



Cosmetic Industry in Figures

“The UK cosmetic and personal care market followed a similar pattern in 2015 to that of 2014 in that we see an overall decline in value of the market year on year (yr/yr) of 0.2% (0.1% 2014 v 2013) and a fall in actual packs purchased of 0.3% yr/yr (0.5% 2014 v 2013). Essentially, shoppers have become used to searching for bargains and price has become the key driver as opposed to multi-buys, for example in grocers and chemists that drove volumes in the past.”

Tim Nancholas

Strategic Insight Director – Home, Health & Beauty, Kantar Worldpanel, March 2016

“Clearly, the report covers a wide range of markets and the story has changed within some of them, if we take the three biggest, fragrance, colour cosmetics and skincare we see colour cosmetics bucking the trend. An increase of 1.6% in packs is encouraging but 7% value growth highlights that shoppers (in this case females) are prepared to spend to make themselves look good, feel better and have the right products to choose. Lipsticks have done very well as have all the other sectors except nail varnish (which had a good 2014).

“Fragrance has had another tough year as we see a 3% fall in sales, there are less buyers but it is Christmas gifting that is worrying as it has become less popular to include perfumes and aftershaves as part of the ritual Christmas gifting behaviour. Black Friday also causes a disruption as some purchasing is made earlier than normal.

“The varied skincare market has seen mixed fortunes. Prestige value has fallen but mass facial skincare and body care has fared somewhat better as shoppers loosen their spending a little, this has not translated to men’s skincare though, the proliferation of beards hasn’t helped this sector!

“Mass market sectors like haircare and deodorants have been victims of the price war i.e. grocers have started to match discounter pricing so the public get lower prices but it hasn’t encouraged greater quantities to be bought. In fact, volume is down further than value (1.6% value v 3.1% yr/yr decline in units) with shampoo and conditioners suffering, however, fashionable styling products have performed much better.

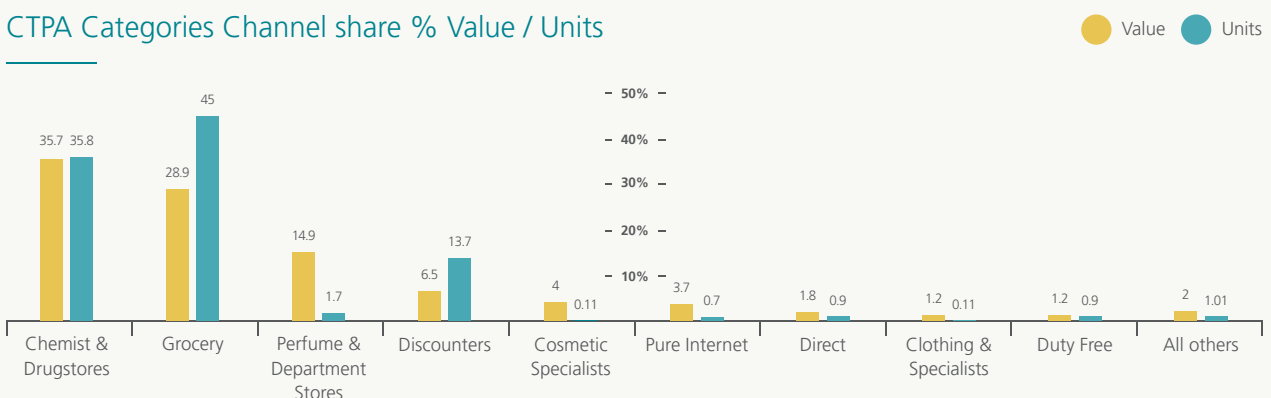
“Footcare is another oasis of market growth as more products are aimed at this area that may have been neglected in the past. Liquid soap has managed growth at the expense of bar soap whilst shower products see improved unit sales but discounting has led to a value fall of nearly 1%.

“2016 looks as if we will see a similar pattern as 2015 as discounters continue to improve market share. Multiple grocers are losing share (losing 1.1 percentage share points from 2014 now at 28.9%) not just to the food discounters (Aldi/Lidl) but also to the bargain stores such as Home Bargains and Poundland. Discounters now have 6.5% share from 6.1% share in 2014.

“Department stores and perfumery outlets (where beauty is the main focus) have maintained a 14.9% share whilst duty free (shops in international travel hubs) have experienced leaner times. Interestingly for total cosmetics, the High Street is in revival and chemist and drugstore sales are on the up with this channel taking 35.7% value share (from 35.5% in 2014) so the story is not entirely around price and discounting.

“2016 does not look to be a boom year but economic indicators should help with the more prestige markets and it remains key that manufacturers continue to cater for needs of the consumer in all the categories – not just on price but on quality and availability. Internet shopping, (internet only e-tailers) has seen flat sales year on year but in some markets, fragrance for example, total internet (all sites) sales exceed 21% of all sales.”

CTPA Categories Channel share % Value / Units



CTPA Category Estimates December 2015

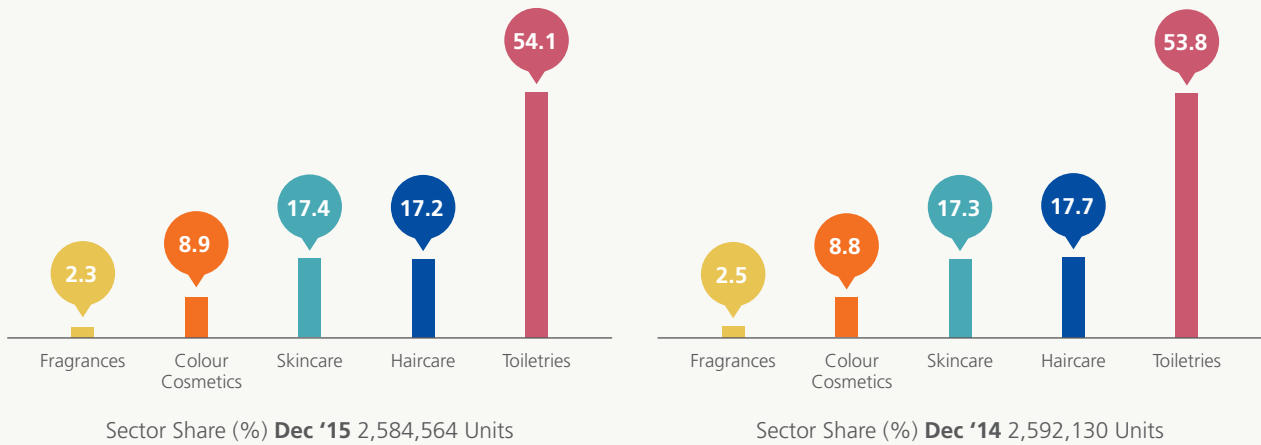
Total GB cosmetics market remains flat from 2014 at **£9,102 million** in 2015

	£000s Dec-14	£000s Dec-15	% Change
Fragrance *	1,634,492	1,585,821	-3.0
Fine Female Fragrance	906,684	889,407	-1.9
Fine Male Fragrance	514,378	493,857	-4.0
Mass Female Fragrance	98,208	93,547	-4.7
Mass Male Fragrance	78,287	74,034	-5.4
Fine Unisex Fragrance	33,620	31,498	-6.3
Mass Unisex Fragrance	3,315	3,478	4.9
* includes gift packs/coffrets			
Colour Cosmetics *	1,416,240	1,515,884	7.0
Face	572,923	618,407	7.9
Lips	217,852	254,706	16.9
Eyes	404,848	447,384	10.5
Nails	220,617	195,387	-11.4
* includes gift packs/coffrets			
Skincare	2,211,666	2,192,530	-0.9
Prestige Skincare Total inc Gift Packs	607,917	587,176	-3.4
Face Care Non-medicated	896,546	900,087	0.4
Face Care Medicated	89,374	90,441	1.2
Face Care Male	80,727	74,806	-7.3
Hand Care	55,556	54,682	-1.6
Body Creams & Lotions	172,279	178,685	3.7
Baby Care Products	17,078	16,945	-0.8
Lipsalves	52,194	51,442	-1.4
Sun Preparations	239,994	238,266	-0.7
Haircare	1,614,186	1,587,653	-1.6
Shampoo	443,943	439,370	-1.0
Hair Colorants Inc Lightening	296,006	284,616	-3.8
Conditioners	289,799	277,493	-4.2
Hair Sprays & Setting Sprays	115,185	114,492	-0.6
Hair Creams/Waxes and Gels	50,675	51,320	1.3
Settings Lotions and Mousses	12,761	14,695	15.2
Home Perms	1,204	1,054	-12.5
Salons (Industry estimate)	404,614	404,614	0.0
Toiletries	2,240,304	2,219,661	-0.9
Toothpaste	461,490	461,017	-0.1
Depilatories	49,731	46,420	-6.7
Foot Preparations	139,027	147,250	5.9
Deodorants	596,076	571,543	-4.1
Shaving Soaps	75,097	73,845	-1.7
Mouthwashes	174,137	175,579	0.8
Talcum Powder	16,273	15,794	-2.9
Bath Additives	143,245	143,402	0.1
Shower and Body Wash	339,436	336,545	-0.9
Liquid Soap	160,835	167,694	4.3
Toilet Soap	84,957	80,572	-5.2
Grand Total	9,116,888	9,101,548	-0.2

Sector Share (%) of Category Dec '15 vs Dec '14 by Value (rsp)



Sector Share (%) of Category Dec '15 vs Dec '14 by Units



Sector Year on Year % change by Value



Sector Year on Year % change by Units



Methodology & Data Sources

IRI market tracking data:

Census EPoS data from Asda, Boots, Iceland, Morrisons, Sainsburys, Superdrug, Tesco, Waitrose, Wilkinson, The Cooperative Group (including Somerfield).

Sample EPoS data from Symbol Grocers, other Coops, independents and chemists.

Other data representation (audit and estimation methodology) from convenience stores, petrol forecourts, chemists and other impulse outlets.

Kantar Worldpanel Purchasing data (Worldpanel)

Individual purchasing data from a panel of 30,000 households which for this report will cover other GB outlets not mentioned in IRI tracking plus Aldi, Costco, Holland & Barrett, Lidl, Marks & Spencer, Savers, Bodyshop, bargain stores (such as Poundland, B&M Bargains, Home Bargains, 99p Stores) and other smaller outlets.

Kantar Beauty Panel

A panel of 15,000 individuals who record their purchasing of fragrances, colour cosmetics and skincare products across all relevant outlets (including department stores, Boots, Bodyshop, Internet, mail order and direct sales) via online data entry.

Report Definitions

Measures:

Value Sales = £ sold (in 000s)

% Chg = % change versus same time a year ago

Further Details

IRI

www.iriworldwide.co.uk

Kantar Worldpanel

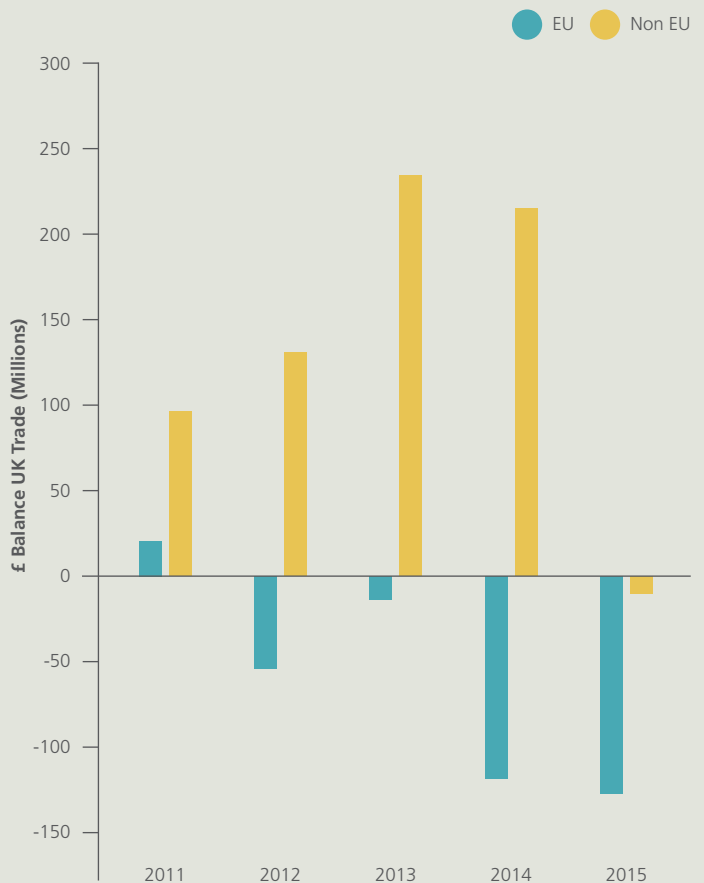
www.kantarworldpanel.com

UK Trade in Global Markets

The UK is seen as a vibrant exporter but 2015 saw a slump of 5.2% in exports to the EU and a 10.4% drop in exports outside of the EU. At the same time, imports have increased by 9.6% from outside of the EU although EU imports decreased by 4.6%. This leaves the UK as a net importer for both the EU and non-EU markets.

Overall, the EU remains the UK's largest trading partner with 66% of the worldwide market in exports and 64.8% of imports. However, we can also see that manufacturing in countries such as China has increased over the years with imports from China now ranking in 4th place. Consistent top export markets are the Irish Republic and Germany with France and the US the top two importers into the UK in 2015.

Balance of Trade - EU Vs Non EU

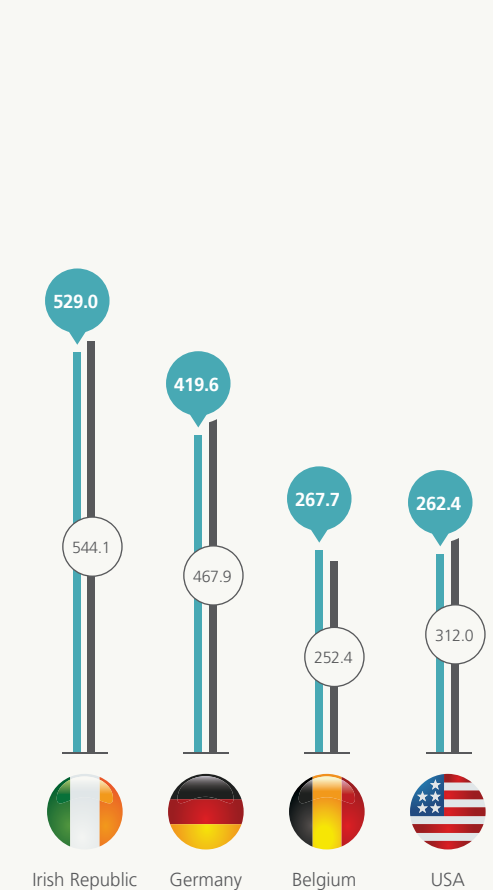


Categories by Export 2015 (2014) and Largest Market

	Total Exports £m 2014	Total Exports £m 2015	% change 2015 v 2014	Largest trading partner/ % of market		£m
Perfumes	627.6	548.2	-12.7%	Germany	34.5%	189.3
Beauty (skincare/decorative)	1297.2	1225.7	-5.5%	Irish Rep.	18.2%	223.5
Haircare	323.6	320.4	-1.0%	Irish Rep.	31.1%	99.8
Oralcare	245.6	204.2	-16.9%	Irish Rep.	18.2%	37.1
Men's shaving	132.1	113.9	-13.8%	Belgium	41.8%	47.6
Deodorants & Antiperspirants	301.1	290.2	-3.6%	Netherlands	16.5%	47.9
Bath preparations	52.3	51.8	-0.9%	Irish Rep.	24.7%	12.8
Depilatories & other toiletries	107.6	88.1	-18.1%	USA	15.0%	13.2
Toilet soap	157.1	153.9	-2.0%	USA	20.9%	32.1
Liquid soap	128.3	136.5	6.4%	Irish Rep.	21.7%	29.6
TOTALS	3372.5	3132.9	-7.1%			

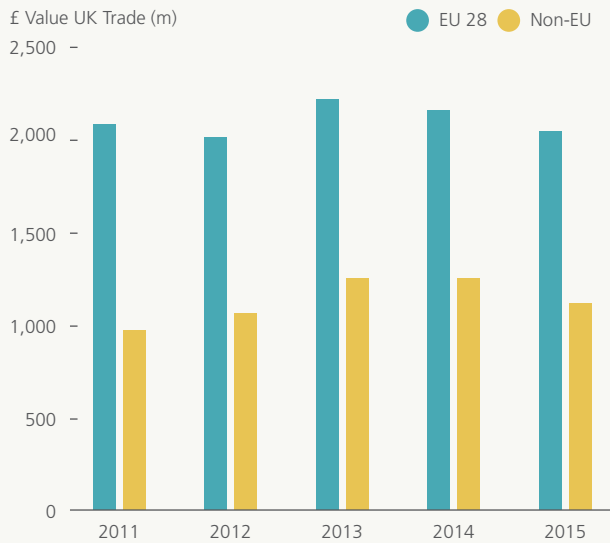
UK's Largest Worldwide Export Markets

● 2015 ○ 2014
Figures in £m

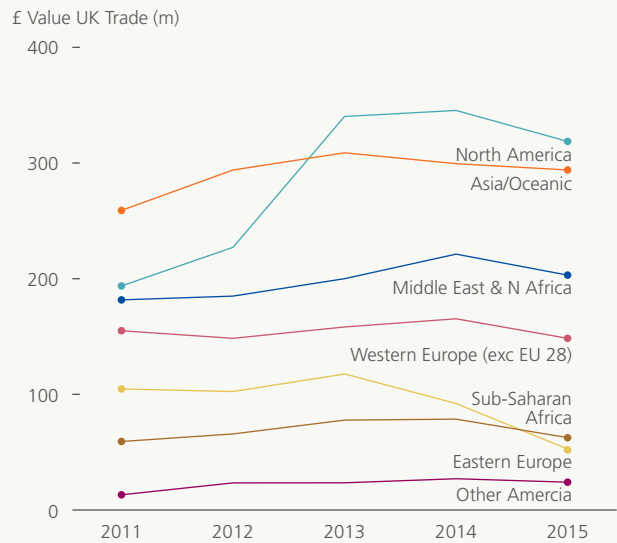


	2013		2012		2011	
	£m	Rank	£m	Rank	£m	Rank
Irish Republic	519.2	1	464.6	1	472.5	1
Germany	484.3	2	457.2	2	433.9	2
Belgium	272.6	3	236.8	3	259.2	3
USA	269.6	4	202.9	4	167.8	4
France	177.9	5	150.2	5	142.3	5
Netherlands	129.3	6	119.9	6	125	6
Spain	81.9	10	88.5	9	92.6	10
Poland	102.2	7	96.8	8	100.4	8
UAE	88.8	9	84.4	10	95.7	9
Italy	90.1	8	99.5	7	112.1	7

EU 28 Vs. Non-EU Export 2015-2011



Export Comparison of Non-EU 2015-2011



2015 UK Exports Worldwide



Exports 2015 -7.1% on 2014

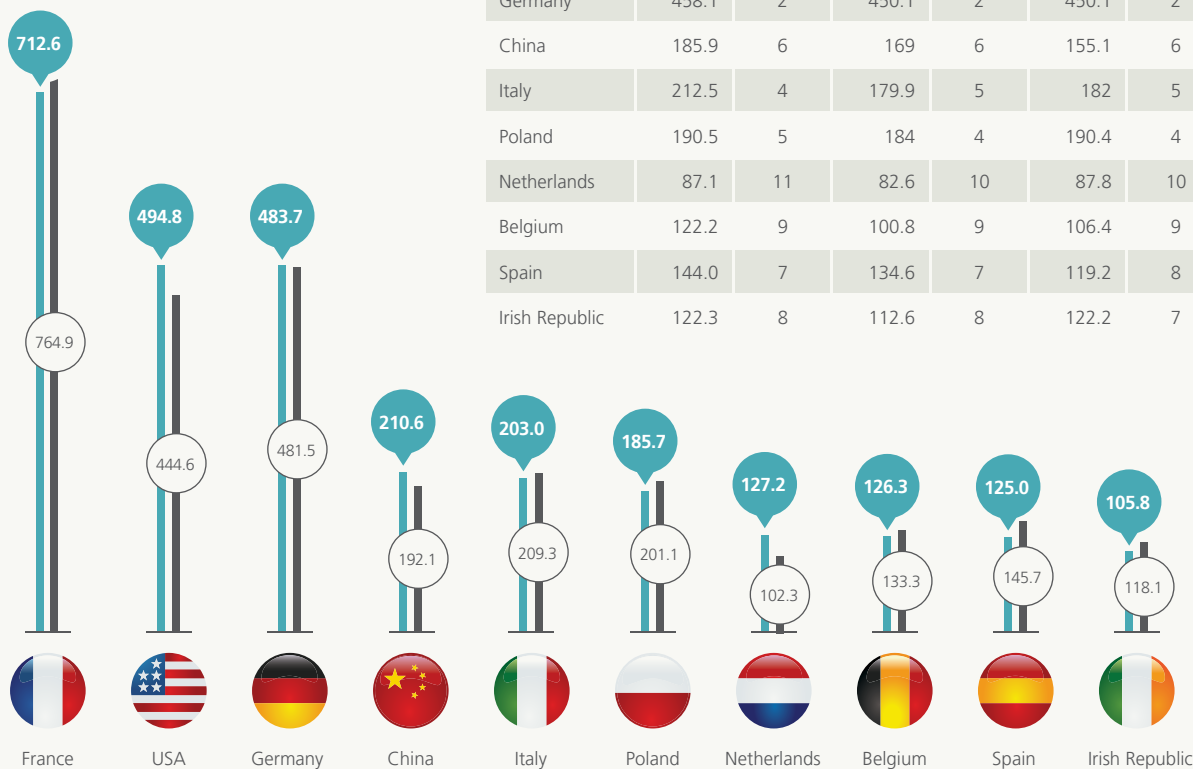
	Perfumes	Beauty	Hair	Oral	Mens	Deos	Bath	Dep	Soap	Liquid Soap
European Union 28	376.6	722.9	239.9	135.4	90.9	237.9	39.1	30.4	73.6	83.7
Western Europe (exc EU 28)	13.0	83.4	13.4	16.7	2.3	9.1	0.9	2.7	2.7	5.4
Eastern Europe (exc EU 28)	5.1	28.9	2.3	0.3	6.6	5.1	0.3	0.8	2.4	1.1
North America	69.8	151.6	15.0	2.6	4.6	0.7	3.1	17.0	38.0	13.5
Other America	1.5	9.9	1.6	7.6	0.1	0.6	0.4	0.5	1.9	0.6
Middle East & North Africa	42.2	76.0	11.5	17.0	1.8	22.8	2.1	7.7	17.4	4.7
Sub-Saharan Africa	7.4	8.8	6.7	5.7	1.6	3.4	0.8	19.7	7.3	1.4
Asia & Oceania	32.5	144.2	30.1	18.9	6.1	10.6	5.2	9.4	10.9	26.0
TOTAL	548.2	1225.7	320.4	204.2	113.9	290.2	51.8	88.1	153.9	136.5

Categories by Import 2015 (2014) and Largest Market

	Total Imports £m 2014	Total Imports £m 2015	% change 2015 v 2014	Largest trading partner/ % of market		£m
Perfumes	703.9	704.7	0.1%	France	36.8%	259.1
Beauty (skincare/decorative)	1420.5	1445.0	1.7%	France	21.0%	303.1
Haircare	456.8	432.4	-5.3%	Germany	20.7%	89.7
Oralcare	179.2	172.5	-3.7%	Poland	21.5%	37.1
Men's shaving	39.5	40.0	1.3%	France	19.2%	7.7
Deodorants & Antiperspirants	124.8	129.1	3.5%	Germany	34.9%	45.1
Bath preparations	61.3	66.3	8.2%	Italy	36.6%	24.3
Depilatories & other toiletries	56.3	52.0	-7.7%	China	21.0%	10.9
Toilet soap	94.1	99.2	5.4%	Germany	18.6%	18.4
Liquid soap	135.5	129.4	-4.5%	Germany	39.6%	51.2
TOTALS	3271.9	3270.6	0.0%			

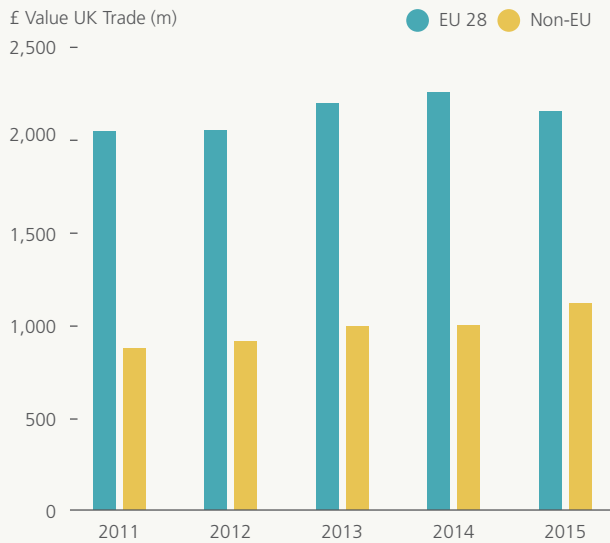
UK's Largest Worldwide Import Markets

● 2015 ○ 2014
Figures in £m

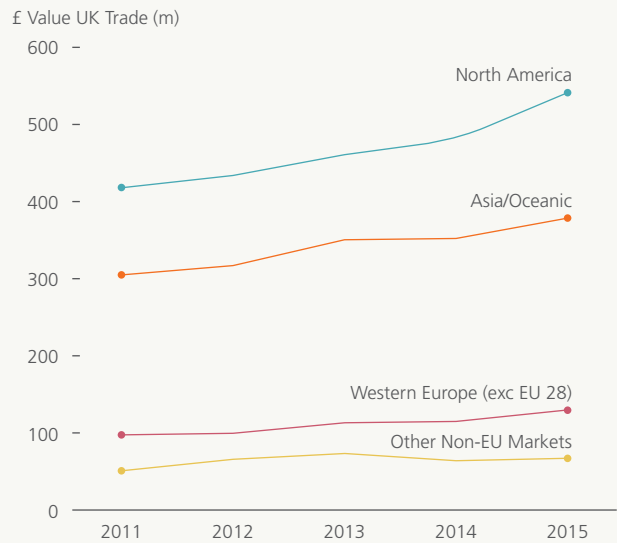


	2013		2012		2011	
	£m	Rank	£m	Rank	£m	Rank
France	748.4	1	697.3	1	678.4	1
USA	425.8	3	400.2	3	386.8	3
Germany	458.1	2	450.1	2	450.1	2
China	185.9	6	169	6	155.1	6
Italy	212.5	4	179.9	5	182	5
Poland	190.5	5	184	4	190.4	4
Netherlands	87.1	11	82.6	10	87.8	10
Belgium	122.2	9	100.8	9	106.4	9
Spain	144.0	7	134.6	7	119.2	8
Irish Republic	122.3	8	112.6	8	122.2	7

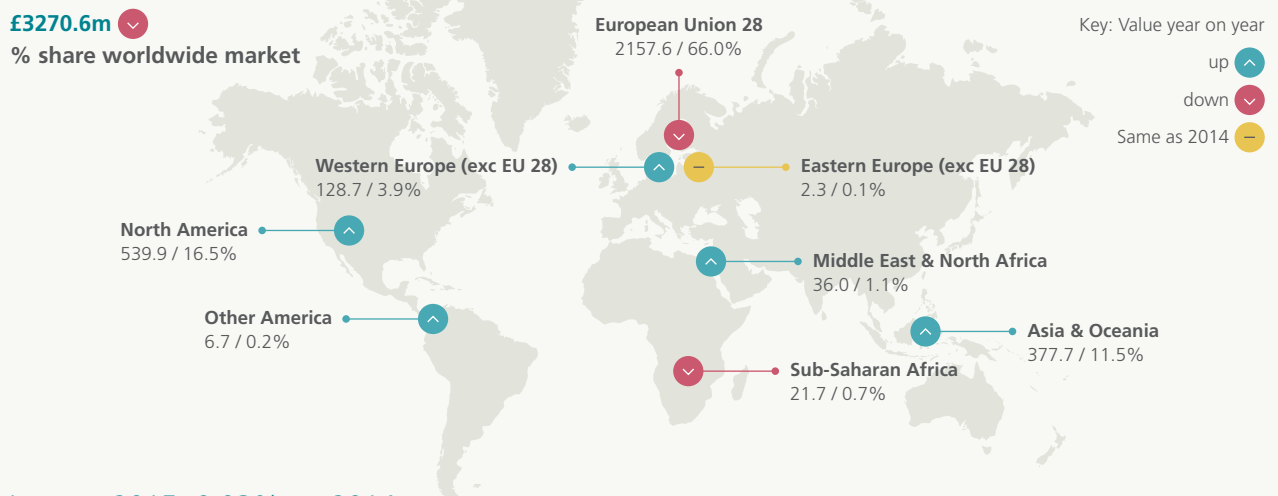
EU 28 Vs. Non-EU Import 2015-2011



Import Comparison of Non-EU 2015-2011



2015 UK Imports Worldwide



Imports 2015 -0.03% on 2014

	Perfumes	Beauty	Hair	Oral	Mens	Deos	Bath	Dep	Soap	Liquid Soap
European Union 28	537.1	806.4	315.9	130.6	33.0	116.5	48.1	28.4	46.0	95.7
Western Europe (exc EU 28)	33.1	72.5	1.1	0.3	0.3	0.1	0.3	3.8	15.0	2.1
Eastern Europe (exc EU 28)	0.0	0.4	0.1	0.0	0.0	1.8	0.0	0.0	0.0	0.0
North America	89.6	327.3	87.5	9.4	5.5	5.2	1.0	4.2	4.8	5.5
Other America	0.7	0.5	0.7	4.2	0.0	0.0	0.0	0.0	0.6	0.0
Middle East & North Africa	7.7	8.1	7.2	4.0	0.0	0.5	0.5	0.1	7.6	0.2
Sub-Saharan Africa	0.5	15.4	2.2	2.0	0.0	1.2	0.0	0.3	0.0	0.1
Asia & Oceania	35.9	214.4	17.7	22.0	1.3	3.9	16.4	15.2	25.0	25.8
TOTAL	704.7	1445.0	432.4	172.5	40.0	129.1	66.3	52.0	99.2	129.4