

Private label cosmetic and personal care products are attracting consumers with an increasingly wide range of offerings that stress their value-added nature, as well as affordable prices. Reflecting private label's innate reliance on quality and function rather than image, manufacturers have been especially focusing on using scents to add value, from traditional florals to more adventurous notes. They are also creating more sophisticated ranges of products, offering a variety of bath, skin care and cosmetic items with different benefits to tempt consumers to abandon high profile brands. Some retailers are also developing hybrid private labels, working with other companies to provide brand name ranges exclusively through their stores.

It would seem that these players are pushing at an open door. Consumers are increasingly willing to buy private label items, according to analysts. "It used to be that private label products were for consumers on a tight budget. However, a global shift has occurred in which consumer sentiment about store brands is overwhelmingly positive," said a December 2015 report from US-based analyst the Nielsen Company.

MORE THAN ME-TOO

Private label can offer a wide range of useful products, the Private Label Manufacturers Association's (PLMA) Amsterdam-based International Council has stressed in a communiqué released when naming several products in its International Salute to Excellence Awards 2015 last May. Private label personal care products were introduced in the past year by supermarkets, hypermarkets, drugstores and specialty retailers in 22 countries across Europe, according to this note.

Brian Sharoff, PLMA President, noted in the statement that innovative private label products are thriving: "Private label no longer relies on me-too products for its appeal to consumers. Many retailers now have a strong spirit of innovation and this is displayed in the award-winning products."

Fruity and fresh scents were featured in several products garnering awards and recommendations. Retailers have also been sensibly focusing on the emerging market for men's personal care products, said the PLMA. For instance, Tesco's Pro Formula Satin Wild Berry Shaving Gel won in the toiletries category, while German retailer Lidl's Cien Men Mini Rasierschaum won in men's toiletries.

The PLMA also honoured products from Switzerland-based supermarket Migros, such as its Zoé Ultra Sensitive Anti-Age Augenpflege in the eye care category;

Own brand BPC ranges are increasingly sophisticated, in order to tempt consumers



Private label's emotional connection

Consumer sentiment regarding private label is overwhelmingly positive, as retailers and suppliers focus on quality to get a head-start over big brands. **Kitty So reports**

Millette Baby Sun Cream SPF50 in baby care; and I am Natural Cosmetics Repair & Shine Conditioner featuring Phyto Protein & Avocado Oil in hair care. Other winners included Italy's Aspiag Service supermarket's Verde Vera Olio Scrub; German chain Dirk Rossmann's Rival de Loop – Green Tea Tagescreme in facial care; and Spain's Eroski's Belle – Asian Sensations Aceite Limpiador in skin care.

AN UPMARKET OFFER

Other companies have seen rising success with their private label brands. This year, pebble&co, a UK-based boutique consultancy that handles product development and manufacturing, marketing, retail and distribution, is preparing to take to a wider market the RikRak private label bath product collection it developed for Firmdale Hotels. The products will be sold through

wholesale avenues with leading high end department stores and niche boutiques and sell directly to the hotel chain's customers. The collection was created by pebble&co around a year ago as an exclusive for Firmdale Hotels' nine locations in London and New York and includes a body wash, lotion and oil, shampoo, conditioner, hand wash, lotion and cream, eye cream, soaps and an orange peel lip balm.

"When we created the collection, we created it as its own standalone brand," says Sarah McCubbin, pebble&co founder and Managing Director. "The presentation of the collection has struck a chord with Firmdale guests and visitors, and presentation and retail sales of the product online and through the hotels have proven that there's a real demand for this product outside of the hotel environment."

In 2015, pebble&co created a men's facial skin care collection for British luxury retailer and spa operator Bamford Ltd called Bamford Grooming Department. This includes an exfoliating face wash, a moisturiser, shave oil, hand and body wash, and conditioning shampoo.

In the same year, pebble&co also created the #10MINUTEBLOW range for British beauty bar company blow Ltd. "The collection perfectly complements blow Ltd's newly launched app, which is like Uber for your hair, nails and make-up," says Tori Snowball, pebble&co's Manager. The app allows customers to book a blow dry (plus make-up or nail care) that can be done with a stylist at the customer's home, office, hotel or an event.

While pebble&co's products are made in the UK, they are created and used for private label clients around the world, including in the US, China, Japan and South Korea. "We're even working on a range to launch later this year, which is a fine fragrance range for the Middle East," says Snowball.

She notes that companies looking for private label cosmetics and personal care products are looking for bespoke products and flexible manufacturing that can achieve their ultimate designs.

ALL IN THE SCENT

The addition of intriguing fragrances into products is also a crucial aspect of private label products. "We're doing interesting work with fragrances and really unusual ingredients in fragrances – not the standard florals or materials," Snowball says. The company has been incorporating, for instance, scents of materials, such as leather and suede; tobacco; and alcoholic notes, such as whiskies.

"A big trend that we've seen over the

last 12 months and which is showing no signs of dying down is the trend of smokey, rich ashes and charcoals. Unusual, challenging notes that are balanced with a number of more familiar notes to soften them," adds McCubbin.

Fragrance preferences also differ by region. For instance, musky scents are a strong trend among UK consumers. In fact, Western markets tend to be more adventurous with fragrances. On the other hand, Eastern markets prefer more traditional fragrances, but are also more willing to try non-traditional ingredients in products. "Climate plays a lot into that. In hot, muggy countries, you don't want something heavy. You want something that's light, like citrus scents, florals – especially in skin products," says Snowball. Meanwhile, in the Middle East, musks and vanillas remain popular.

Likewise, UK-based supermarket chain Waitrose is using fragrances in its latest private label products. In 2015, the company launched its Waitrose Heritage Collection, according to documents sent to SPC. The collection, using floral scents with woody undertones, features a hand wash, hand and body lotion, hand cream, body wash, bath wash and body butter in three signature scents: White Jasmine & Peony; Freesia & Pear; and Orchid & Honeysuckle.

ON THE HAIRY SIDE

Meanwhile, UK-based Swallowfield, which develops, manufactures and delivers personal care and beauty products, created a male grooming range in 2015. Swallowfield partnered with award-winning hairdresser Jamie Stevens to develop a hair care range for men. "The range, called MR., is designed to combat the appearance of male hair loss," notes a spokesperson.

It features 12 products in three categories: thickening, style and disguise, and includes shampoo, conditioner,



conditioning beard oil and hair fibres that attach to existing hair to build density and give the appearance of thicker hair.

In the US, private label products do well in high purchase categories where consumers will notice little differentiation, noted Nielsen. It highlighted areas where US companies might struggle, such as in hair care, which requires significant investment and is therefore more difficult for private label to compete. Likewise, "marketing spend is incredibly high, for example, in the hair care category... although it's a tough proposition to overcome, investing in marketing activities for store brands will likely result in increased equity, even if slightly".

Private label brands could also perform better among frequently bought products, unlike hair care. "Since hair product purchasing is more sporadic, a higher price tag for brands is less of a barrier, making more price-competitive private label brands less of a contender," added the report.

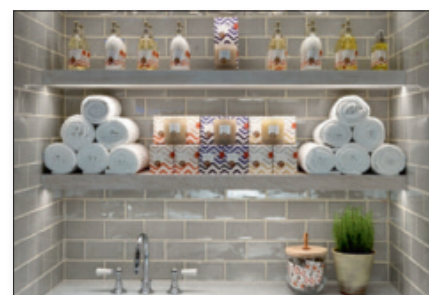
In addition, private label could struggle where there is already high product differentiation, such as in hair care. Companies have developed a wide range of targeted products including anti-dandruff, colour protection and damage repair.

US INNOVATES

PLMA highlighted some innovative American private label creations in its 2015 awards, stressing "product concept, taste, texture and smell (for food items), packaging and presentation and value for money", according to an association note.

Winners from the personal care and beauty sector included Walgreens Studio 35 Beauty Coconut Lime Hand Soap (bath category); ULTA's Be Beautiful-Color Essentials Collection (beauty care and cosmetics); Whole Foods Market's Vanilla Amber Dry Skin Hand Cream (body care); Sephora's Express Dry Shampoo (hair care); and Wegmans Food Markets' Family Pack Sport Sunscreen (sun care).

US-based private label supplier Auraline Beauty launched in October 2015 a bronzing powder, according to a company communiqué. The box houses a mirror in the lid and a brush for application. The



product comes in a matte, peachy tan (Palm Springs) colour as well as a shimmer palette of gold, pink and copper shades (South Beach). The product can be used dry or wet, depending on the desired intensity of the colour, said the company.

The company also announced its High Intensity Lipstick line featuring six colours: bright lilac (Lovely), orchid (Mardi Gras), vibrant pastel (Crush), deep pink (Pout), poppy red (Danger) and dark eggplant (Rogue). The formulations include jojoba and anti-ageing peptides “to improve the appearance of fine lines”.

Auraline also launched a Flash Concealer Pen to cover up dark under eye circles, blemishes and skin discolourations. Announced in September 2015, the concealer features a lightweight formula containing aloe leaf extract, olive and safflower oils, vitamin C, arnica flower extract, cucumber extract and vitamin E.

Meanwhile, CVS/pharmacy has been partnering with existing brands to offer customers ranges available exclusively at its pharmacies, instead of creating its own private label brand. “CVS/pharmacy’s exclusive store brand category has been one of our fastest growing beauty segments with the portfolio doubling in size in 2015. Created in response to specific consumer needs for quality ingredients at affordable prices, the CVS/pharmacy exclusive lines

give women more options when they shop for beauty,” a spokesperson tells **SPC**.

In 2015, CVS/pharmacy began offering Canada-based Jouviance’s products in the US exclusively through its stores. The anti-ageing skin care line features products with ingredients derived from natural plants, targeted towards specific skin concerns.

CVS also launched in February 2015 its exclusive brand, Beauty 360, which includes products such as tweezers with real diamond particles for grip and ergonomic nail clippers for easy handling and accuracy. The company also introduced a Promise Organic line, with organic/natural ingredients. “The range is packed with healing ingredients like aloe leaf, argan oil, coconut milk and cupuaçu butter to offer replenishment, nourishment and hydration,” says the spokesperson. Finally, in 2015 it introduced the Wilma

Schumann skin care range, featuring antioxidants, repairing and lifting ingredients in concentrated serums, emulsions and masks.

GLOBAL FOCUS

In Japan, private label companies showcased their latest innovations at the COSME Tech 2016 expo (20–22 January). It featured a ‘contract manufacturing/private label zone’ for exhibitors to present their latest products, such as Bio Fact Japan, which produces a ‘bio-cellulose mask’ made of natural cellulose. Cosmecca Japan also promoted its collagen foundation, which features collagen capsules delivering nutrition and moisture to the skin.

According to Euromonitor International, the global private label market was US\$13bn of the world’s \$465bn 2014 beauty and personal care market. Private label products performed particularly well in Western Europe (\$7.8bn of the region’s overall \$104bn sector) and North America (\$3.5bn of the region’s overall \$84.9bn). Meanwhile, private label made up \$637.9m of the \$134.5bn beauty sector in Asia Pacific (excluding Australasia); \$134m of the \$7.2bn sector in Australasia; \$571.7m of the \$26.8bn sector in Eastern Europe; \$251.3m of the \$81.5bn sector in Latin America; and \$148.9m of the \$26bn sector in the Middle East & Africa. **cb**



MARKET FOCUS: HOW ARE CHINESE RETAILERS SECURING OWN BRAND BUY?

E-commerce growth is driving innovation among Chinese bricks-and-mortar personal care product retailers, says Mark Godfrey

Chinese consumers are buying more of their cosmetics online on China’s top two e-commerce sites – Tmall.com and JD.com – and specialist sites Lefung.com, Tiantian.com and Jumei.com, forcing bricks-and-mortar own brand retailers to rethink their strategy. Market leading retailer AS Watson, a Hong Kong-based chain which operates 14,000 stores in greater China and worldwide, and which sells a wide range of Watson’s own brand personal care products, has also been adjusting to compete.

It operates its own store on Tmall but also runs online stores in various countries, allowing consumers to collect their purchases at a local Watson’s outlet. Many of these are own brand lines, such as a 40g pack of collagen facial cream for Chinese yuan renminbi RMB40; a 500ml olive oil based shampoo for RMB39.90;

and a bird’s nest facial mask RMB125 for a pack of six. An AS Watson spokesperson points to the firm’s Customer 360 strategy for driving sales in its physical stores through online customer relationship management (CRM) while using big data and location-based social media promotion to reach consumers. “We are determined to make digital an integral part of our businesses across the globe because this is what customers expect, and customer experience is always our priority,” says the spokeswoman. The company in the 2015 interim results for its parent company CK Hutchinson Holdings claims to have spent \$60m since 2012 to “build a single and much more powerful digital and CRM platform for its 24 markets worldwide”. AS Watson “strives to integrate online and offline experiences by offering a click-and-collect option for e-commerce shoppers, and the analytics models help the group to capture and understand customer behaviours, in order to provide them with personalised services”, said the company’s results report.

Meanwhile, brands are aware of this shifting trend and are developing their own online platforms, and increasing their presence on platforms such as Jumei.com, explained Thibaud André, Research Associate at Daxue Consulting in Beijing. Cosmetics retailers offering own brands are concerned that online channels “have a strong advantage in terms of their offer range”, explains André. But he thinks “customisation” is critical – the ability to target individual consumer groups.

Education and information are powerful persuaders for Chinese consumers, notes André. “Traditional retailers will have to develop services that cannot be available online and shift their client acquisition strategy,” he adds, suggesting retailers offer a full range of in-store services such as massage, make-up, nail polish and consumer gatherings. Looking ahead, “the traditional store cannot stay a place where people come and pick up a product, but a place where people stay to purchase, enjoy, learn and experience a product”, André concludes.