THE ESSENTIAL COLLECTION

The French C&T market stayed afloat during the economic crisis but consumers have raised their standards and want products with better performance, reports **Jo Allen**

Consumer confidence may have fallen to its lowest levels since the peak of the recession, unemployment may have been at its highest in more than 11 years, but in 2011 the French cosmetics and toiletries market kept its immaculately coiffed head above water.

According to market research company Euromonitor International, sales of cosmetics and toiletries remained stable, registering 1% value growth to a total of €12.3bn. However, there was evidence of a shift in consumer buying behaviour within the categories, resulting in clear winners and losers, as consumers fine-tuned their ideas on what they deemed to be essential and nonessential products. Johanna Kolerski-Bezerra, Euromonitor's research analyst specialist for France, comments: "Consumers moved towards products that offer greater performance, products that really work. Hygiene products performed well and there was a particularly strong rise in electrical personal care products such as power toothbrushes, hair straightening kits and IPL hair removal kits."

This impacted negatively on the depilatory category which usually posts around 4% growth. But in 2011 this stabilised to just 0.3%. As consumers were careful to only invest in products that they believe really work, another casualty, says Kolerski-Bezerra, was firming and anti-cellulite products, which plummeted by 8.1% to €68.3m in the mass market and by 8.3% to €74.4m in the premium market. "These products reported terrible growth rates as they were viewed as nonessentials," she comments.

However it wasn't just hygiene products that scrubbed up well in 2011. According to NPD France, the prestige cosmetics and perfume market grew by 3% in value, driven by fragrance and make-up which rose by 4% each. Mathilde Puszka, beauty

TABLE 1: FRENCH C&T CONSUMPTION 2011 €M

Sector	2011	%+/–
Total	**12,264.2**	**1.0**
Baby & children's products	337.6	-0.2
Bath & shower products	874.0	0.4
Colour cosmetics	1,296.4	2.5
Deodorants	640.8	2.2
Depilatories	203.5	0.3
Fragrance	1,901.8	2.1
Hair care	1,680.7	-1.3
Men's grooming	1,029.4	1.1
Oral care (excluding power toothbrushes)	932.3	4.7
Power toothbrushes	855.8	3.7
Skin care	2,973.3	1.2
Sun care	313.9	-6.7

Source: Euromonitor International

TABLE 2: FRENCH C&T MARKET 2011, TOP TEN COMPANIES

1	L'Oréal Groupe
2	LVMH
3	Procter & Gamble
4	Yves Rocher
5	Unilever
6	Beiersdorf
7	Henkel
8	Chanel
9	Johnson & Johnson
10	Laboratoires Pierre Fabre

Source: Euromonitor International

TABLE 3: FRENCH C&T MARKET 2011, RETAIL DISTRIBUTION

Sector	% breakdown	
	2010	**2011**
Store based retailing	**89.1**	**89.0**
Grocery retailers	47.1	46.9
Discounters	1.9	1.9
Small grocery retailers	1.6	1.5
Hypermarkets	24.6	24.5
Supermarkets	18.4	18.4
Other	0.6	0.5
Non-grocery retailers	42.0	42.1
Heath and beauty retailers	36.1	36.2
Beauty specialist retailers	21.2	21.2
Chemists/pharmacies	10.8	10.8
Parapharmacies/ drugstores	3.8	3.9
Other	0.4	0.4
Mixed retailers	5.5	5.4
Department stores	4.3	4.2
Variety stores	1.3	1.2
Outdoor markets	0.1	0.1
Other non-grocery retailers	0.3	0.3
Non-store retailing	**10.9**	**11.0**
Direct selling	1.5	1.6
Home shopping	2.2	2.0
Internet retailing	7.2	7.4
Total	**100**	**100**

Source: Euromonitor International

Lancôme's Trésor Midnight Rose fragrance is an example of the popularity in reworked originals

industry specialist at NPD France, says: "Fragrance was the key category as it represents more than two thirds of the prestige market in France."

Kolerski-Bezerra adds: "Fragrance has always been important in French culture and while the economy might be doom and gloom, the French continue to self-indulge with fragrance. In 2011 there was a big return of classic lines: Chanel did well."

Olivier Aron, founder of ROSAE, a Paris based research company that measures the potential of fragrance and skin care launches before they arrive on the market, explains: "Fine fragrance was stable because it's not seen as a luxury product any more. Women won't go without perfume. They prefer to skip dinner in a restaurant than give up perfume." It seems that for the French, perfume puts the essence in essential.

CORE BELIEFS

Purchasing decisions are being based on what consumers believe to be essentials, both in terms of commodity products and in a more sophisticated sense. Fundamental, indispensable brands have become essential to the French. "It's about making a sound purchase with a renowned brand of high quality," says Aron. "The consumer is focusing on core values, on brands that are serious and give them value for money."

Certainly in fragrance, companies focused on developing their core values – their brand DNA – and this was seen in terms of communication with new model or actor endorsements, such as Chanel's advertisement for N°5 with Brad Pitt, Penelope Cruz replacing Kate Winslet as the face of Lancôme's Trésor and Eva Mendes succeeding Naomi Watts for Angel. Providing an olfactive twist to a classic fragrance proved to be another way to capitalise on a master brand with Chanel Coco Noir and Guerlain Shalimar Parfum Initial both providing alluring new editions of the original perfumes.

The investment in core values was also visible in the colour cosmetics category with Dior relaunching Dior Addict, supported by Kate Moss. Meanwhile Chanel launched a major new lipstick collection, Rouge Coco Shine, fronted by Vanessa Paradis. Such launches were well received by consumers who would rather pay more money for a cosmetic that is a sure bet than waste their Euros on a substandard product.

"Last year was very good in terms of innovation for prestige colour make-up, above all lip colour, with strong launches from Dior," says Puszka. "In nails, the relaunch of Dior enamel had a big impact on market." Nail make-up in fact recorded double digit growth in 2011, both in prestige and mass distribution with plenty of innovation in this category fuelling sales.

THE S-FACTOR

Nowhere in the market is the reputation of a brand and product efficacy more important than in skin care. Aron comments: "The key success factor for skin care is the power of the fundamental research behind a product, which builds up the reputation of a brand. You need nice packaging and advertising of course but the key to success is the quality of the formula, and nowadays you can't win with an average formula. The market is open for the big players, the ones who can afford fundamental research. People who think we are selling dreams are wrong. We are not in the 1950s any more."

Indeed, when Lancôme launched Visionnaire in September 2011 it was seen as an incredible breakthrough in skin care. The serum, which contains the multi-tasking molecule LR2412, is said to recreate the look and feel of beautiful skin and is claimed by Lancôme to have been so convincing in testing that one in two women planning nonsurgical procedures postponed them after trying the product. Consumer reaction was staggering and sales smashed all expectations as word spread of a product that truly works. Aron notes: "Lancôme is a sure value for the consumer. It is qualitative, based on research, well known and French. This is what the mid-recession consumer wants."

In a special annual review Lancôme confirmed that 2011 was the best year it has enjoyed for 15 years, due to Visionnaire and also its fragrance Trésor Midnight Rose which became one of the best-selling feminine autumn launches in Europe. The aim, according to L'Oréal Luxe, was to "regenerate the power and modernity of Lancôme, probably the most feminine and emotionally charged of all L'Oréal Luxe brands and the one which best embodies the French touch."

COMPETITION CHANNEL

As a category however skin care did not perform so well in the prestige market, falling 1% in 2011 according to NPD France. Puszka explains: "Skin care is the most difficult of the prestige categories because of competition in other channels. It is more difficult to explain the added value of the products in prestige outlets than in pharmacies, for example. Plus there has been a lot of innovation in mass market skin care, so we have seen a long term decrease in prestige skin care over the last five or six years and it is not an effect of the economic crisis."

Indeed last year the mass market was awash with innovation, the spearhead of which was the BB cream. "BB creams were a big phenomenum in 2011 in France," says Kolerski-Bezerra. "It started with Garnier and now most brands have a BB cream. They are popular because they are simple to use and they do it all." Gemey-Maybelline recently launched an 8-in-1 cream, Dream Fresh BB, with a hint of colour that claims eight beauty benefits such as blurring imperfections and illuminating the skin.

There have also been some developments in private label with Sephora launching BB Crème hydratante SPF 15 earlier this year, and in the prestige arena with products such as Estée Lauder's DayWear Anti-Oxidant BB Crème SPF 35 and Dior Hydra Life BB Creme. However Puszka comments: "BB creams have launched on the prestige market but it has not been so big. It is not what is driving the market in premium skin care as it is in mass." Puszka points to the more technological anti-ageing innovations, with serums in particular accounting for the strongest sales in prestige skin care.

But while mass market skin care sales have been driven by BB creams, the next big thing is rumoured to be the CC cream (colour control cream), which is currently blowing up in Asian and US markets. Kolerski-Bezerra says: "CC creams have not yet launched in Europe but they soon will. While BB creams are very clever products even offering SPF protection, CC creams go one step further to offer a correction: better coverage and deeper moisturisation."

A NATURAL APPROACH

According to Kolerski-Bezerra, another key trend in the French C&T market has been the spread of natural products into the mainstream. "There was a move towards a more holistic approach in 2011 for products in every single channel of distribution. Not only are products that promote naturalness present in parapharmacies and pharmacies, they are also in hypermarkets with most having launched their own private label lines with a natural positioning."

In May 2012 Auchan launched a new store concept which is fully dedicated to organic products, called Cœur de Nature. The aim of the store, the first of which launched in Brétigny-sur-Orge, is to make organic products more accessible by putting cheap products on the shelves.

It has also become more widespread for brands to consider the whole approach to developing a product that considers environmental and social issues. Kolerski-Bezerra explains: "Today manufacturers have to go beyond the marketing claim of 'without'. They need to show they are using local producers where they can, choosing recyclable packaging and so on. People can find out information faster than light, so transparency and consistency is very important for brands in order to gain consumers' trust."

Yves Rocher, the number one body care brand in France, exemplified this approach with its recent launch of its organic body care line Culture Bio Hydration with Aloe Vera. Not only does it contain organic ingredients, it ensures the traceability of its ingredients. Xavier Ormancey, director of research and development teams at Yves Rocher, explains: "For this range Research Yves Rocher built a partnership with producers of aloe vera in Mexico to ensure that the plant is grown according to tradition and in the context of organic farming."

Meanwhile, Le Petit Marseillais introduced a strict charter in 2011 which prohibits or minimises ingredients including parabens and phthalates, as well as working on environmental and sustainable initiatives. For example, the market leading shower brand introduced 30% recycled plastic packaging in all of its innovations last year.

The market has also seen some new faces, particularly targeting the children's skin care market such as Too Fruit, an organic range that is said to be specially formulated to protect kids' skin. Another example is Lady Green, which exhibited at Beyond Beauty in Paris earlier this year offering a collection of gentle, Ecocert certified skin care products which are specifically for girls and young women aged 12 to 25.

Pharmaceutical eco-chic brands Nuxe and Caudalie continue to be ever popular with French consumers, since they successfully combine a natural and technological positioning. "Beauty products need to be efficient with great textures and scents, and natural products are no different," says Kolerski-Bezerra, "They have to really work while offering enjoyment and olfactory pleasure."

In fact, Caudalie has gone further than this. "Caudalie has contributed to change the image of pharmaceutical brands usually perceived as natural and technical to a more luxurious and glamorous image. Due to this, the brand recruited new consumers from other channels; consumers who usually purchased skin care products in beauty specialists began to purchase them from pharmacies and parapharmacies." The brand has most recently built on the success of its Vinexpert line with the addition of Sérum Fermeté, which contains peptides, argan proteins and resveratrol-oleyl to act on density and firmness on cheekbones, facial contour, neck and décolleté.

Meanwhile, Nuxe made its first foray into fragrance in May this year with Prodigieuse le parfum, which captures the aroma of the brand's number one selling product, Huile Prodigieuse.

With such brands at its helm, the pharmacy channel in France is going from strength to strength. A study by Eurostaf notes how pharmacy groups are opening a growing number of outlets and "developing real branding policies, thus improving their visibility on the beauty market". Beauty Success, which opened 16 new stores in 2011 and increased sales by 6%, has in fact has just unveiled a new store concept as a result of a collaboration with agencies Versions and Raymond Interactive.

RETAIL RENOVATIONS

As competition between the networks increases, perfumeries have been developing new concepts to modernise and attract new customers. In an attempt to pull back market share, Marionnaud has been renovating its outlets since 2011 to make signage clearer through colour coding and making sure beauty consultants were always available. As a result, the new outlets are generating 5%-10% growth in sales. Meanwhile Sephora opened a series of brand new concept stores this year, starting with the Boulevard Haussmann boutique in Paris. The store features innovations such as a touch screen to help customers find their fragrance and a Nail Studio that has been developed together with OPI and Sally Hansen. "In our new generation stores, fixtures have been elevated so that they allow more space on the ground and there is a better view of the store to give an impression of space. Also the perfume area features LED lighting to structure the different areas which looks more dynamic, edgy and modern," says Sephora.

In perfumery retailing Paris has also seen the emergence of shops that offer a space for artistic perfumery, such as Nose which proposes an alternative offer to consumers of niche fragrances and Le Labo's new Paris boutique, with its 1950s style shop front. Le Labo also launched a new limited edition scent to mark the opening of the perfumery: Vanille 44, described as "a vanilla with a difference".

PRIVATE INVESTORS

Beauty retailers have also been introducing or strengthening their private label ranges in a bid to increase basket spend and, in Nocibé's case, attract younger consumers. The selective beauty retailer, which is third behind Sephora and Marionnaud, introduced its first colour cosmetics line in May with no less than 200 skus. Meanwhile, in the mass market, hypermarket chain Carrefour launched Les Cosmétiques Design Paris in March, a private label range of toiletries, skin care, hair care and make-up with approximately 650 references, 20 of which are certified organic. With products such as Crème Cellulaire Gold Regeneration Age Ultimate retailing at €90, the range exemplifies the way private label beauty in France is becoming more sophisticated.

But as positive as many of these developments have been in terms of progressing competition in the marketplace

Caudalie Vinexpert (left) lured consumers from other channels to pharmacies while Sephora (above) opened a series of new concept stores

and vibrant consumer choice, it seems the French C&T market has been rather troubled in 2012. Kolerski-Bezerra says: "This year has not been as positive as 2011. There were a lot of strong price increases, so this will be reflected in the growth rate."

Puszka adds: "The prestige market has seen a slowdown in 2012. Between January and September, the prestige market declined 0.9%. Fragrance and make-up were down 1.1% and 1.4% respectively and skin care was stable, due to anti-ageing innovation. However we don't know how the year will end as December represents 20% of sales for this market." Indeed there were some strong launches this year, which is promising for the all important Christmas period. This was most notable in fragrance with Guerlain introducing La Petite Robe Noire and Lancôme launching La Vie est Belle, which, according to Aron, "respects consumers with its high perceived quality".

It is precisely this that brands are required to strive for today. Puszka comments: "The main challenge for both manufacturers and retailers is to highlight the added value in a product compared to what is offered in other channels."

Part of the solution for retailers, Puszka believes, lies in using digital interactive tools as a means to interact directly with the consumer. Kolerski-Bezerra adds: "Online and in-store have to work hand in hand. The cultural era is not killing the shop. The shop needs to adapt."

Some retailers are embracing the change, such as Sephora, who, by way of a recent example launched 'Color Your Face', a virtual make-up application tool that enables users to try make-up looks on a picture of themselves. Meanwhile, for manufacturers, says Puszka, the solution lies in finding ways to communicate why a product is worth the money.

French consumers have long been told it's because they're worth it. They now need to be shown why *it's* worth them. **cb**

ORGANIC ON THE RISE

- **According to a study by research company Deloitte, the market has benefited from the development of ecologically responsible consumption and greater access to organic beauty products in supermarkets and hypermarkets.**
- **Yet despite this positive growth, Deloitte notes that the market faces several challenges in particular, including some consumer reluctance to purchasing, with price remaining the main obstacle along with distrust of green claims or 'greenwashing' and distrust of the efficacy of organic cosmetics.**
- **Brands also face increased competition from major players such as L'Oréal, Clarins and Yves Rocher who all now offer organic ranges.**