

The Beauty Report

Showdown in Bologna: Co

Recession Results Dampen Spirits in Italy

THE BITTER TASTE OF RECESSION IS LINGERING IN THE LAND OF DOLCE VITA.

The Italian cosmetics industry has weathered one of its most painful years in history, but recovery still appears a long way off. As previously noted, the domestic beauty consumption managed to eke out a modest 0.3 percent increase on 2009 to 9.1 billion euros, or \$12.1 billion. However exports fell substantially by 9.8 percent.

During the four-day Cosmoprof trade fair that ended here Monday, Fabio Franchina, president of UniPro, the Italian association of cosmetics companies, said, "We can only see better results for 2010, but markets are getting more demanding." While declaring cosmetics is a solid business, he emphasized the Italian industry needs to transform itself globally. Principally, manufacturers must begin to tailor their overseas efforts to the needs of specific overseas markets rather than the one-solution-fits-all method.

Paolo Bevegni, international director for Collistar, said his company is fine-tuning its communication to suit market needs. "We are using different advertising campaigns dependent on country. It's simple, but psychologically it's a big shift," said Bevegni.

Franchina's ambition is to elevate the reputation of cosmetics as an exporter alongside other Italian core industries such as fashion, food and Ferraris. Exports account for 23 to 24 percent of total business, which Franchina found grossly insufficient. He proposed the cosmetics industry should be comparable to that of shoes, which exceeds 70 percent.

"I don't understand why Italy can't be a driving force in the world. We need to improve and increase the business — make it as important as fashion, food and wine," said Franchina.

Franchina revealed the association will present an industry report to the Italian government on May 20 in order to secure support for the Italian cosmetics industry. The outlook from other industry leaders is equally tempered. During an earlier interview in Agrate, outside of Milan, Dario Ferrari, chairman of Intercos said, "2010, without being fantastic, will be acceptable. Destocking by retailers has finished, but consumers are still not active. Orders don't allow us to be too optimistic. Consumers are still not there despite retailers replenishing."

Roland C. Pfister, chief executive officer for Swiss brand Cellcosmet, said the market was increasing after stabilizing last year.

Nicola Ostuni, president of Italian perfumeries, said, "We're searching to animate the market by running promotions and including the consumer more. When customers feel involved, they are interested." As part of the fair, a national beauty day was launched to encourage foot traffic in retail outlets as well as at the fair, which opened its perfume and green pavilions after-hours for the first time April 17.

Simone Destefanis, buyer for La Rinascente, highlighted the success of the Milan's store's podium area — a highly visible space where brands run interactive promotions. "We assist brands with new ideas to highlight product launches and attract customers," said Destefanis.

At Sephora's new Milan flagship, the layout is designed to radiate color and energy through a heavy assortment of makeup brands punctuated by interactive treatment and cosmetic bars. When asked about the appeal of natural cosmetics to younger customers, Laura Schiatti, marketing director of Sephora Italy, said the most in demand aspect of new product is its ability to combine performance and pleasure with an accent on surprise. Augusto Mazzolari, founder of the high-end Italian perfumery chain, said hair care in particular was doing well.

A ray of hope came from Michele Norsa, ceo and group manager director for Salvatore Ferragamo, which launched its latest women's fragrance, Attimo, at the fair with a lavish dinner. "The last three-and-a-half months have been better than anybody expected. The comeback of the luxury market is probably faster than expected. Consumers are more attentive to value for money, and we're aiming for double-digit growth this year. The U.S. has surged in the last six to eight weeks," said Norsa.

Having launched a new Blugirl earlier this year, Roberto Martone, president of ITF, was also optimistic. "We hope to recover turnover this year," Martone said. "Our goal is to reach a 120 million euro [or \$160 million at current exchange] turnover." Euroitalia are also set to rollout a new Moschino fragrance launch in May dubbed Tousjours Glamour, an eau de toilette counterpart to the brand's existing Glamour scent.

— Pete Born and Kerry Olsen

Natural Cosmetics Gain Market Share

"I'M INTERESTED IN NOT JUST making people look good, but feeling good, too," said Aveda founder Horst Rechelbacher, who was mapping out the European debut of Intelligent Nutrients, his plant-based beauty line at the fair's new green space dubbed Cosmoprof Nature.

The brand is set to roll out in London's newly renovated Selfridges beauty hall this spring and will open in Hong Kong at Lane Crawford and Nicole in the fall. Rechelbacher is in talks with a Japanese distributor and the product is stocked in 250 Whole Foods' stores in the U.S. as well as Barneys New York. His main contention is that cosmetics should only be used if the body can tolerate them. "If luxury makes you sick, it is outdated," said Rechelbacher.

Antonio Argentieri, president of L'Erborario and UniPro's natural cosmetics division, pointed out the natural cosmetics market is growing more than any other segment within Italy's cosmetics industry.

In 2009, the market grew 4.9 percent compared with 0.8 percent for the total market, even though natural products only represent 3.7 percent. One of the strengths of the market, according to Argentieri, is that "natural consumers have more fidelity." He proudly notes his company has a 37 percent market share in health food stores, representing half of the distribution in this category. L'Erborario also outstripped the growth of this sector with an 8.8 percent gain in 2009. Argentieri sees no slowdown in the growth of the natural category.

Lepo, one of the few producers of natural makeup, launched a new concept of baked products, mineral powders mixed with a type of clay and water and baked like a cake, in Tuscan-inspired colors. The range also features two completely organic products — a foundation consisting of shea butter, almond and jojoba oils that retails for 20 euros, or approximately \$27, and a mascara with additional iron oxide for color that retails for 14 euros, or approximately \$19.

Mark Wuttke, president of the Wuttke consultancy group, suggested the reason the industry is not being wholeheartedly embraced is because leading cosmetic manufacturers need to step up and support a bigger piece of the sector.

— K.O.



Products from Lepo.



Roberto Martone with daughter Giorgia of ITF.

Fabio Franchina

Michele Norsa and Luciano Bertinelli



La Rinascente buyers Annalisa Tuci, Simone Destefanis and Mirella Siciliano.

Indies Vie for Distribution Deals

CANADIAN NUTRICEUTICALS AND NUTRICOSMETICS BRAND FUNCTION-alab won Cosmoprof's Discover Beauty Award, awarded European retailers.

The brand will make its debut at Harvey Nichols in London later this spring. Co-president Erick Geoffron suggested the European market is ready for nutraceuticals, while the U.S. is lagging behind. "We're the first to address this market head-on with a complete line," said co-president Francis S. Maheu.

Also searching for European distribution within Discover Beauty was German certified natural and organic brand Amala, which launched in 2009 at Barneys New York and is stocked in spas including the Mandarin Oriental in New York. Cologne-based M2 is an eyelash treatment consisting of serum and gloss to stimulate eyelash growth and contains active ingredients including biotin and copper tripeptides. The serum is priced at 120 euros, or \$160.58 at current exchange, and the gloss is priced at 45 euros, or \$60.22.

Another high-tech entry was Japanese skin care brand Menard with its anti-aging cream, Authent, based on stem cell research. A presentation by Menard executive Kota Tsuda demonstrated how the product not only can stimulate production of stem cells for the dermis and upper dermis, but also encourages their transformation into active cells needed by the skin for regeneration.

Robin Coe-Hutshing, creative director of Beauty Mix in Santa Monica, Calif., showed off three brands she had created in an effort to use Europe as a global springboard. They included a five-scent collection of Memoir Liquide fragrances; her Nuditè "antiperfume," a mix of water lily, lotus and sheer musk, and Soft Corp, a superhydrating body collection.

In a corner of the glistening spa hall, Byron D. Donics, president of HTI Collection, was busy demonstrating the attributes of his three lines — June Jacobs spa collection, the Tanda group of LED therapy devices, and Skyn Iceland, a treatment line.

Donics said the show was one of the best he had attended in terms of making distribution deals. He noted June Jacobs had reformulated her entire line along new European standards, making it paraben-free, prompting Douglas Perfumeries to take an interest and Jacobs will open a new spa in Valencia, Spain. Tanda will bow in London's Harvey Nichols in June. Skyn Iceland, a top-ranked brand in Sephora, will open in the Mural chain in Canada next month, and also inked distribution deals for the Middle East, Germany, the U.K. and Russia at the show.

The Italian-brand Coswell was touting its BioRepair toothpaste for sensitive teeth that repairs enamel and reduces sensitivity. In three years, the product is said to have received similar results to those achieved by Blanx, a nonabrasive whitening toothpaste.

— K.O.

smoprof Faces the Future

ALL PHOTOS EXCEPT AVEDA BY DAVIDE MINISTRÀ



Diesel rocks Cosmoprof.

Despite Volcano, Attendance Increases

COSMOPROF ORGANIZERS ENGINEERED THEIR FOUR-DAY TRADE SHOW into a scene, animating and pumping energy into the venerable format. However, the spotlight was stolen by the erupting volcano in Iceland, which upended travel plans. Conversation seemed more centered on planes, trains and automobiles than industry chatter.

"Twenty-five percent of appointments were lost due to the volcano," said Byron D. Donics, chief executive officer of HTI collection, who despite the travel chaos said he'd had the best show to date. Daniela Ciocan, marketing director for the U.S. arm of Sogecos, the fair's organizer, explained many of the hair events were reorganized using local hairdressers after U.K. stylists were unable to make the trip. John Paul DeJoria who was scheduled to make an appearance at the hair pavilion to celebrate the 30th anniversary of his John Paul Mitchell Systems brand was unable to fly in.

As of Sunday the attendance figures were running even compared with 2009, according to managing director of Sogecos Aureliana De Sanctis, despite the travel disruptions and Milan's competing design week. The fair closed Monday with a 4.8 percent increase in attendance to 146,331 visitors. Italian attendees were up 6 percent, accounting for 77 percent of the total. However, the erupting volcano forced the cancellation of around 1,700 prescheduled appointments, and 400 exhibitors were unable to make the fair. Online ticket sales were up 73 percent since 2008. All 12,000 tickets to the fair's hair pavilion sold out.

Often touted as the largest beauty fair in Europe, this year's show covered 185,000 square meters of space and included 2,254 exhibitors, a slight 0.26 percent increase over 2009.

In a sharp contrast to the somewhat sparsely trafficked perfumery pavilion, the fair grounds came throbbing to life on midnight Saturday as Diesel with the help of its fragrance licensee L'Oréal threw a huge party in the hair pavilion. Upward of 3,000 partygoers came streaming through the gates, beckoned by three leading international DJs. The hall was illuminated by screens showcasing the new Be Stupid advertising campaign for the apparel brand.

Despite the disappearance of a number of international brands from the fair, Robert Sirot, director of L'Oréal Italy, underlined the importance of supporting local initiatives. Stefano Rosso, son of Diesel founder Renzo Rosso who oversees the brand's external licences, said the fragrance business is the natural way to open the brand to additional consumers. Rosso reminisced about opening the brand's Union Square store in New York years ago when he and his brother Andrea Rosso worked so late, that he laid down and went to sleep in the store's display window, waking up the following morning to startle a group of people waiting for the bus. Meanwhile, the brand's fragrance business continues to evolve. Dino Pace, Diesel's Italy manager, revealed a new female fragrance is set to launch in September.

For the first time this year, a program of panel discussions centered on topics as diverse as engaging the consumer to promote sell-through, and the efficacy of natural products. Patrizio Stella, who head Bulgari Italy's fragrance and cosmetics division, discussed brand distribution in a talk between leading ceo's. He explained the need to differentiate and to take risks, terming it, "a fundamental part of the equation." On another panel, Saturday, Guido Cornettona, international category director of Coty Prestige Italy analyzed fragrance sell-through patterns in perfumeries. He noted 22 percent of customers leave the perfumery with a purchase. Of that group, only 9 percent made their purchase on impulse. "There's a gap, something is missing on the point of sale," he said, suggesting retailers need help. He offered a few solutions including a



Aveda brings new meaning to the phrase "green beauty."

computer program developed for Coty and retailers that assists consumers to narrow down the number of choices to five fragrances that match their mood and priorities.

Robert Cromeans, global artistic director for John Paul Mitchell Systems, was in a celebratory mood as he put on a platform show in front of a hyped-up crowd drawn to the company's anniversary celebrations. The firm is updating its original shampoo with the Hawaiian Awapuhi ingredient that Mitchell used in early products and is due to be launched globally in Las Vegas in July. Cromeans also talked about Mitchell's diversified approach to the market, which even includes pet products. One of the brighter prospects is hair coloring. Cromeans said the company does \$40 million to \$50 million in this category but has ambitions to reach the \$200 million mark. Behind the glitzy Mitchell booth, was the Aveda space featuring a model dressed in a ballgown produced from real greenery and showcasing videos running on monitors as part of the dress.

Ferragamo also chose the fair to launch its new women's fragrance, Attimo, set to rollout in September with a lavish dinner for 400 guests in a medieval palace in Bologna's Piazza Maggiore.

Attempting to revamp the staid atmosphere in the prestige perfumery hall, the Italian version of Vanity Fair magazine managed to tempt a number of missing brands to return to the fair's folds by allowing them to create their own treatment rooms and offer demonstrations off a circular courtyard. Another popular new feature of the hall was the Discover Beauty section featuring 15 relatively unknown brands.

While an obvious effort had been made to rejuvenate the fair with new initiatives in some pavilions, particularly the space devoted to green products, hall 36, the traditional bastion of prestige market perfumery, seemed to lose foot traffic due to a scarcity of major international brands. One manufacturer referred to the hall as, "a dinosaur." Paolo Bevegni, international director for Collistar was more constructive. "It's just that they've forgot to animate the selective part of it."

As to next year, fair organizer De Sanctis indicated she planned to make changes in hall 36, "We need to launch products here." Her broader vision is to develop areas where people can talk, admitting, "Italian people don't like simply listening."

— K.O. and P.B.