being introduced to the market in 2007 with exclusive distribution in the 35 points-of-sale where North Sail apparel is sold in Italy. "After testing in Italian pharmacies, we'll consider expanding into countries where North Sail fashion is distributed—in France, Spain, Germany and Japan," Mediterraneo Lab division director Lucio Carli tells *CosmeticNews*. Mediterraneo Lab also manages its own brand, Linea Mediterraneo, with some 240 skincare and makeup skus, sold exclusively by mail order and via internet. **CB**

## STUDY

### Report predicts fragrance boom in emerging markets

The fragrance industry in the five emerging markets of Brazil, China, India, South Africa and Mexico is predicted to grow 13.2% annually to reach a value of \$8.76bn in 2013, according to a new report by Irish market researchers Research and Markets. The report, *The Fragrances—Top 5 Emerging Markets Industry Guide*, found the fragrance industry in these countries grew 9.5% annually between 2004 and 2007 to contribute \$4.71bn to the global fragrance industry. Brazil was the leading emerging market with sales topping \$3.2bn in 2007. **SD**

## TRADE NEWS

### Colipa general assembly heads to Slovenia

Colipa, the European Cosmetics Association, will hold its 2009 General Assembly in Bled, Slovenia from May 27-29. The three-day conference will include a Scientific Forum covering themes including good manufacturing practices and the recast and implementation of the European Cosmetics Directive. European member of parliament (MEP) for Slovenia Romana Jordan Cizelj will address the conference on

## NORTH AMERICA

# Mintel bets on lipstick index

**U**S-based research firm Mintel International is predicting that US sales in the color cosmetics category will rise in the recessionary economy. Although the market is struggling against the downturn in consumer spending, Mintel points to what it calls "recession-proof categories" of beauty, which include makeup, but also anti-aging skincare and sun care.

The group's latest forecasts of the masstige channel anticipate a growth-rate in makeup sales of 10% over the next five years, higher than its forecast of 7% growth made eight months ago. "Makeup is different from other personal care items," Mintel senior analyst Kat Fay tells *CosmeticNews*. "A lot of women will say it is an absolute necessity and they will not forego those purchases—especially something as visible as makeup."

However, consumers will trade down their purchases in skincare, says Fay. This category is predicted to see a 20% increase in sales over the next five years, which is lower than the 44% five-year growth forecast the company previously reported a year ago. The sun care product category is expected to grow 36% from 2008 to 2013. This is a slight decline from Mintel's original market forecast of 41% growth.

Naomi Marcoulet

the EU's industrial policy and sustainability. Registration can be completed at [www.colipa.eu](http://www.colipa.eu). **SD**

### L'Oréal's bearded women demand boardroom equality

Activists from French feminist organization "La Barbe" (The Beard) attended the annual general meeting of French beauty group L'Oréal, held in Paris on April 16, to protest the lack of women holding senior executive positions at the company. Wearing false beards, the activists accosted shareholders arriving at the meeting to remind them that of the 14 members of L'Oréal's board of directors, only three are women. **SD**

## COMMUNICATIONS

### Uma Thurman joins Givenchy

Luxury beauty firm Parfums Givenchy (LVMH) has signed US actress Uma Thurman as a brand spokesperson. Thurman, whose last role as a spokesperson for L'Oréal-owned luxury beauty brand Lancôme ended in acrimony when she sued the brand for allegedly using her image outside of the terms of her contract, joins the Givenchy celebrity set which

includes Liv Tyler, Justin Timberlake and Marie Steiss. The actress is best-known for her roles in cult films from director Quentin Tarantino including *Pulp Fiction* and *Kill Bill*. Her collaboration with Givenchy for a new women's fragrance will be unveiled to the press in June, with the commercial launch scheduled for the fall. **SD**

### Aveda in Earth Month fundraising drive

US beauty brand Aveda (The Estée Lauder Companies) is hoping to raise \$3m in April for environmental organizations working to provide clean water in developing countries. As part of the brand's Earth Month campaign, Aveda hopes to raise \$1m from the sale of an Earth Month organic candle, all proceeds of which will be donated to the Global Greengrants Fund. The brand is also inviting Aveda consumers to participate in the "I Walk for Water" event, a six-kilometer walk—the average distance women in developing countries walk each day to collect water—which will take place in 23 cities in the US, the UK and Europe between April 22 and 26. **SD ■**



► group—saw revenues down 21.6% to €29.2m during the first quarter of 2009, or -21.9% on a constant scope and currency basis. The scope changed following the group's acquisition of US company Mar-Lee last July. Texen's Mexican subsidiary was the only business that saw growth during the quarter, PSB noted in a statement. CGL Pack, PSB's subsidiary specialized in custom packaging, saw turnover drop 15.8% to €9.2m during Q1. The downward trend at PSB is predicted to continue until the end of the first half, with growth expected in the second half when destocking practices end. **LBM**

## TRADE SHOW

### Pack & Gift invites Agatha Ruiz

The second edition of French trade show Pack & Gift, to be held June 3-4 at the Paris Porte de Versailles convention center, will welcome Spanish designer Agatha Ruiz de la Prada as guest of honor. The show expects to welcome 180 exhibitors from the packaging, promotional objects, marketing and design sectors, and will feature 11 free conferences and roundtable discussions designed to aid brands in developing their promotional programs. **SD**

## PRODUCTS

### Geka Brush gives a softer kiss

Germany-based cosmetic brush and lip applicator manufacturer Geka Brush is launching a flexible, more hygienic model of its SoftKiss product, first presented at the Cosmoprof Bologna trade show earlier this month. The applicator is fitted with tiny flexible "fingers" that adapt to the contours of the lips for more even product spread. The reservoir is especially suited to glosses. In other news, Geka has reorganized its US operations. Geka-Toly USA Corporation has changed its name to Geka USA Corporation, with Jerry Sapienza staying on as CEO. The Geka Manufacturing Corporation plant in Elgin, Illinois, started up production in late 2008. **CN**

## EUROPE

# Monodose expert Livcer aims global and green

France-based monodose manufacturer Livcer is hoping to bolster its global presence. The company produces packaging for samples and other monodose products for beauty clients including spa group Thalgo and cosmetics company Pierre Fabre. It is looking for a sales agent in Germany, which the company has until now handled itself, Livcer general manager Aude de Livonnière tells *CosmeticNews*. "We're looking for sales agents in all markets, but we're being very selective and if we can't find the right partner we prefer to handle markets ourselves," she adds. The company already does business in Sweden, Italy, Spain, Portugal, the UK and Japan.

Livcer, which says it enjoys a market share of approximately 60% of the monodose industry in France, is also stepping up environmental initiatives. Having recently earned certification from French body Ecocert for its environmentally sustainable monodose packaging, De Livonnière says the company is also aiming to receive international ISO 14001 certification, recognizing ecologically responsible production. "We expect to achieve this by June or September of this year," says de Livonnière. "We really believe monodoses are perfect for more sustainable packaging solutions, because they're for short-term use and don't require preservatives."

Courtney Traub

# Geka and Toly end alliance

German applicator specialist Geka Brush and packaging group Toly will end the partnership they formed in 1995, Geka marketing director Pilar Gonzalez tells *CosmeticsNews*. "In the past we had many points in common: the same size, same customers, same strategy—but we are now going in two different directions and have no synergies anymore," she says. As of June 30, Geka will no longer represent Toly in the US, while Toly will no longer represent Geka in European markets.

Geka will thereafter manage the Belgian market from Germany and plans to open a sales office in Paris, France by June, to be headed by Thomas Sirot—formerly general manager for Toly's French office. Geka also has four production sites in the USA, UK and Germany.

Toly has hired Nicolas Garnier (joining from Alcan Packaging) to replace Sirot as general manager for its French office, effective at the end of March. Sherri Ruffini has joined the group as vice president of sales for the US market, effective April 1. She most recently served at US supplier Risdon International as key account manager.

Laëtitia Bonnet-Mundschauf

### Lumson unveils latest glass packaging technology

Also at Cosmoprof Bologna, Italian beauty supplier Lumson Cosmetic Packaging Industries unveiled its next-generation glass packaging technology, the Techno Airless Glass System or Tag-System. The airless system was previously only available

for plastic containers. Now, PE pouches can be inserted into glass bottles using an exclusive patented process. The 100% recyclable Tag-System ensures a 99% product yield and is suitable for very thick creams. The device is also cheaper than the plastic variety, according to the company. **CN ■**

## STRATEGY

## St Tropez hopes to glow in US

After introducing a reformulated product line with a revamped visual identity last month, UK-based tanning brand St Tropez is looking to reconquer the North American market with a new retail strategy and a more sophisticated positioning, ceo Michelle Feeney tells *CosmeticNews*. "We're going into five Nordstrom spas [in the US], building our web [presence] and have two programs [on home shopping channel] QVC scheduled," she says. "We'd like to expand in the States—it's just whether the marketplace is ready," she adds, saying she also hopes to roll out the brand into department stores. But Feeney says she will now be much more selective, noting that in the past, "the brand didn't have a definite distribution channel".

Feeney, who held executive marketing and communications roles at US beauty group The Estée Lauder Companies before taking the reins at St Tropez in 2007, says she immediately moved to rethink the brand's positioning and offer. "Tanning as a sector gets this kind of bad rap [...]. What I've been concentrating on over the past year with our experts [...] is to really elevate what we offer, to be a beauty brand that gives a really great, healthy glow," she says. New makeup and skincare products that fit in with the "glow" strategy should hit shelves starting this summer.

In the UK, where St Tropez partners with beauty retailer Boots, the brand saw sales rise 12% over the past six months, Feeney says. Retail expansion in the home market and in Canada is on the cards, as well as a possible launch in Germany.

Courtney Traub

## Algeria's Beauty Shop targets high end clientele

In an effort to woo luxury beauty brands, Algerian beauty retailer Beauty Shop has opened a 260m<sup>2</sup>, custom-designed luxury store in Oran. The store, which opened to the public in January, incorporates an 80m<sup>2</sup> VIP space offering skincare treatments from French beauty brand Institute Esthederm (Groupe Naos).

Beauty Shop development and strategy consultant Pierre Stark tells *CosmeticNews* the store is targeting a wealthy clientele with a thirst for European luxury products. "We started from the point that the big luxury brands—L'Oréal, Dior and Chanel—were not yet in Algeria and that you had to respond to their criteria for placing a product in the market," says Stark. "Our vocation is not to have all the brands but to be selective—to have the high end." Stark says Beauty Shop hopes to reassure beauty manufacturers who may previously have had problems with distribution in the country. "Space in stores is often constricted, so the manufacturers are not always satisfied with the way their products are presented," he says. The Oran store is the first in a chain of luxury Beauty Shop perfumeries in Algeria, according to Stark. A second outlet is due to open in the capital Algiers in 2010. ☒

Sophie Douez

## RESULTS

## DM-drogeriemarkt sees 12.5% growth in first half

German-Austrian drugstore operator DM-drogeriemarkt posted sales of €2.52bn in the fiscal first half ended March 31, representing growth of 12.5%

over the same period of 2008. The chain, which is present in 11 countries across Europe, said it also saw first-half sales up 12.6% in Germany, to €1.84bn. The group also added 2,234 jobs from the first half of last year. "Business was strong at Christmas and at the beginning of the year as well," Erich Harsch,

chairman of DM's German management board, said in a statement. "In times of crisis, customers especially appreciate the stable reliability of our good prices," he added. CTr

## Regis reports Q3 sales drop

US professional hair salon group Regis Corporation reported fiscal third-quarter global sales down 2.5% to \$604m, compared to \$619m in the prior-year period. The company said deconsolidation of the European franchise salon operations reduced turnover during the quarter by approximately \$5m. In January 2008, the group merged the franchise with the Franck Provost salon group. Third-quarter same-store sales decreased 4.5% on year, negatively impacted by around 1% due to the shift of the Easter period from the third fiscal quarter of the prior year to the fourth quarter this year, the company said. Regis will release third-quarter 2009 earnings results on April 29. CTr

## ASIA

## Acqua di Parma enters China

Italian lifestyle brand Acqua di Parma (LVMH) opened its first point-of-sale (pos) in China on April 15. Located in Beijing's Mitsukoshi department store, the 20m<sup>2</sup> steel and wenge wood corner was created by Beijing Artist Commercial Exhibitions Production Ltd. "China offers strong development prospects for a brand such as Acqua di Parma," said the brand's international president, Gabriella Scarpa, in a statement. The brand has plans to open two further pos in department stores before the end of the year, with an opening in Shanghai slated for October. Acqua di Parma's other Asian export markets include South Korea, Malaysia, Japan, Hong Kong and Singapore. CB

## Barbie makes splash in China

This month marks the opening of the first Barbie Spa in Shanghai, China located within the new 3,700m<sup>2</sup> six-story Barbie flagship store which opened in March. Located on the second floor, the spa is designed ▶

► for both women and girls. Services include facials, body scrubs, body wraps and hand and foot care, in addition to face painting for young girls. The spa floor also houses a hair salon and manicure corner, and retails exclusive Barbie Spa makeup and skincare lines, including a facial line dubbed Plastic Smooth. The Shanghai opening coincides with the iconic doll's 50<sup>th</sup> anniversary, which is being celebrated throughout this year. This year, Barbie maker Mattel has further boosted its presence in the beauty category, launching color collections with US makeup brand Stila and Canada's Cake Beauty. **NM**

## EUROPE

### Yves Rocher debuts Italian franchise activity

The Italian subsidiary of French direct-sales beauty brand and retail chain Yves Rocher is looking to build on its successful store network in the country, after opening its first two franchised stores in the cities of Palermo and Campobasso last December and February respectively. "Our strategy is to open our new franchise stores in the center of medium-sized cities," Yves Rocher Italy managing director Didier Nocentini tells *CosmeticNews*. Present in Italy since 1987, Yves Rocher operates 52 stores (of which 50 are directly operated), generating 50% of the company's Italian turnover. The brand's 14,000 active sales representatives garner the remaining 50% through direct selling. "Our two retail channels complement each other," says Nocentini. "Direct sales enables us to reach consumers in the smallest towns and continues to develop in parallel [to store activities]." **CB**

## NORTH AMERICA

### Chapter 11 for US mall giant

In what some are calling one of the largest fallouts in US retail history, shopping center giant General Growth Properties (GGP) has filed for Chapter 11 Bankruptcy protection. GGP, which is one of the nation's biggest mall operators with over 200

## EUROPE

### By Kilian heads to Russia

Upscale niche fragrance brand By Kilian is entering Russia next month after seeing enthusiastic uptake among Russian consumers, founder Kilian Hennessy tells *CosmeticNews*. "It seemed logical to launch the brand in a country that seemed already very interested in my collection," he says. "Also, we know how much the Russian culture values luxury, which is what my collection is all about: bringing true luxury back [to] the fragrance world." By Kilian's fragrance lines will initially launch in Moscow at perfumery chain Tsum (one door) and multi-brand beauty retailer Articoli (three doors). Hennessy says expansion in the Russian market is likely in 2010.

Hennessy is currently focusing on widening the brand's presence in the US, where it retails at stores including Saks Fifth Avenue, Aedes de Venustas, Bergdorf Goodman in New York City and Fred Segal in Los Angeles. The brand is poised to enter new regions with Saks Fifth Avenue. "I am launching [at Saks] in Houston in the first week of May and possibly the Florida market at the end of October," Hennessy says.

He adds that he plans to enter new markets including the Middle East and Australia in the near future. By Kilian is currently available in selective points-of-sale in 14 markets in Europe and North America, including Austria, Belgium, France, Germany, Romania, the UK and Canada.

Courtney Traub

## TRAVEL RETAIL

### Narciso Rodriguez takes off in inflight distribution

France-based fragrance and cosmetics company Beauté Prestige International (Shiseido) opened up the inflight market for fragrance brand Narciso Rodriguez—its smallest but most selective franchise—last month.

In the inflight channel, lines from the prestige fragrance brand are now being sold exclusively onboard US airline United, and BPI regional director for the Americas Gérard Pichon-Varin tells *CosmeticNews* that expansion in this sub-channel of travel retail will now be stepped up. "Our strategy was to focus on airports, but we feel now is a good time to widen the Narciso Rodriguez distribution in travel retail," he says.

However, Pichon-Varin underlines that the opening of a new channel for the brand will not lead to a change in strategy regarding Narciso's ultraselective positioning and market presence. "Narciso Rodriguez is growing every year and we have to cater for that, but the brand is still only in 20% of the doors of our biggest franchises Jean Paul Gaultier and Issey Miyake," he says.

Kevin Rozario

properties, said in a statement that approximately 158 regional shopping centers owned by the group, in addition to several of its subsidiaries, have also filed for bankruptcy in New York State. Certain subsidiaries, including GGP's third-party management business and its joint-ventures, have not applied for protection. "The

company intends to work with its constituencies to emerge from bankruptcy as quickly as possible while executing on a plan of reorganization that preserves the company's integrated, national business operations," the group said, adding that day-to-day business operations at all of its malls and other properties are expected to continue as usual. **CTR** ■

SKINCARE

## Shiseido maps out Future

Japanese beauty firm Shiseido has announced the launch of a prestige anti-aging facial skincare line under the Shiseido brand, dubbed Future Solution LX. The launch follows Shiseido's January rollout of the Perfect Rouge makeup range and is part of "a core overseas strategy of innovation of the global Shiseido brand", the company said in a statement. It expects the star line "will occupy about 10% volume share of total Shiseido brand sales by the end of [the] next three-year plan", Shiseido president and ceo Shinzo Maeda tells *CosmeticNews*.

The four-sku skincare line is based on star ingredients Skingenece1 IP and IPG, which are said to smooth and improve skin texture by working against the effects of UV rays and stress. The line is comprised of Extra Rich Cleansing Foam, priced \$60, Concentrated Balancing Softener, priced \$100, Daytime Protective Cream, priced \$240 and Total R Cream, priced \$260. The launch of Future Solutions LX will coincide with an image overhaul for the company, including a new visual designed by Serge Lutens, creator of the eponymous Shiseido-owned brand, and revamped beauty counters with an increased focus on skincare.

Shiseido Future Solution LX launches from September in Shiseido's Japanese department-store distribution network and in 69 international markets. ☞

Sarah de Castro and Margaret DesGaines

FRAGRANCE

## Swiss Unlimited for Victorinox

Swiss company Victorinox, famous for its Swiss Army knife business, is celebrating its 125<sup>th</sup> anniversary with a return to fragrance. Men's EdT Swiss Unlimited joins the company's three-scent offer under the Swiss Army brand, which it acquired in 2005. "We would like fragrances to represent a substantial [part] of our offer," Victorinox ceo Veronika Elsener tells *CosmeticNews*.

The fresh scent was created by Christine Nagel and Jean-Christophe Héroult of Fragrance Resources. The flask-like bottle is fitted with a red rubber covering and is available in two sizes (75ml/€56 and 30ml/€42).

Distribution is being orchestrated by Victorinox advisor Vera Strubi, the former president of Thierry Mugler worldwide, and will focus on e-commerce. "While the fragrance market is stagnating, internet sales [are progressing]," Strubi says. The digital marketing strategy includes an interactive website and applications compatible with iPhone and social networking site Facebook.

Swiss Unlimited's launch kicks off April 14 with a two-week exclusive at Paris, France-based concept store Colette, with European distribution to follow. Rollout to American and Asian markets is expected before year-end. ☞

Sarah de Castro

FRAGRANCE

### 4711 gets a selective sister

German fragrance group Mäurer & Wirtz is rolling out a five-sku upmarket EdC line under its star masstige fragrance brand 4711, which it hopes will capture a larger share of the selective market. The launch of Acqua

Colonia follows the success of the company's entry into prestige with the 2007 launch of teen scent Pussy Deluxe. The EdCs, which retail for €40 (170ml), have a natural theme and "reflect the light fresh qualities of nature", according to the company. The Lemon & Ginger, Lavender & Thyme, Vetyver & Bergamot, Royal Riesling and

Melissa & Verbena unisex scents come in glass bottles featuring a relief finish. Distribution is currently rolling out across Europe, with a UK exclusive at upscale department store Harrods. Asian and US launches are slated for later in the year. ☞ SdC

SKINCARE

### Kyoku for men rolls out

New UK-based, Japanese-themed facial skincare brand Kyoku for Men is launching in the UK with a debut offer of six skus. Dubbed "the ultimate Japanese grooming line for the modern men", ingredients include ginseng, green tea leaf and bamboo. US-born Asim Akhtar, founder of the brand, had the idea for the range while observing Japanese skincare rituals, a company spokesperson tells *CosmeticNews*. The line includes an exfoliating scrub, oil control lotion, lip balm, cleanser and moisturizer, priced €12 to €47. The company is in talks with distributors in Europe and the US, while Kyoku for Men is currently rolling out to UK department stores Harvey Nichols and Harrods, following an early April debut in Selfridges. ☞ SdC

MAKEUP

### Chantal Thomass joins Nivea

German beauty company Beiersdorf has signed a licensing agreement for its mass skincare and makeup brand Nivea with French lingerie designer Chantal Thomass. The fruit of the collaboration, a makeup collection, is set to launch in July in all European markets where Nivea makeup is currently available. The line includes eight lipsticks (€11.20), six eye shadows (€8.20) and two blushers (€10.20). The range uses strong colors and features embossed bows and corset lacing, typical of the designer's work, on the packaging. The launch of Nivea & Chantal Thomass in mass channels will be backed by a TV, press and internet marketing campaign. Dedicated space includes existing Nivea displays in hypermarkets, and freestanding displays in French Monoprix supermarkets. ☞ SdS ■

| Brand / Product                                  | Olfactory family / Function                      | Size  | Price      | Launch date                                    | Channel    |
|--------------------------------------------------|--------------------------------------------------|-------|------------|------------------------------------------------|------------|
| <b>FACIAL CARE</b>                               |                                                  |       |            |                                                |            |
| <b>CHRISTIAN DIOR</b>                            |                                                  |       |            |                                                |            |
| <b>Dior Homme Dermo System:</b>                  |                                                  |       |            |                                                |            |
| Dior Homme System Age Control Firming Care       | with vitamin E phosphate                         | 50ml  | €84.15     | May 2009 (Europe); June (Worldwide)            | Selective  |
| Dior Homme System Anti-Fatigue Firming Eye Serum | with caffeine and plectranthus barbatus          | 30ml  | €52.46     |                                                |            |
| <b>KYOKU FOR MEN</b>                             |                                                  |       |            |                                                |            |
| <b>Kyoku for Men:</b>                            |                                                  |       |            |                                                |            |
| Daily Facial Cleanser                            | with ginseng and peppermint                      | 100ml | £19 / \$27 | April 2009 (UK)                                | Selective  |
| Exfoliating Facial Scrub                         | with volcanic ash                                | 100ml | £19 / \$27 |                                                |            |
| Facial Moisturizer                               | with bamboo and pea extract                      | 50ml  | £43 / \$63 |                                                |            |
| Oil Control Lotion                               | with dual-action microparticle technology        | 50ml  | £43 / \$63 |                                                |            |
| Razor Repair Balm                                | with aloe leaf juice and witch hazel             | 50ml  | £29 / \$43 |                                                |            |
| Lip Fuel                                         | with green tea leaf extract/SPF15                | 10ml  | £11 / \$16 |                                                |            |
| <b>SHISEIDO</b>                                  |                                                  |       |            |                                                |            |
| <b>Future Solution LX:</b>                       | <b>with Skingenecl</b>                           |       |            |                                                |            |
| Extra Rich Cleansing Foam                        |                                                  | 135g  | \$60       | September 2009 (Worldwide);<br>October (Japan) | Selective  |
| Concentrated Balancing Softener                  | moisturizing lotion                              | 150ml | \$100      |                                                |            |
| Daytime Protective Cream                         | SFP15                                            | 51g   | \$240      |                                                |            |
| Total R Cream                                    | night cream                                      | 50g   | \$260      |                                                |            |
| <b>MAKEUP</b>                                    |                                                  |       |            |                                                |            |
| <b>NIVEA</b>                                     |                                                  |       |            |                                                |            |
| <b>Nivea &amp; Chantal Thomass:</b>              |                                                  |       |            |                                                |            |
| Lips Paris                                       | in 4 shades for day and 3 shades for evening     |       | €11.20     | July 2009 (Europe)                             | Mass       |
| Eye Shadow by Chantal Thomass                    | in 3 shades for day and 3 shades for evening     |       | €8.20      |                                                |            |
| Blush by Chantal Thomass                         | in 1 shade for day and 1 shade for evening       |       | €10.20     |                                                |            |
| <b>WOMEN'S FRAGRANCES</b>                        |                                                  |       |            |                                                |            |
| <b>KENZO PARFUMS</b>                             |                                                  |       |            |                                                |            |
| <b>L'EauparKenzo:</b>                            | <b>citrus, oriental</b>                          |       |            |                                                |            |
| L'EauparKenzo Eau Indigo EdP                     |                                                  | 50ml  | €54        | April 2009 (Worldwide)                         | Selective  |
|                                                  |                                                  | 100ml | €75        |                                                |            |
| <b>MEN'S FRAGRANCES</b>                          |                                                  |       |            |                                                |            |
| <b>KENZO PARFUMS</b>                             |                                                  |       |            |                                                |            |
| <b>L'EauparKenzo pour Homme:</b>                 | <b>spicy, oriental</b>                           |       |            |                                                |            |
| L'EauparKenzo Eau Indigo EdT                     |                                                  | 50ml  | €54        | April 2009 (Worldwide)                         | Selective  |
|                                                  |                                                  | 100ml | €75        |                                                |            |
| <b>VICTORINOX</b>                                |                                                  |       |            |                                                |            |
| <b>Swiss Unlimited:</b>                          | <b>fresh, woody</b>                              |       |            |                                                |            |
| Swiss Unlimited EdT                              | comes with U-Fill Tool and 4.5ml portable refill | 75ml  | €56        | April 2009 (Europe); September (US)            | E-commerce |
|                                                  |                                                  | 30ml  | €42        |                                                |            |
|                                                  | refill                                           | 75ml  | €39        |                                                |            |
| Swiss Unlimited Shower Gel Hair & Body           |                                                  | 200ml | €24        |                                                |            |
| Swiss Unlimited Deo Stick                        | alcohol-free                                     | 75g   | €23        |                                                |            |
|                                                  |                                                  |       |            |                                                |            |
| <b>UNISEX FRAGRANCES</b>                         |                                                  |       |            |                                                |            |
| <b>MÄURER &amp; WIRTZ</b>                        |                                                  |       |            |                                                |            |
| <b>Acqua Colonia:</b>                            |                                                  |       |            |                                                |            |
| Lemon & Ginger                                   | citrus, spicy                                    | 170ml | €40        | April 2009 (Europe); May (Asia);<br>July (US)  | Selective  |
| Lavender & Thyme                                 | lavender, herbaceous                             | 170ml | €40        |                                                |            |
| Vetyver & Bergamot                               | vetiver, bergamot                                | 170ml | €40        |                                                |            |
| Royal Riesling                                   | effervescent                                     | 170ml | €40        |                                                |            |
| Melissa & Verbena                                | herbaceous                                       | 170ml | €40        |                                                |            |
|                                                  |                                                  |       |            |                                                |            |

## APRIL 21-23

### In-Cosmetics

Munich, Germany  
Tel: +44 20 8910 7959  
incosteam@reedexpo.co.uk  
www.in-cosmetics.com

## APRIL 23-25

### Intercharm Professional

Moscow, Russia  
Tel: +7 495 995 2880  
robert@intercharm.ru  
www.intercharm.net

## APRIL 23-25

### CosmoBeauté Vietnam

Ho Chi Minh City, Vietnam  
Tel: +603 8023 0820  
sinhue@ecmi.com.my  
www.cosmobeautevietnam.com

## APRIL 26-28

### International Beauty Show New York

New York City, US  
Tel: +1 212 895 8259  
nbhalla@questex.com  
www.ibsnewyork.com

## MAY 7-8

### Natural Beauty Summit America

New York City, US  
Tel: +1 646 278 5614  
amacino@promo  
salonsusa.com  
www.naturalbeautysummit.com

## MAY 8-10

### Cosmofarma 2009

Bologna, Italy  
Tel: +39 2 454 708 208  
vanny.ternezi@  
cosmofarma.com  
www.cosmofarma.com

## MAY 11-14

### TFWA Asia Pacific

Singapore  
Tel: +65 6549 7721  
Fax: +65 6549 7566  
s.tan@tfwa.com  
www.tfwa.com

## MAY 15-18

### International Beauty Expo

Kuala Lumpur, Malaysia  
Tel: +603 9058 8772  
exhibition@elite.com.my  
www.elite.com.my

## MAY 17-19

### Global Spa Summit 2009

Interlaken, Switzerland  
Tel: +1 212 716 1199  
info@globalspasummit.org  
www.globalspasummit.org

## MAY 18-20

### China Beauty Expo

Shanghai, China  
Tel: +49 711 490 890 121  
beauty@businessmedia  
china.com  
www.chinabeautyexpo.biz

## MAY 20-21

### Luxe Pack New York

New York City, US  
Tel: +1 212 274 8508  
info@idice.fr  
www.luxepacknewyork.com

## MAY 26-28

### FCE Cosmetique

São Paulo, Brazil  
Tel: +55 11 4613 2015  
Fax: +55 11 4613 2001  
nanda.castillo@nielson.com  
www.fcecosmetique.com.br

## MAY 28

### 2009 FiFi Awards

New York City, US  
Tel: +1 212 725 2755  
Fax: +1 212 779 9058  
info@fragrance.org  
www.fragrance.org

## JUNE 3-4

### Pack & Gift

Paris, France  
Tel: +33 4 74 73 42 33  
Fax: +49 711 490 890 110  
elesoin@idice.fr  
www.packandgift.com

## JUNE 7-9

### Beautyworld Middle East

Dubai, UAE  
Tel: +971 4 3380 102  
Fax: +971 4 3380 041  
info@uae.messefrankfurt.com  
www.messefrankfurtme.com

## JUNE 18-19

### Cosmetic Business 2009

Munich, Germany  
Tel: +49 89 35 40 47 40  
info@cosmetic-business.com  
www.cosmetic-business.com

## SPOTLIGHT

# UK naturals market comes of age

At the Natural and Organic Products Europe conference held in London, UK, April 5-6, speakers argued that despite still being in its infancy, the UK natural beauty market has potential to move into the mainstream.

### Solid growth, but still lagging

Researchers Organic Monitor said despite 16% growth in 2008, which brought the value of the UK natural beauty market to €180m, naturals account for just 2% of the country's total cosmetics and toiletries market. UK consumers' spend on naturals is just €3 per person annually, lower than their European counterparts, who spend €4.50. "A very small consumer base is responsible for a lot of purchases," Organic Monitor director Amarjit Sahota explained. Sahota also noted that with 65% of sales concentrated within specialist retailers, such as health food stores, this is a category that has yet to go mainstream. "Demand is coming from organic foods [which represent 10% of all food purchases] and the rise in ethical consumerism," he said.

### Retailing: opportunities and pitfalls

The natural beauty category may appeal to those struggling to increase sales during the current economic downturn, but it is not a license to print money. Luke Vincent, a consultant with brand agency Dragon Rouge, told the conference that retailing in the sector is as rife with pitfalls as opportunities. "Mainstream pricing drives mainstream appeal," he said. "Reducing the price premium removes one more barrier to purchase." Vincent also suggested that in order to stand out from multi-benefit products on the market, natural brands should focus on one or two claims. Dragon Rouge's research suggests that "recyclable packaging", "not tested on animals" and "100% natural" are among the most attractive claims. "It's important to show consumers that you are doing something extra," said Vincent, citing MAC's initiative in offering a free product to consumers who return five items for recycling.

### Advice for small brands

Vincent said Dragon Rouge research indicated that smaller natural beauty companies tend to focus on their product offer at the expense of brand development. "Consider collaboration, especially when money is tight," he suggested, maintaining that the natural beauty category still has strong growth potential. "There is a huge opportunity to grow the mainstream audience by understanding the consumer," he added. Sahota agreed, predicting that growth will come from an expansion of natural beauty retailers, such as The Organic Pharmacy and Aveda, as well as private-label initiatives by leading grocery retailers.

Imogen Matthews