

beauty

Stores Summon Some Yule Cheer

By WWD STAFF

PARIS — European beauty retailers are trying to rustle up holiday cheer despite a less-than-jolly market.

There is a lot riding on the month of December, which historically can generate between 20 percent to practically 30 percent of a European country's prestige beauty sales. That's true especially this year, when by the end of November, year-to-date, the category's sales already were in the doldrums.

Sales were flat in France, down by 1 percent in Italy and down by 2 percent in Spain; meanwhile, the U.K. was on the upswing, by 5 percent, according to The NPD Group.

"The strength for prestige retail is that fragrances are still one of the favorite gifts for Christmas, but the competition is high, with more and more gift offers from mono-brand shops, pharmacies, beauty boxes and the Internet with personalized gifts or gift sets that are using luxury codes," said Mathilde Lion, Europe beauty industry expert at NPD.

She noted a trend toward "premium-ization." Scents costing more than 100 euros, or \$122.75 at current exchange, have registered double-digit growth this year, for instance. So has skin care, priced upward of 250 euros, or \$306.85.

Western Europe's total beauty and personal-care business is estimated to post 1.3 percent sales growth to 78.37 billion euros, or \$96.21 billion, in 2014 over 2013, according to Euromonitor International.

Retailers also spoke of the ongoing rise of niche, or artisanal, fragrances.

"There is a big movement around ingredients, rather than marketing hype, and they're created by people who live, breathe and eat fragrance. They are not cranked out," said Ed Burstell, managing director of Liberty in London, naming bestsellers such as Byredo, Escentric Molecules, Frédéric Malle's Geranium, the New York-based company Aedes de Venustas' scents and the Comme des Garçons fragrances.

"Niche fragrance is one of our fastest-growing categories," continued Elizabeth Selvey,

Selfridges buying manager. "Customers are seeking new brands and wanting to stand out from the crowd with their scent."

"Customers are becoming more savvy to brands, formulas and science and love discovering the smaller, emerging brands," she continued.

One such label is Zarkoperfume, a Danish niche line with a molecular bent and an accent on storytelling that has done well during the fall at the three Jacks Beauty Department stores in Germany.

"This is the unique selling point," said Miriam Jacks, owner of Jacks. "If you get customers to listen to you for a short amount of time, the quality of the product speaks for itself."

Exclusives also have been showing muscle. Milan's Mazzolari perfumery has had good results with high-end fragrance brands Amouage and Guerlain's Exclusives Collections, both exclusive for Italy. Also this year, Mazzolari's enhanced range of men's grooming products was well received, said Augusto Mazzolari, the perfumery's owner.

Also in Italy, there was the recent opening of a new, 2,153-square-foot Avery boutique inside Excelsior Milano, the Gruppo Coin-owned luxury concept store. It's intended as a response to Italy's "obsolete" retail infrastructure, according to Celso Fadelli, the chief executive officer of Intertrade Group who, with Cristiano Segnanfreddo, created the Avery Perfume Gallery niche chain.

In the new Avery boutique, consumers are wooed with unconventional display tactics that rely on videos, macro-art installations, scented glass bowls and luxurious tapestries.

Retailers say they haven't found consumers pulling back from spending or trading down despite the difficult European economic environment, riddled by stalling growth, high unemployment and wobbly consumer sentiment.

"For commonly available products, they are making price comparisons and shopping around for the best offers," said Anja Hirsch, buyer for the beauty department at Germany's KaDeWe Group. Price doesn't play as great a role for niche products or exclusive items from classic luxury brands, she observed.



The tree at Galeries Lafayette's flagship in Paris.

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Trends to watch in 2015: Skin care taking a cue from sophisticated treatment markets, such as the Far East, and including formats like oils, sheet masks and exfoliating devices. Personalization and cosmeceuticals also have been key.

Candemir Ergen, buyer and head of beauty at Galeries Lafayette in Berlin

Beauty sales in 2014: They exhibit a "solid" rise over 2013.

Best-selling beauty categories in 2014:

"Fragrance sales are very strong, specifically in the luxury segment, with selective and niche fragrances in high demand."

Best-selling beauty products in 2014:

Benefit Cosmetics They're Real! mascara, By Kilian and Creed fragrances, and Tromborg skin care and makeup. "The reason for their success is a growing demand for exclusive special products you can't find just anywhere," Ergen said.

Delphine Hervé-Turra, head of beauty buying and merchandising at Printemps in France

Top 2014 fragrance launches:

"Among fragrances with wide distribution were Black Opium and Armani Si, which were good launches, thanks to a coherent marketing mix and impactful and well-received communication," she said, adding that the launch of brands like Atkinsons had a strong showing, too.

Best-selling beauty categories in 2014:

"Fragrance is a category that is growing, notably in the segment of rare perfumes and perfume collections, as well as skin care, but with a premium positioning."

Elizabeth Selvey, Selfridges buying manager in London

Best-selling products in 2014:

"Charlotte Tilbury [makeup] has been by far the biggest success of the year," she said, adding that beauty services and niche skin care have shown good results.

Trends to watch in 2015: "Gadgets are increasing, with Clarisonic and Foreo being big wins this year. We will be launching the Clarisonic pedi line exclusively in [2015]."

Anja Hirsch, beauty buyer at KaDeWe Group in Germany

Best holiday sellers: Fragrances, plus makeup brands such as Urban Decay, Benefit and MAC Cosmetics.

Beauty sales expectations for 2014:

"A small increase over last year."

Top fall 2014 launches: Yves Saint Laurent's Black Opium.

Laurent's Black Opium, Bottega Veneta's Knot and Cartier's La Panthère. "They have the perfect mix of a special scent, unusual bottles and market positioning," she said, also naming Shiseido's Ultimune Power Infusing Concentrate for its "effective formula, enhanced by strong advertising and promotional activities."

Best-selling beauty categories in 2014: Fragrance; color cosmetics, such as high-performance mascara; niche brands; specialized body-care products, from brands such as QMS, Dermalogica and Biotherm; and exclusive products.

"The cost-benefit analysis is becoming more and more important," agreed Candemir Ergen, buyer and head of beauty at Galeries Lafayette in Berlin. "Customers are better informed, and they're asking lots of questions."

"They buy less but better and different. People want their fragrance, their beauty products [that are] unique," added Delphine Hervé-Turra, head of beauty buying and merchandising at Printemps in France.

Here are some retailers' Christmas and year-end outlooks for key European markets: **Cinzia Baldelli, head of beauty, children's wear, home and travel at La Rinascente in Italy**

Beauty sales expectations for 2014: up 7 percent, with growth primarily attributed to successful product launches and exclusive lines.

Best-selling beauty categories in 2014: "Fragrance is our fastest-growing category. Skin care, in particular antiaging products, also registers strong growth due to increased demand for high-performing products."

Best-selling beauty products in 2014: Shiseido's Ultimune, "due to its innovative formula," and Narciso Rodriguez's latest scent, Baldelli said. Well-received exclusives included

Tom Ford's Lips & Boys lipsticks (for Europe), plus Dolce & Gabbana's Aurealex skin care and Moschino's Toy fragrance (for Italy).

Guillaume Pats, director of the beauty buying department of Galeries Lafayette and BHV Marais in France

Holiday bestsellers: "Perfumes lead sales. Skin care is also in a good position, and makeup sales come generally nearer to New Year's Eve."

Beauty sales: "At the end of November, we are clearly higher than the market average."

Top fall 2014 fragrance launches: "It is without a doubt Yves Saint Laurent's Black Opium."

Mia Collins, divisional merchandise manager of beauty at Harrods in London

Top 2014 launches and bestsellers:

Exclusive fine fragrances, including Royal Rose for Harrods by Bond No. 9, H Aoud from Roja Parfums and Royal Extrait. Continuing to rank among Harrods' bestsellers in fragrance are Byredo's Black Saffron, 777's Soleil de Jeddah and Creed's Aventus. Skin-care top sellers include La Prairie's Skin Caviar, SK-II's Facial Treatment Essence and Estée Lauder's ANR. In color, there's Tom Ford's Protective Primer and Chanel's Le Volume mascara.

Tourists Driving Business in Japan

TOKYO — Tourists — particularly the Chinese — may well drive beauty growth in Japan, at least in the first quarter of 2015.

Kazutoshi Kobayashi, president and chief executive officer of Kose Corporation said, "most years during the Chinese New Year period, large numbers of Chinese tourists come to Japan for sightseeing, and we have seen a lot of cases in which they buy cosmetics as souvenirs," Kobayashi said. "We

are expecting that sales [during that period] in 2015 will be higher than in 2014. One reason is that, because the trend of the weak yen looks like it will continue for a while, we expect there will be an increase in the number of foreign tourists to Japan. Another thing is that, starting from October, Japan's system of tax exemption changed, and cosmetics products, which used to not be eligible for a tax exemption, were approved for tax

exemption, making them easier for tourists to buy.

"As for our company, after the consumption tax increase in April 2014, there were a few difficult months due to the recoil from that, but that situation has gradually improved and now we have recovered to pre-tax increase [sales] levels," continued Kobayashi. "According to the different department stores, sales of big-ticket items are increasing

with winter bonuses, and cosmetics are seeing the same trend."

"As December is known as a bonus month in Japan, expensive items sell more," said Masahiko Uotani, president and ceo of Shiseido. "We will appeal to the customer to cash in on the benefits of economics."

Uotani also noted that Shiseido is gearing up for a strong Chinese New Year. "There are two peaks for Chinese people visiting Japan — one is in October and the other is Chinese New Year," he said. "Chinese visitors to

Japan were decreased for a certain period of time, but they came back in October this year. We are expecting more customers than ever in Chinese New Year holiday in February 2015. Tax exemption for foreign tourists was started from October 1, 2014. [I am] is frequently visiting the counters and the motivation of the sales front is high." He noted that the brand's new Shiseido Ultimune skin care line, launched globally, is "moving quite well."

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