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Comment

Chinese caution



Despite worries about overall slower economic growth, data coming from China continues to cause excitement. NPD reported that prestige beauty sales there grew by 21% in 2011, with the sector's biggest category—skincare—posting an increase of 23%. Meanwhile, Kline released a report highlighting the tremendous growth of online beauty sales in China, which in 2011 were estimated to be worth \$8bn, making it the biggest internet market for cosmetics worldwide.

However, doing business in China is still not that easy. And it's getting more expensive. The cost of operating in the country continues to rise, whether in terms of increasing salaries or growing advertising expenses driven by intense competition among the big players. There are also some questions over demand and purchasing power beyond the first and second-tier cities to buy certain high-priced products.

Most of the big players have brushed this off, saying that even if China's beauty market slows for a few quarters, their growth will fall by only 1-2% and will probably still be in the double-digit range. They add that expansion into new cities and new stores will more than compensate any decline in growth in places like Shanghai and Beijing.

However, some companies in other sectors (mainly industrial equipment manufacturers, like Eaton or Caterpillar) have begun to de-emphasize China in terms of their growth in recent results presentations, having seen a fall-off in demand, which they may have over-estimated. It may not be a question most executives would want to ponder, but could beauty be next?

See our upcoming print magazine for a full analysis of the Chinese beauty market. Our next electronic publication comes out May 31.

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Meet the *BW Confidential* team at:

- China Beauty Expo, Shanghai, May 4-6
- TFWA Asia Pacific, Singapore, May 13-17
- Luxe Pack New York, May 16-17
- BeautyWorld Middle East, Dubai, May 29-31
- HBA Global Expo, New York, June 19-21
- Make Up in Paris, June 21-22

News roundup

Avon's new ceo Sheri McCoy said that stabilizing the business was her "first and most urgent objective" during a presentation to analysts one week after taking the helm of the struggling company. She recognized the major challenges ahead: "Avon has lost market share and missed expectations; has had problems executing and has faced operational and strategic issues. The rate of growth has declined and cost structure and cash generation need to be improved." McCoy added that as well as internal problems, Avon now faces new competitors and changing consumer expectations. Her priority will be to assess the business in key markets, including the US, Brazil, China, Mexico and Russia, as well as review the product portfolio, representatives' earnings and Avon's operating model.

Avon's first quarter numbers were worse than anticipated with profit down 82% to \$26.5m and a 2% decline in sales to \$2.58bn. Analysts say it could take at least three years for Avon to make a recovery and that Coty, which stated that it wanted to acquire the direct seller in April, may still raise its price to buy the company.

Prestige beauty sales in **China** were up 21% in 2011, according to NPD. Skincare saw growth of 23%, while make-up sales increased 17%. In prestige skincare, face essence sales rose 25% and moisturizers saw 21% growth; these two sub-segments now represent nearly half of all skincare sales in the country. Skincare products with anti-aging claims grew 27%, while whitening products were up 15%. In make-up, the face segment, which represents 59% of the color category's dollar share, sales were up 18%. Lip product sales rose 26.5%, with lipstick increasing 31% and lip gloss 22%. However, the performance of eye products were soft (+6%), due to a decline in mascara, which saw sales fall 3% in value.

Beauty sales through the internet in **China** reached nearly \$8bn in 2011 and should grow to \$20bn by 2016, according to Kline & Co. This level of sales makes China the largest internet beauty market worldwide. Kline says that 'e-malls' such as Tmall.com and Tiantian.com are fueling growth. The number of internet users in China was 457 million in 2011, up from 137 million in 2006. Online buyers now total 205 million.

French group **L'Oréal** has acquired French soap brand Cadum from private-equity firm Milestone Capital, which has owned the brand since 2007. Milestone reported sales for the brand of €58m in 2011, of which €49m came from the French market. Cadum's range includes baby care, body care for women and men and an organic bath and body range. The brand will join L'Oréal's Consumer Products division.

Operating profit at **P&G** fell by 11% in its third fiscal quarter of this year, while organic sales for the period were up by 3%. The group's beauty division sales were up by just 1% in the quarter to reach \$4.8bn. Net earnings in the division rose by 3% to \$523m, while operating margin fell due to higher commodity costs and an "unfavorable geographic and product mix". By segment, the hair care business was up by low single digits, according to the company, while sales of skincare, personal care and cosmetics fell by low single digits partially due to a poor performance in North America. Sales of prestige products, meanwhile, were up in the mid single digits, which P&G attributed to the SK-II brand and its fragrance brands. During the quarter, SK-II joined P&G's roster of "billion dollar brands", bringing their number to 26. Sales at P&G's grooming division were flat for the period, partially due to lower sales in developed markets. The group is forecasting overall net sales growth of 4% for fiscal 2012.

Japanese group **Kao Corp's** Beauty Care division reported sales of ¥537.9bn (\$6.71bn) in fiscal 2011, an increase of 4.4% on 2010. Operating income for the division came to ¥15.4bn (\$192.1m), rising by 9.8% over the previous year and EBITA grew by 9% to reach ¥48.8bn (\$608.8m). Kao is forecasting that sales in its Beauty Care division will grow by 1.7% in the current fiscal year, while the cosmetics market in Japan will decrease by 2-3% in same period.

Packaging company **Albéa** has acquired Zhongshan Meiquan Plastic Products, also known as Tex China. Based in Guangdong province, Tex China has three factories specializing in mascara, lip gloss, lipstick and pots and cases. In 2011, Tex had sales of \$20m, 80% of which came from export. Albéa already has five production sites in China and a sales office in Shanghai.

The merger of fragrance retailer **Perfumania** and Florida-based fragrance company **Parlux** has been given the green light by shareholders from both companies. The two companies announced their intention to merge in January of this year in a deal worth \$170m. Parlux, owner of fragrance licenses for brands including Rihanna and Paris Hilton, is already one of Perfumania's largest trading partners.



News roundup

German company **ArtDeco** has teamed up with burlesque performer Dita Von Teese to launch a first make-up collection for the celebrity. The new line, Dita Von Teese Classics is part of the brand's higher-end Art Couture range and sports vintage-inspired black packaging featuring an outline of Von Teese's profile. "We have a very solid position in Europe—the ArtDeco brand has an 18% market share in Germany. We wanted to go one step further than just having a spokesmodel, and so we partnered with Dita Von Teese who is a style icon and was very involved in all aspects of the collection," explained ArtDeco

ceo Helmut Baurecht at a press conference in Munich to unveil the line. ArtDeco marketing director Anna Blasco-Salvat added: "We are good in make-up and a market leader in Germany and now we have a fantastic concept that will really help us to gain new consumers."

The range includes a limited-edition beauty box, with the inscription Beauty is Art, to store make-up colors and refills. The line comprises 39 references, including a Lash Volumizer Mascara, gel eye liner, mat lipstick and lip lacquer for a 3D effect and soft shine, as well as Ceramic Nail Lacquer in four colors. The company will also launch a line extension for the holiday season for the range. Dita Von Teese Classics will launch in Europe only and will range in price from €4.80 to €24.



French luxury-goods group **LVMH** reported that like-for-like sales for the first quarter of 2012 were up 14% to €6.6bn. On a published basis, sales increased 25%. In the perfumes and cosmetics division, like-for-like sales rose 9% to €899m, while the group's selective distribution arm saw like-for-like sales grow by 18% to €1.82bn. The company said that perfumery chain Sephora, part of its selective distribution division, had continued to gain share in key markets and that the retailer was gearing up for its launch in Brazil and Scandinavia.

Market research company **Euromonitor International** outlined four shifts in the beauty market during a conference at the In Cosmetics trade show, which took place in Barcelona from April 17-19. The company said that four key elements that companies should be looking at are: driving sales with mergers and acquisitions, evaluating new product positioning that takes in a holistic approach, capitalizing on high-tech claims and exploring new retail concepts given the increasingly competitive retail environment. Euromonitor head of beauty and personal research Irina Barbalova stated that the market is also seeing a strong performance of premium products and that premium cosmetics outperformed mass in Western Europe, North America and Asia Pacific in 2011 with 4.7% growth.

The In Cosmetics show, which focuses on personal-care ingredients, saw a 5% increase in unique visitors to reach 7,152. There were 590 exhibitors at the event, which meant this year's show was 10% larger than last year's in Milan. There were more than 72 first-time exhibitors at this year's show.

US private-equity fund Pegasus Capital Advisors has acquired Bangkok-based **Six Senses Resorts & Spas**. Pegasus will acquire the Six Senses and Evason operations, while the Soneva resorts business will be spun off into an independent entity and will continue to be managed by former Six Senses founder Sonu Shivdasani. Six Senses operates 10 resorts and 28 spas in 20 countries and 15 are currently in development.

US-based private equity company **North Castle Partners** has acquired Palladio Beauty Group, a manufacturer of make-up and skincare products sold mainly through professional channels in 40 markets.

Mäurer & Wirtz has named Thomas Seeger-Helbach as its new managing director. He is returns to the company after leaving his position of director of marketing and new business a year ago to join skincare brand Dr Babor. Mäurer & Wirtz former md Fabian Krone is leaving after two years in the position.

US-based **Revlon** reported net sales were down 0.8% to \$330.7m in the first quarter of 2012, compared to the same period last year. Operating income for the period fell 0.9% to \$44.3m. Revlon partially attributed the flagging sales to a poor results from its Almay brand. As a result, Revlon has begun "refining the brand proposition" through improved merchandising, graphics and packaging.

News roundup

Switzerland-based **Art & Fragrance** said its profits quadrupled in 2011 to reach Sfr8.3m (\$9.16m) on sales of Sfr113.1m (\$124.8m). The company pointed out that this performance was despite the fact that the majority of its sales are in euros and US dollars meaning it suffered from an unfavorable currency situation. The company's increase in profits was also due in part to cost-cutting measures. In the perfume segment, sales were down 3% to Sfr50.9m (\$56.17m), due to currency effects. However, EBIT for the division rose 75% to Sfr10.9m (\$12.03m), while EBIT margin was 21%.

Lalique Parfums saw sales increase by 13% in euros and fall 1% in Swiss francs. The company said sales for its Nikki Beach franchise did not meet expectations and that it has started discussions to terminate the license. Art & Fragrance has also signed a license with Bentley Motors and will launch a fragrance for the car brand in spring 2013.



Peruvian cosmetics direct-sales group **Belcorp** has officially launched in Brazil with its L'Bel, Ésika and Cyzone brands and offering a portfolio that covers almost 800 skus. The company will invest R\$200m (\$105.6m) between now and 2015 in its Brazil operation, which will include the opening of factory in the market to produce around 80% of the products sold there. It is forecasting sales of R\$400m (\$211m) by 2015 and expects to have around 200,000 representatives selling its products there. Belcorp began a pilot project in Brazil 11 months ago and already has 50,000 representatives. Despite the strength of local players, especially direct-seller Natura, Belcorp says it will differentiate its positioning through its wide offer: "We believe that the fact that we work with three different catalogs and brands, each one with its own price and market positioning, will be a positive point to our entry to Brazil," comments Belcorp vice president of South Cluster Luiz Salcedo.

The **Beauty Innovation Awards**, which are organized by trade show Beyond Beauty, consultancy Merk Vision & Partners and independent perfumery grouping Beauty Alliance Germany, has expanded its reach to include five European beauty markets. The awards, which are now in their third year and initially focused on Germany, will now also cover France, Switzerland, Italy and Austria. The awards are open to brands in any beauty category from anywhere in the world looking to launch in one of the five European countries covered. Winners get the chance to negotiate with European retailers with a view to being listed in their stores. The retailers involved will also advise the winning brands about their market. Retailers judging the brands are: Limoni-La Gardenia perfumery chain in Italy (600 stores), Beauty Alliance Germany, which groups 950 doors, Beauty Success, which has 280 perfumeries in France, Beauty Alliance Switzerland, which has 110 outlets in the country and Beauty Alliance Austria, which has 45 outlets. The contest will take place in September.

Prestige beauty sales in the US in March were up by 15% to \$945.9m, according to NPD. This follows growth of 11% for the month of February. In March, skincare saw the highest growth at 23%, make-up saw an increase of 12% and fragrance was up 9%. Year-to-date (January to March 2012), total prestige beauty sales in the US were up 14% to \$2.3bn.

US-based beauty brand **Elizabeth Arden** has named Rebecca Restrepo as its first global make-up artist. Restrepo will serve as a spokesperson and brand ambassador and work on trend forecasting and beauty consultant training, as well as share advice with consumers through Arden's social media channels. Elizabeth Arden is currently undergoing a major revamp, and the relaunched brand should be unveiled this fall.

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Wellness focus

Japan-based operator The Day Spa Co. founder and president Tae Kawasaki



How is the day spa market performing in Japan?

The day spa market in Japan is now reaching maturity. The sector's growth rate began to drop after 2009, and then it fell again dramatically following the earthquake in March 2011. Since consumers in Japan are feeling uncertain about the outlook after the earthquake, our guests stopped spending and they are visiting day spas less frequently. However, since the beginning of this year, business has been coming back and we are currently doing better than 2009 levels. Consumers here are desperately looking for body/mind/spirit balancing services to relieve their depression and stress.

What are the main challenges facing the market?

Many day spas are lowering their prices due to intense competition, so it is a challenge to maintain good quality service.

Is the market more focused on pampering as opposed to the wellness aspect?

In Japan, the day-spa market is currently more geared to pampering and beauty. However, the wellness trend is bound to emerge soon, as after the earthquake we all now understand how important it is to keep our wellness balance. Many consumers here in Japan are still suffering from depression and uncertainty about the future. People are looking for a service that can balance and improve their lifestyle. The day-spa sector and health-conscious services can be combined and with this in mind in our spas, and we are partnering with yoga and Pilates classes, personal training services, wellness day trips and more wellness-related services to offer complete packages.



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Beauty blogger review

The products they're talking about

The product: Truth Art Beauty Face Nourish. This US-based skincare brand is liked on the blogosphere for its "amazing ingredients". The brand says that cosmetics, like food should be pure and natural and claims to use only active botanical ingredients and to reject cheap fillers, synthetics and additives. Users can also select ingredients and build their own blends for a customized skincare product, which allows them to know exactly what is going onto their skin. Each product has an expiration date, as it doesn't contain preservatives.

[From: <http://www.mybeautybunny.com>]



The product: Keranique Volumizing Shampoo. The Keranique haircare brand claims to be free of sulfates, parabens and synthetic fragrances and is said to make hair look thicker. The Volumizing Shampoo includes peppermint oil, which is said to moisturize the hair shaft, while stimulating micro-circulation and new hair growth.

[From: <http://www.themakeupdivas.com>]

The product: Prtty Peaushun Skin Tight Body Lotion. This brand created by celebrity make-up artist Bethany Karlyn, claims to use light-reflecting particles in an emollient base to conceal minor imperfections and tighten the skin. It also says that lotion minimizes bruising and sore muscles. It is liked on the blogs for its natural plant extract ingredients and the "glow" it is said to give to bare legs. The product comes in what the brand calls "anti packaging"—a bag-like container without any secondary packaging that is said to take up less space in landfills.

[From: <http://www.themakeupblogger.com>]



The product: Manna Cosmetics. This California-based make-up line was created to simplify beauty regimens. The products are said to be multi-functional—for example the Camera Ready primer claims to act as a base that helps foundation stay on, while minimizing the appearance of fine lines and pores. Bloggers describe the primer as easy to apply with a mattifying effect meaning no shine.

[From: <http://www.beautyjunkieinsf.com>]

Their comments & conversations

- Despite many beauty bloggers' love of going to stores to play with products, an increasing number have also admitted that they prefer to **shop online** for cosmetics. Many say that they prefer the web as they don't have to deal with sales people in the store nor wait in line at the cash register; they also like being able to purchase products out of store hours.
- **Lip plumpers** have been a popular topic of conversation on the blogosphere over the past month. Bloggers have cited the plumpers that they like as being an alternative to injectables, such as Kinerase Ultimate Volume Lip Conditioner SPF 20 or Australian brand The Lip Plumping Shop. There is also demand for products that not only plump, but also exfoliate and reduce the appearance of lines and wrinkles around the mouth.

QVC director of beauty merchandising Claudia Lucas

Beauty air time

QVC director of beauty merchandising Claudia Lucas talks to *BW Confidential* about what she has in store for cosmetics at the US home-shopping network



What share of your business does beauty represent and which categories are performing best?

Beauty and health products currently represent 17% of the total mix and we feel there is potential to grow this over the next two to three years. We are still a general merchant, but beauty can have a bigger part of the overall business.

Our core categories are skincare, color cosmetics and haircare and a new area that has really exploded is devices for home use. Devices used to sit in various places in our business, but we've now created a distinct category, with specific buying resources behind it.

Their success is down to a lot of new technological innovations, and many devices are now FDA-approved, such as the TRIA laser hair-removal system and a laser device from Palo Via that addresses lines and wrinkles. They are high-priced items that require explanation and on air we are able to provide an expert spokesperson who knows the product inside out and can explain how to use it and its benefits. This educational platform reassures them—after all they are spending around \$300 on a device that they would previously have only seen in a medical spa. Another part of that segment is hair tools. For this category we not only have the experts, but on-air models demonstrating the products. We believe there is still a lot of opportunity in that segment.

Which other categories are you focusing on?

Fragrance is a white-space opportunity for us. It's been a frontier that we've deliberately avoided in the past because we struggled to articulate what something smells like in this media space. Despite that, we've grown a sizeable fragrance business for the Philosophy brand, which tells me that we can sell fragrance. We are taking two directions to tackle the category. We need product that has strong story-telling capabilities and we need to drive sampling. In terms of product, one of our bigger initiatives for this category is the launch of [US designer] Isaac Mizrahi's first-ever fragrance later this year.

Sampling presents a major opportunity to reach a wide spectrum of our customers as we send out thousands of packages everyday and inserting a sample in those packages is relatively easy. Sampling in outgoing packages also means we get the product into consumers' hands and we can target who we send them to. Right now, our beauty brands sample within their own packages, and we target certain groups and brands.

How much of your business is via online sales?

Some 41% of our beauty sales are through our website and mobile. Since QVC has always been in the digital space, as opposed to brick-and-mortar, developing an online business was second nature. What we do online is very different from what we do on air. First of all, beauty isn't on air 24/7; we have a certain amount of programming and when we are on air we show one product at a time. However, our website is open ■■■

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Our average selling price for a beauty item is \$48 so we are at the higher end of the price spectrum. It's not necessarily about pushing a price point, but about making sure it's a compelling product

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QVC

● **QVC US total sales 2011:**
\$5.4bn

● **QVC US Beauty & health share of overall sales:**
17% of total

● **QVC US % of beauty sales via website, mobile & iPad:**
41%

● **Global presence:**
US, UK, Italy, Japan; recently signed joint venture to enter China

QVC director of beauty merchandising Claudia Lucas

■ ■ ■ 24/7 with the full assortment. Consumers who are familiar with beauty at QVC are choosing to purchase online, rather than sitting in front of the TV. We give them access to our assortment 24/7—that's why we are seeing this growth in sales penetration in our online business. Online sales are also supported by mobile; our iPhone and iPad apps touch consumers at different access points—you don't have to just watch TV anymore.

How price-sensitive is the QVC consumer?

I don't think there is a price barrier. When we decide if we are going to stock a product we look at what it will do for our customer in terms of experience and results, and that's what tells us if the price point is justified. We offer devices in the \$400 range, but given the technology involved, these items are appropriately priced. Our average selling price for a beauty item is \$48 so we are already at the higher end of the price spectrum. It's not necessarily about pushing a price point, but about making sure it's a compelling product.

How is your partnership with retailer Space NK performing?

We are fairly new into the relationship with Space NK as we started in the fall of last year. The partnership allows us to bring [Space NK founder] Nicky Kinnaird's expert eye to our audience. Nicky has a reputation for being a beauty guru with a selective eye for beauty products and the items that go into her stores are heavily vetted. So by bringing a virtual Space NK to QVC, we provide that platform of credibility to our customer as well. Our agreement with Space NK is open-ended; a lot of investment and time goes into building a brand at QVC so to get the benefit of that we develop it over the long term.

We have a similar relationship with our Sephora-branded shows, which are in their second year. We are primarily there to support Sephora's exclusive brands, such as Sephora OPI and Tokidoki and we are not directly competing with each other as Sephora reorganizes the product and configuration so that they are unique to QVC. Instead, we provide a mutual marketing platform for the brands. These brands are only available in Sephora, so we get the opportunity to present products that don't have broad distribution.

QVC recently signed a joint venture with China National Radio to enter China. What role will beauty have in the new business?

Each of our global affiliates runs its merchandising strategy independently. Beauty will always be an important part of the mix, but to be successful you have to manage the assortment at a local level.

How will TV home shopping develop in terms of prestige beauty?

The way people watch TV has changed; they want to watch on their terms and home shopping is going to have to become more personalized and on demand. Our UK affiliate, for example, runs a separate channel that is devoted to beauty and that is something that we could potentially consider for our US business. The evolution of home shopping will ultimately go towards something that is more personalized. ■

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▲ QVC Inc is working to build its fragrance offer and to develop its home devices segment, which Lucas says has “exploded” in recent months

Retail case studies

Consumer centric

The need to make shopping more entertaining and personalized is a constant refrain among beauty executives. *BW Confidential* analyzes a range of brand-driven service initiatives aimed at creating a stronger connection with the consumer at the point-of-sale

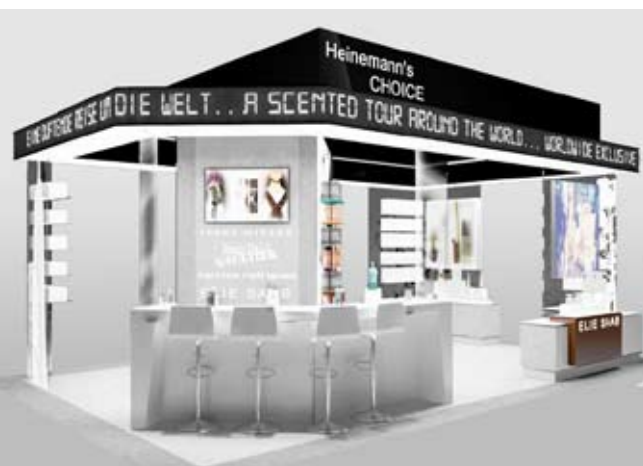
**Nails Inc looks to personalization**

Giving consumers a more active role in the brick-and-mortar shopping experience was the strategy behind UK nailcare brand Nails Inc's new in-store customization tool. Called Couture, the interactive merchandising unit features an integrated touch screen modeled on the Couture feature from the brand's website, which lets visitors create their own personalized nail polish. The display gives shoppers a choice of colors to create a personalized shade of polish and allows them to choose their own bottle cap (from crystal to studded) and to name the polish. The display prints out the order that is then filled at the Nails Inc counter in around 30 minutes and is packaged in a gift box.

Nails Inc launched the service at Harvey Nichols' department stores in London Knightsbridge and in Edinburgh, and the brand aims to roll out the concept to other UK retailers. This kind of service does more than inject a bit of fun into the shopping experience; it is also way for the brand to track which shades, designs and packaging options are the most sought-after in physical retail and therefore to create collections that are more in tune with consumer expectations. The initiative also shows that an interactive experience that made its debut online can also fit well in a physical retail environment.

BPI's scented tour

Shiseido fragrance arm BPI's new concept for travel retail, A Scented Tour Around the World groups together the company's four brands (Jean Paul Gaultier, Narciso Rodriguez, Issey Miyake and Elie Saab) in a single standalone podium with the aim of highlighting the designers' background and story. The limited-time concept (which runs for either one or two months, depending on the location) launched in March at Frankfurt Airport in partnership with travel-retail operator Heinemann.



Shoppers can take part in a quiz displayed on iPads at the podium, which involves answering questions related to the designers. Participants can win three types of prizes: a sample, trial size or fashion accessory. The podium also features a fragrance tester bar.

"Presenting the four BPI brands together on the same podium allowed us to increase our visibility, while at the same time offering consumers a wider and more exciting product offer," explains BPI coo Eric Henry.

Creating a promotion spotlighting a group of brands also means the company can deliver a consistent level of service for its labels and share the costs of the operation across several brands. The podium will move on to Copenhagen and Istanbul airports in the summer and fall and according to BPI's Henry, the company is working to implement similar initiatives.

Retail case studies

Ioma's service tools

More brands are moving to provide in-store diagnostic tools to become closer to the consumer. French skincare brand Ioma uses diagnostic tools at retail to be able to give consumers what it calls a "before and after" experience. "I was disappointed with the level of innovation that was coming from the skincare market as all of the research was focused on ingredients. There needed to be a rupture in the form of technology. We aim to give the client the chance to feel and experience something different," says Ioma founder and CEO Jean Michel Karam. Ioma Link, the brand's newest tool, which launched in April, is a freestanding unit featuring two 'wands' that simultaneously measure a series of skin parameters. The tool interprets the results in less than five minutes and prints out a prescription for a skincare regimen based on the diagnosis. Ioma stores the results on a cloud-based server so that the BA can compare the results on the return visit to show the consumer how effective the products have been on each parameter. Consumers can also scan a product's bar code to display additional information and the BA can access their purchase history as well. "Ioma Link brings life to the point-of-sale, but it requires a lot of BA training, so we choose our retail partners accordingly," says Karam. In France, the tool will roll out to 380 Marionnaud and Beauty Success stores as well as retailers abroad including Harrods in London. "This kind of service also helps fight the migration of consumers from selective doors to other channels," says Karam.

Using information on the consumer's skin type and purchase history is indeed gaining ground. BDF-owned Eucerin's standalone store features the brand's patented Skin Code Reader—a "dermatological-grade skin analysis tool", which measures 10 skin parameters. The results are used to give consumers targeted products and treatments, but they are also fed into a database, which Eucerin hopes will become "the world's largest skin database" and which will be used to develop future products and services.



BA training: Red Scout

While interactive displays and diagnostic tools are a move in the right direction, analysts say that the shopping experience is still a challenge due to the often poor level of service from the BA. "The beauty industry relies on inspiration and newness and it is so dynamic when it comes to new technology in the products themselves, but it hasn't been able to move forward in terms of its training techniques. The industry is still implementing the same techniques as 20 years ago," says Simone Pedersen, former beauty buyer at Lane Crawford in Hong Kong and founder of Sydney-based training and recruitment company Red Scout.

"Another issue is that cosmetics brands always focus on product training, rather than on the fundamentals," she adds. In response to this, Pedersen founded Red Scout, an online beauty advisor training service that offers modules ranging from basic "customer care" to technical knowledge on skincare, fragrance and make-up that she believes every BA should have before hitting the sales floor.

Red Scout's training is divided into four sections: customer care, fragrance, skincare and make-up. Each category features around 10 modules of 20 minutes each. "Bite-sized modules work best," says Pedersen, adding that one hour of online training is equivalent to three hours of face-to-face contact. "The nature of e-learning with its visual and auditory reinforcement of information, and individualized feedback means that the time taken to learn the information is significantly reduced. As a result, employees spend less time training and companies pay less for lost productivity," she explains. For skincare training, the course covers issues including the structure of the skin, different skin types, the effects of aging and the skin's characteristics by decade. "Our program is broken down into 11 major skin concerns as we want the BA to be able to identify the different skin issues and have basic knowledge in the key technologies in today's skincare. They need to be able to converse with the consumer," adds Pedersen. In addition to the online courses and assessments, Red Scout can provide face-to-face follow-up.



Beauty and wellness

C'est Moi looks to mix treatments with retail at Tokyo's new five-star hotel

Japanese retailer and distributor C'est Moi opened a spa and store called *L'Appartement des Alchimistes* at the new five-star Otani hotel in central Tokyo last September. The 40m² (430ft²) spa houses a treatment cabin, as well as a retail area selling high-end brands, such as Swiss skincare line Valmont, Italian fragrance company Il Profvmo by Silvana Casoli and French natural skincare brand Biosea. A total of 73 skus are for sale in the area.

In terms of treatments, the spa offers three body and facial options using the Valmont and Biosea brands. Prices range from ¥10,500 (\$127) to ¥25,200 (\$302).

The spa area is meant to resemble an apartment and has been given a cozy feel, with soft chairs and a pastel violet décor. It also overlooks a Japanese garden. The retail space presents the products in an uncluttered way on bookcase-like furniture.

C'est Moi, which also distributes haircare brand JF Lazartigue in Japan, was created by Mika and Ryoichi Fujita in 2007. ■

L'Appartement des Alchimistes

● **Opened:**
September 2011

● **Location:**
Otani Hotel,
Tokyo, Japan

● **Special features:**
body and facial
treatments, Japanese



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