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Comment

Doing better digital



It's no secret that beauty companies have begun to do more when it comes to digital. While the beauty industry has long been criticized for lagging behind in all things internet related, more companies are now investing in digital advertising, trying to better connect with consumers over social networks and exploring in-store technologies. L'Oréal recently announced that it has created the new position of chief digital officer, a clear indication of how important the group sees this area.

However, despite all this, many still say beauty players are not doing enough. In its recent report on beauty companies' digital strategies in France, L2 Think Tank said that brands in the country have neglected their domestic market in their bid to win in digital in emerging countries. It also reported that brands failed on the basics, with few including elements such as video in their websites. In addition, social media efforts were deemed feeble, with very few brands doing enough weekly Facebook posts or tweets.

In addition to all this, analysts say that there is a danger of companies investing in technology for technology's sake. In other words, coming up with digital solutions for problems that do not exist or creating digital tools that at the end of the day have no real use or benefit for the consumer.

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- Luxe Pack Shanghai, April 16-17
- China Beauty Expo, Shanghai, May 7-9
- TFWA Asia Pacific, Singapore, May 11-15
- Luxe Pack New York, May 14-15
- Beauty World Middle East, Dubai, May 27-29
- World Perfumery Congress, Deauville, June 10-12
- MakeUp in Paris, June 12-13

News roundup

At a glance...

- **Temasek buys 25% of AS Watson**
- **Kosé opens subsidiary in India**
- **IFF restructures fragrance business**
- **Firmenich signs joint venture with Jasmine Concrete Exports**
- **Alibaba invests in Chinese department-store group Intime**
- **Chinese investment group may buy House of Fraser**

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Strategy

Hutchinson Whampoa Limited, owner of Hong-Kong based **AS Watson**, has sold a 25% share of the retail arm to Singaporean investment group Temasek for HK$44bn ($5.67bn). Hutchinson Whampoa will retain ownership of the remaining shares when the transaction is finalized in April. The deal values AS Watson at around HK$177bn ($22.8bn), and puts Hutchinson Whampoa's plans to list AS Watson on hold.

Japanese beauty group **Kosé** has opened a subsidiary in India. The company had previously announced that it would enter India through a joint venture with local company Elder Pharmaceuticals.

Fragrance house **IFF** has restructured its fragrance business into two divisions: Consumer Fragrances and Fine Fragrances. Consumer Fragrances will include fabric care, home care, personal wash, haircare and toiletries. Fine Fragrances will be a stand-alone category.

Bertrand Lemont, vp creative director category functional fragrances, has been named vp of the global fine fragrances division. Christophe de Villeplée, currently vp of global fine fragrances & beauty care, is taking on the position of vp, global consumer fragrances. He will also assume the responsibilities of Jean-Francois Dupont, currently vp global functional fragrances, who is leaving the company in 2015.

Switzerland-based fragrance house **Firmenich** has signed a joint venture with Indian floral extract supplier Jasmine Concrete Exports. Based in Chennai, Jasmine Concrete Exports specializes in natural ingredients, including jasmine, sambac and tuberose.



Investment group Eurazeo has acquired a 10% share of Spanish fashion group **Desigual** from founder Thomas Meyer for €285m. Desigual entered the beauty arena last year with a fragrance offer and aims to launch color cosmetics this year.

Nu Skin China, a subsidiary of US-based direct seller Nu Skin, has been ordered to pay a fine of $524,000, following charges that its sales representatives sold products that were only authorized for sale in the brand's retail stores in the country, and not via the direct-sales channel. The brand was also fined $16,000 for unsubstantiated product claims, and six sales reps are to pay fines totaling $241,000 for unauthorized discounting. As of January 2014, Nu Skin has direct-selling licenses in 19 provinces in China. ■■■

News roundup



■■■ French company **Nailmatic**, which markets nail polish in a vending machine format, is looking to raise €1m in a new round of financing this spring, to fuel its international growth. The brand aims to expand first to Asia, with a focus on Japan, Korea and Hong Kong, after which it will look to the US and Canada.

Nailmatic, which was founded in 2012 and is aiming for sales of €1m this year, is in around 13 points of sale in France, including at department-store Galeries Lafayette, and launched this month at Paris train station Gare de Lyon. Nailmatic is launching a range of water-soluble nail polish for children in September.

Results



Luxury-goods group **Hermès** reported operating profit of €1.22bn in 2013, up 8.9% from the previous year. Its operating margin for the year, at 32.4%, is slightly above the group's record high of 32.1%, achieved in 2012. Net cash reached €1.02bn for the year, compared to €686bn in 2012. Sales stood at €3.75bn, an increase of 7.8% on 2012.

Retail

China-based online retailer **Alibaba Group** is to invest $692m in Chinese department-store operator Intime Retail Group, in a bid to better combine online commerce with brick-and-mortar stores. Alibaba will pay $214m for a 9.9% equity stake in Intime and subscribe to $478m worth of convertible bonds issued by Intime.

Intime, which operates 36 stores in mainland China, previously teamed up with Alibaba's e-payment system, Alipay Wallet, to offer shoppers cashless payment using their mobile phones at Intime's stores. This new deal will help Alibaba grow its presence at Intime's stores. As part of the deal, Alibaba and Intime will create a joint venture focused on converting online activity (including smartphones) into offline purchases in shopping malls and department stores. Alibaba Group is preparing to launch an IPO in the US.

Chinese investment group Sanpower has put in an offer to purchase UK-based department-store operator **House of Fraser** for a reported £450m ($748m), according to UK press reports. House of Fraser, which operates 61 department stores in the UK and Ireland, had planned to go public on the London Stock Exchange earlier this year.

In 2013, French retailer Groupe Galeries Lafayette was said to be in the running to acquire the retailer. House of Fraser has annual sales of £1.2bn ($2bn).

French chain **Beauty Success** launched a chain of standalone beauty institutes in France in March. The retailer opened two pilot sites in France last year. Beauty Success launched a new store concept in 2012, combining a perfumery, parapharmacy and beauty institute.



Sephora US has launched Beauty Board, a social shopping platform on Sephora.com, which allows consumers to share and tag beauty looks via the retailer's photo gallery, and on its mobile site and smartphone apps. Users can upload product photos, tag products from the site, and give others advice on how to achieve specific looks. Using their Sephora.com account, users can create their own page on the platform. They can also create filters to search for similar beauty-related interests, and tag products they use in their posts. Uploaded photos can be exported to social media channels. ■■■

News roundup

▪▪▪ People

Jean-Luc Vaugrante, Head of **Givaudan** France Flavours, passed away on March 15, following an accident. He joined Givaudan in 1994 and held a number of positions with regional and global responsibilities. Our condolences go to his family and friends.

L'Oréal has appointed Martha Crawford svp in charge of advanced research and the scientific directorate, and member of the research and innovation management committee. Crawford was previously senior executive vp for research and innovation at nuclear energy company Areva. Crawford will take up her new position in October.

Coty has appointed Mario Reis evp supply chain. He will join the executive committee. Reis comes from food group Danone and replaces Darryl McCall at Coty.

Data

The **US cosmetics and toiletries market** reported its fourth consecutive year of growth in 2013, according to Kline & Company. Manufacturers' sales reached more than $41bn, an increase of 2.4% over 2012. Make-up and skincare were the highest-performing categories, while haircare also contributed strongly to growth.

Within the color segment, facial make-up, eyeliner, lipstick and lip gloss performed well. Nail polish saw flat sales, after several years of double-digit growth. Facial skincare sales were boosted by oils, serums and eye-contour creams. Private-label items, meanwhile, are becoming a "formidable force".

Big data is set to change how luxury brands communicate with consumers and sell their products in retail, according to speakers at the Luxury 2025 conference in Paris in March, organized by the International Luxury Business Association.

Intel chief futurist Steve Brown called data the "new oil", and said that all industries will be transformed by data. "People who make money with oil are those who refine it. It is the same thing with data; it needs to be refined and analyzed to be used to deliver a personalized experience." As a result of better data use, stores of the future are forecast to offer a changing product assortment, based on customer profiles. This could overcome the problem of under- or overstock (which is estimated to be a $900bn problem in retail), as companies will manufacture certain products on demand.

Fullsix Group president Marco Tinelli predicts that in the future, media will not just be about content, but about data, and with a better use of data, brands can choose what type of content they distribute to consumers. "Data will help brands interact on a one-to-one basis. Advertising will be more relevant and will be about speaking to fewer people, but the relevant people in the right way."

BW Confidential was a press partner of the Luxury 2025 conference.

More UK consumers are waiting for discounts before buying beauty, says the **Premium Market Report 2014**, by Imogen Matthews Associates (IMA), in association with YouGov. Women who say they will only buy when there is a discount has risen from around a fifth in 2013 to over a quarter in 2014. Some 14% of women in 2014, compared to 8% in 2013, said they had traded down to cheaper skincare; 44% believe that cheaper brands are as effective as those that are more expensive, versus 37% in 2013. ▪▪▪

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News roundup

▪▪▪ Trade shows

Make Up in Seoul, the trade show launched by Beauteam, the France-based organizers of Make Up in Paris and Make Up in New York, welcomed more than 1,800 visitors for its first edition. Held at the Conrad Hotel in Seoul on March 13 and 14, the event featured 34 exhibitors and conferences on themes such as make-up trends in Europe and Asia, and the overlap between make-up and skincare formulation. According to organizers, visitors from Korea, Japan, China, Indonesia, Australia and Europe attended the show. The second edition of Make Up in Seoul will take place in March 2015.

Launches

LVMH-owned **Parfums Givenchy** is launching a premium fragrance collection called L'Atelier de Givenchy in April. The range of seven unisex EdPs, each of which is priced at €170 for 100ml, was inspired by Givenchy's couture heritage, according to the brand.

L'Atelier de Givenchy is comprised of Chypre Caresse, a fresh chypre by Nathalie Lorson of Firmenich; Ylang Austral, a woody floral by Emily Coppermann of Symrise; Néroli Originel, an oriental green floral by Sophie Labbé of IFF; Cuir Blanc, a modern leather scent, also by Nathalie Lorson; Bois Martial, a woody gourmand by Takasago's Françoise Caron; and Ambre Tigré, a warm amber by Symrise's Alexis Dadier. Oud Flamboyant, an opulent woody scent, is by Pierre Négrin of Firmenich.

L'Atelier de Givenchy launches exclusively on April 3rd at Sephora's Champs Elysées store with a limited rollout to international markets.



Italian fragrance company ITF is launching a new fragrance duo for **Trussardi Parfums** in April.

Trussardi A Way for Her is a woody, fruity oriental women's EdT featuring top notes of bergamot and white tea, a heart of frangipani, tuberose and jasmine and ambroxan and vetiver base notes. The scent was composed by Symrise perfumers Lucas Sieuzac and David Appel.

Trussardi A Way for Him is a fresh, woody oriental EdT with notes of bergamot, lemon, green apple, patchouli and vanilla. It was composed by Alexandra Kosinski from Givaudan.

The ad campaign, directed by Federico Brugia, will feature dreamlike images from photographer Francesco Carrozzini.

Trussardi A Way for Her and Trussardi A Way for Him launches in most of the brand's European markets mid-April, and will roll out to Italy in June. The fragrances will retail for €36 (30ml EdT), €51 (50ml EdT) and €70 (100ml EdT). ■





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Beauty blogger review

BW Confidential reports on what the bloggers are saying about beauty



Newly revamped private-label brands are catching bloggers' attention. In France, a nail polish line from grocery retailer Monoprix's Monop'Make Up line has elicited comments from bloggers who say they love the colors, small formats and low prices. Bloggers are also talking about Dutch chain Hema's revamped facial-care line. The new range is liked for being more segmented and going beyond the usual basics found in 'low-cost' brands. Fashion chain Forever 21, meanwhile, has introduced a Premium Cosmetics range, which is said to offer a mix of trendy, core essentials, at higher but still affordable price points. The range is praised for its clean and sophisticated packaging that is said to resemble prestige brands.

The new mascara by Physicians Formula, **CC Curl and Care Mascara**, is praised for its multi-tasking brush innovation that claims to curl lashes as it applies color. The tilted brush doubles as a curler, and is said to be an easier solution than using a lash-curling tool. The mascara is also liked for its conditioning formula, which is based on aloe and cucumber extracts.



Reviews of **French pharmacy brands** continue to appear on blogs in the US. Intrigued by the contrast of the typical Parisian pharmacy to US big box drugstores like CVS, bloggers highlight longstanding cult favorites as 'must-try' products, such as Bioderma's Micellar Water, Embryolisse's Lait Crème Concentré (pictured), Huile Prodigieuse by Nuxe and Avène's Thermal Water.

The views expressed in this section are those of bloggers and do not represent the opinions of BW Confidential

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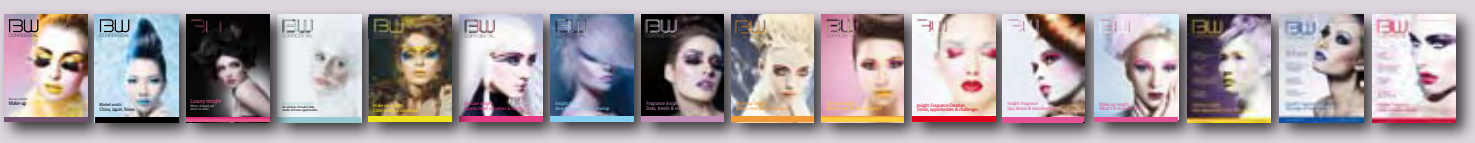
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Interview

Sephora Americas chief marketing and digital officer Julie Bornstein

On the move

Sephora's Julie Bornstein talks about how the retailer is approaching mobile and how she sees this platform evolving for beauty



How has your strategy for mobile evolved?
In 2010, we launched an iPhone app and mobile website. Since then, our usage and sales have doubled every year—that's a sizeable contribution for a channel that didn't exist four years ago. Our initial goals were to make shopping intuitive on a small device and to give consumers the ability to access their account information while in store.

We learned over time that innovative use of mobile is not just limited to our clients' phones, but also includes tablet and in-store technology, such as foundation-matching technology Sephora + Pantone Color IQ, which uses a handheld device and iPad to reveal a precise foundation match; it's also about equipping our store teams with mobile capability. As our size grows, continued innovation parallels our investment in infrastructure.

Our goal [with mobile] is to help consumers shop smarter, save time and have fun. First and foremost, it is quick access to easy shopping. It also serves as a great in-store shopping tool. Using our iPhone app, our client has instant access to her Beauty Insider account, including past purchases, point balance and current rewards. She can also scan any product in our stores to access ratings and reviews, or save an item to her "love list", to consider for future purchases.

What have you learned from your experience so far?
It takes real investment; it's a complicated landscape to manage and your organizational thinking has to mirror the growth. When you do it well, clients respond—we just had another year of 100% growth in mobile shopping and the channel shows no sign of slowing.

How is mobile contributing to your business?
Traffic to Sephora from mobile devices (including tablet, app and mobile web) is now driving more than 25% of our overall e-commerce business. It's a major player in our results and will only continue to grow.

What are your next steps for mobile?
[The future will be about] making mobile more accessible. We started with a mobile web and iPhone app, and while our user is still predominantly iOS, we are extending our capabilities to service android devices this year (via app). We also see a lot of opportunity in mobile use within our store environment. In 2013, we made several additions, including the Sephora + Pantone Color IQ. ■■■

> "In 2010, we launched an iPhone app and mobile website. Since then, our usage and sales have doubled every year—a sizeable contribution for a channel that didn't exist four years ago"
>
> Sephora Americas chief marketing and digital officer Julie Bornstein

Sephora Americas chief marketing and digital officer Julie Bornstein

■■■ We also began to arm our associates with tools like mobile check out (MPOS) and product search. We have more innovation coming here.

What are you learning about your customers through mobile?
Sephora clients are adoptive and adaptive—if you make it an easy and enjoyable (but smart) environment, they engage. We are focused on maintaining a consistent experience across all our platforms—providing a fun place to learn, in our stores, online and now with mobile.

To what extent have brands embraced your mobile strategy?
We make it seamless for brands to participate. For example, with the launch of Color IQ, our in-store technology service works because our brands were involved from the start. Every single color and skincare brand with a foundation sku is enveloped in the service. And because our brands are involved, we have been able to provide feedback as to how their range of foundations is meeting client needs. That is priceless information that brands wouldn't have access to without this technology.

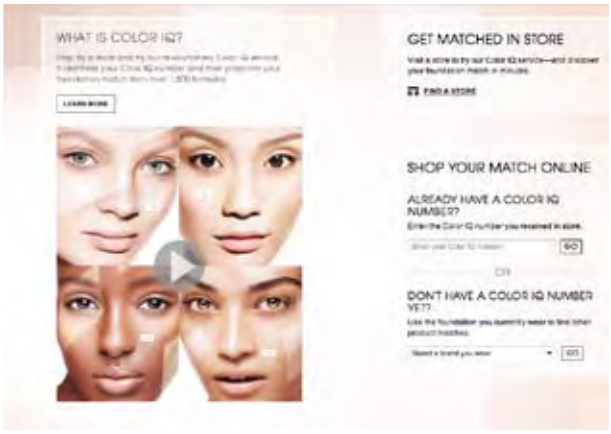
Are there any pitfalls that you could have avoided?
Knowing where to focus first—looking back, we focused on an iPad app before we nailed mobile phone and the reality was, we just needed to optimize our website for iPad. There are so many technologies today, so it's important to pick your battles. Early e-commerce adopters do this well, and it is something we continue to think about as technology evolves.

How do you see the beauty world evolving when it comes to mobile?
At some point, maybe [having] a broader use of color-matching technologies. This is a difficult area because digital screens don't render color accurately, so it's never really worked and is the reason why we were so excited about our partnership with Pantone's color-reading technology. Currently, we are focused on using mobile to help with personalization, localization, and problem/solution technology, like Color IQ, Skin IQ and Scentsa, and there is much more to come. ■

> "[Mobile] takes real investment; it's a complicated landscape to manage and your organizational thinking has to mirror the growth. When you do it well, clients respond—we just had another year of 100% growth in mobile shopping"
>
> Sephora Americas chief marketing and digital officer Julie Bornstein



▲ Through Sephora's iPhone app, customers have instant access to their Beauty Insider account, including past purchases, point balance and current rewards



▲ Sephora's + Pantone Color IQ uses a handheld device and an iPad to let shoppers find a precise foundation match



French perfumery market

Stormy market

BW Confidential analyzes the challenges facing France's retail perfumery landscape

The economic troubles plaguing France have not been kind to the country's perfumery channel over the past year. Value sales made through perfumeries, which represented 76% of the prestige beauty market last year, were down by 1.5% in 2013, the second consecutive year of declines, according to market-research company NPD. In fragrance, which accounts for 67% of the perfumery business, volume sales also continued to fall, with 1.5 million fewer units sold in 2013 than in 2012, according to industry sources. However, NPD does not track online, private-label and exclusive brand sales; if this were taken into account, the market might only be flat. (Online sales remain the weak link for French perfumery retailers, estimated at between 3 and 5% of total sales in 2013.)

In the background of this morose market, some major changes have been taking place. The big news is the acquisition of the market's number-three retailer, Nocibé, by German chain Douglas. Douglas shareholders approved the deal in February, which will give rise to a player with more than a 14% share of the prestige retail market. Nocibé also brings a strong service offer, as 80% of its stores feature a beauty institute. "This acquisition could really shake things up and give a shot of dynamism to what is a lifeless market. There is room for an important new entity in the market," comments Interparfums sales delivery director France Jérôme Thermoz.

However, other suppliers are very worried, saying that the Nocibé-Douglas deal reduces the number of players they have to deal with, thereby putting more power in the hands of retailers and effectively reducing brands' bargaining power. Given the timing of this article, neither Nocibé nor Douglas would comment on future plans. One question on everybody's mind is whether Douglas will change the name of the Nocibé stores and, if so, when. ■■■

France prestige beauty sales 2013

Category	€bn sales	% change vs 2012
Fragrance	1.90	-1.7%
Skincare	0.54	-1.7%
Make-up	0.42	-0.7%
Total prestige	**2.87**	**-1.5%**

Source: NPD

> "The growth of discounting means that our margins have eroded significantly, so today we find ourselves in a sort of a vicious circle"
>
> Douglas France ceo Olivier Badézet

French perfumery market

Other changes in the market are happening at Marionnaud. The group has undergone major management changes, with the departure of Marionnaud ceo William Koeberlé this summer. He has been replaced in France by former Goldman Sachs executive Eileen Yeo. Marionnaud is continuing to revamp its store network (see box).

Market leader Sephora, meanwhile, continues to open or renovate around 20 doors per year. Although Sephora management would not comment for this article, the Douglas-Nocibé union is sure to present a more powerful adversary to the LVMH-owned retailer.

Retailer Beauty Success continues to convert its stores to its new concept—a combination perfumery, parapharmacy and beauty institute—launched in 2012. In March, the retailer launched a chain of franchise beauty institutes.

Pricing: The sky's the limit?

The major challenges facing the market are nothing new: rising price points, aggressive discounting, and a stronger focus on private label. Suppliers continue to raise their prices, especially when it comes to fragrance and, to a lesser extent, skincare. Over the past seven years, prestige fragrance prices are estimated to have increased by 21%. While some of these price hikes are the result of higher concentration EdPs or the use of more expensive ingredients, according to brands, the bottom line is that consumers are increasingly buying either only on discount, or are opting for smaller formats.

"This is a disjointed market, where price increases from suppliers are outpacing economic growth and consumers are looking for discounts, due to lower disposable incomes. They are also seeking accessibly priced products and the challenge for retailers is to offer value for money and quality product, as well as a real shopping experience," Marionnaud France ceo Eileen Yeo tells *BW Confidential*.

Rising prices in perfumeries also mean that more consumers are turning to mass, especially in make-up, the best-performing category in perfumeries. "Look at what L'Oréal Paris is doing with its make-up and facial skincare—its product quality, positioning and communication is not far removed from an established selective brand. Vertically integrated players like Yves Rocher, L'Occitane and Kiko, are gaining clients, and the pharmacy channel is attracting more premium brands and no longer just dermatological brands," comments Douglas France ceo Olivier Badézet.

Discounts at record levels

Many retailers feel that brands' suggested prices are just too high and that they have to discount to bring in customers. "The market is racing to increase prices and rushing to implement aggressive discounting—today, 25% discounts are commonplace. But as a retailer we need to think about our profitability. Discounting degrades the entire profession and if we aren't careful about safeguarding the store experience, consumers will simply buy online," says Beauty Success franchise director Florence de Mortillet.

Discounting has reached record levels. In 2013, 43% of sales in perfumeries were made when a discount was given, versus 38% the year before, according to NPD. "We don't know how the market would be performing today if there were no discounts—it's one way retailers can be assured of generating sales and traffic. It's a necessary evil for prestige, as the consumer basically no longer buys at full price," comments NPD's Lion. "The growth of discounting means that our margins have eroded significantly, so today we find ourselves in sort of a vicious circle. The practice has attained record levels," comments Douglas' Badézet, adding that so far this year, the market has been a little

> "Price increases from suppliers are outpacing economic growth and consumers are looking for discounts, due to lower disposable incomes. […] The challenge for retailers is to offer value for money and quality product, as well as a real shopping experience"
>
> Marionnaud France ceo Eileen Yeo

French perfumery market

■■■ "cleaner" when it comes to discounting. Other players argue that discounting is just a short-term strategy in reaction to a tough economic climate. "The longer-term challenge, which is harder to do, is to find a way to offer a differentiated shopping experience, which will build loyalty," comments Marionnaud's Yeo.

Interparfums' Thermoz says the industry is kidding itself if it thinks discounting will taper off anytime soon. He believes more needs to be done at store level so that buying beauty isn't just about price. "We need to take a new approach—build the offer more, run more targeted campaigns with special coffrets, for example, geared at certain products or over a limited time. We need to create value around discounting periods. Consumers are accustomed to buying on discount, but we need to remove that from their mindset when they think of perfumeries," notes Thermoz.

Some retailers argue that brands continue to base negotiations on strong growth rates that no longer correspond to today's economy or the state of the market. Brands asking for sell-out increases in the 10-15% range, for example, are common. "Brands complain that discounting at the point-of-sale is degrading their image. But how has the market evolved in that direction in the first place?" asks Douglas' Badézet. He suggests a system whereby brands pay retailers proportionally based on how well the retailer 'does his job' in terms of presenting the offer, quality of service and the overall store experience.

Pushing private label

The discounting craze points to the need for more accessibly priced products in perfumeries. As a result, retailers have been revamping and fine-tuning their private-label ranges. "Retailers are seeing sales of selective brands erode, to the benefit of private-label and exclusive brands. These brands also allow them to differentiate themselves and foster consumer loyalty. It's strategic in terms of image development, and it's good economics, as it creates more margin," notes Douglas' Badézet. Private-label offers are said to account for between 7 and 25% of perfumeries' sales, depending on the retailer.

There has been much activity on this front in the last year—most notably Nocibé's launch of Les Bellista by Nocibé earlier this year, a standalone-store chain devoted exclusively to Nocibé's private-label range. The store offers 1,000 skus, as well as a range of services, including hair styling, makeovers and manicures. Marionnaud, meanwhile, launched its Nature bodycare line in 2013, Sephora has been rolling out innovative new items to its extensive range, and Beauty Success is looking to add new product segments to its offer, which currently only consists of make-up.

Brands bemoan private label's colonization of shelf space. However, prestige brands are also doing more outside the confines of the perfumery, through standalone boutiques. Last year, the market saw standalone stores open for Dior, Chanel and Benefit. Guerlain has 15 doors in Paris and sees the potential for at least 10 more in the next five years.

Still, this year appears to be off to a better start than 2013—sales were up by 2% from January through Valentine's Day, according to NPD. There are a limited number of major fragrance launches in the pipeline for this year, however, which worries retailers. "We'll have to rely on iconic products to push the market upward," notes Marionnaud's Yeo.

The market is forecast to be flat this year, but much will depend on the health of the overall economy. "The market may see better days if the economy picks up, but it's up to us to find a way with retailers to recreate value and to become a destination by choice, and not by default," concludes Interparfums' Thermoz. Whether retailers and brands can truly add value remains to be seen. ■■■

> "Today, 25% discounts are commonplace. But as a retailer we need to think about profitability. Discounting degrades the entire profession and if we aren't careful about safeguarding the store experience, consumers will simply buy online"
>
> Beauty Success franchise director Florence de Mortillet

French perfumery market

Retailers at a glance

Sephora
N° of stores: 310
Market share 2013: N/A
Sales growth in 2013: N/A
Sephora continues to open or renovate around 20 doors per year in France. The retailer is not launching any new services this year, but will roll out its Color Profile foundation matching service to additional stores. Sephora recently revamped its private-label skincare offer and continues to push exclusive brands; it is currently focusing on the launch of Marc Jacobs Beauty, a range co-created by Sephora US.

Marionnaud
N° of stores: 531
Market share 2013: 21.5%
Sales growth in 2013: -1.5% (+0.2% like-for-like)
Marionnaud France implemented a string of management changes over the last year. Ceo William Koeberlé is to leave the group this summer, and is being replaced by Eileen Yeo, who was named co-ceo network development and operations in May 2013. Daniel Giroud, meanwhile, was named director of operations. Marionnaud's business last year was in line with the market at -1.5% (+0.2% like-for-like). In 2013, the retailer shuttered 16 stores, opened 10 doors and refitted 60. It also reopened its renovated Champs Elysées flagship store in November 2013. By the end of this year, Marionnaud says it will have renovated 70% of its store network and will open 15-20 new doors.

Nocibé
N° of stores: 460
Market share 2013: N/A
Sales growth in 2013: +3%
The acquisition of Nocibé by Douglas shareholders was approved in February this year. The jury is still out as to the chain's future, and if the Nocibé name will be kept, or if stores will be rebranded as Douglas.
In January, Nocibé opened its standalone private-label retail concept Les Bellista par Nocibé, with plans for four new stores this year.

Douglas
N° of stores: 186
Market share 2013: 7.5%
Sales growth in 2013: +2%
Douglas acquired the Nocibé chain in February. Currently ranked fourth in the French market in terms of market share, the combined network will total around 625 stores. Nocibé gives Douglas a much larger footprint. Nocibé also has good awareness among French consumers, and has been particularly visible through its television and online advertising campaigns over the past year.

French perfumery market

Beauty Success
N° of stores: 290 (as of December 2013)
Market share 2013: 7%
Sales growth in 2013: N/A
Franchise chain Beauty Success launched a new store concept in 2012 pairing perfumery, parapharmacy and beauty institute; the retailer says that although the parapharmacy concept has seen a slow start, the revamped doors are reporting a sales increase of 15%. This year, the retailer is opening 15 new stores, and in March it launched a standalone franchise beauty institute format; two pilot sites opened late last year and the format is said to be performing well. Beauty Success is also looking to develop its presence in markets outside of France.

Passion Beauté
N° of stores: 168 (including Madagascar and French overseas territories)
Market share 2013: NA
Sales growth in 2013: NA
Passion Beauté opens around 10 new doors per year. The majority of stores (around 149), include a beauty institute. At the end of 2011, franchise chain Passion Beauté created a common buying platform with Douglas; the platform is said to account for 11.5% of the prestige market. ■

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Esxence

Niche on show

With its sixth edition, the Esxence show, which took place in Milan, Italy from March 20-23, has confirmed its status as the premier event for niche fragrance brands

Esxence was defined as the key event for niche fragrance by exhibitors and visitors this year. Some 132 brands exhibited at the show, which took place this year in a new venue, the Triennale design museum in Milan. Most said the event provided the ideal opportunity to meet distributors and retailers from Europe and the Middle East. "The number of retailers visiting the show keeps increasing and the show has become a meeting point between retailers, brands and distributors," explains Silvio Levi, member of Esxence organizing committee and ceo of brand Calé. "I see it as a propeller for the development of the niche network. In Italy, we already have 300 niche perfumeries, but in France, there are about 30, so there is room for further development," he concludes.

Seen in show

nu_be is the first collection of fragrances from the Fluidounce company, which was created in Parma, Italy, by Alberto Borri, grandson of the founder of Morris Profumi. The line is inspired by the primary chemical elements related to life's origins. There are currently five fragrances in the line and the company showed two new scents at the show, Sulphur and Mercury, which were composed by Antoine Lie of Takasago. The new fragrances come in black packs, and the symbols of each chemical appear on the packaging. The 100ml EdPs retail at €110. A new fragrance will also launch in September. The line is sold in 35 stores in Italy, including perfumeries, fashion and concept stores, and also in France, the Netherlands, Germany, Eastern Europe, as well as at Lucky Scent in the US. The brand is soon to launch in the Middle East.





French brand **Jul et Mad**, described as "parfum sans compromis" (Perfume without compromise), gave a preview of its fourth fragrance at the show, called Aqua Sextius, the Latin name of Aix en Provence. The fragrance tells the love story of the brand's two founders, who got married in the city. "Perfumer Cécile Zarokian succeeded in creating a very fresh summer fragrance with a rich and persistent formula," explains Jules et Mad ceo Madalina Stoïca-Blanchard.

Aqua Sextius is presented in a luxurious gray leather case, which also includes a 7ml travel spray. It will be sold online and in 130 niche perfumeries and boutiques in Europe and the US from May. Expansion to the Middle East and Australia are in the cards in the near future. A fifth fragrance is due to launch in September. The 50ml EdP and 7ml travel spray retail at €230. ■■■

Esxence

Took place: March 20-23, Milan Italy
Exhibitors: 132
Visitors: 5,937

Esxence



■■■ Industry veteran **Chantal Roos** (formerly of Yves Saint-Laurent and BPI) has entered the niche business as an entrepreneur. She introduced **Dear Rose** at the show, a range of five women's fragrances that she created and is managing through her new company Roos and Roos, which she set up with her daughter Alexandra. Each of the scents is dedicated to a different type of woman and was composed by perfumer Fabrice Pellegrin (Firmenich). French company Différentes Latitudes will distribute Dear Rose from April, beginning with France. "The long-term objective is to have the brand in the best worldwide niche perfumeries and department stores," Alexandra Roos explains. The 100ml EdP retails for €125.



Giulietta Capuleti is an Italian perfume brand, whose founder, Mara de Guidi, lives in Verona and was inspired by Shakespeare's Juliet. She created a high-end EdP called Soul Drops (composed by Expressions Parfumées), which launched in 2010 and retails at €430 for 100ml. The brand showcased a new line of three fragrances (composed by Mane) at the show, dedicated to a contemporary Juliet: Ballo in Maschera, Bugia Bianca and Ritorno Amaro. The 50ml EdPs launch in April and cost €198. Giulietta Capuleti is available in 25 high-end perfumeries in Italy and in selected doors in Russia, Ukraine, as well as in the UK, at Urban Retreat Harrods.



Humiecki&Graef, a brand founded by German designers Sebastian Fischenich and Tobias Mueksch previewed two new fragrances: Abîme (meant to evoke pain) and Nouveau-né (meant to evoke hope). "Our 11 scents express different emotions and all of them have been thought out as 'twisted classics'," explains Humiecki&Graef creative director, Sebastian Fischenich. The scents were created by perfumer duo Christophe Ladaumiel and Christoph Hornetz. The 100ml EdT concentrée retails at €150. The two fragrances will be on counter from September in 120 niche perfumeries in Europe, Russia and Singapore. "We plan to reinforce our presence in the US, to enter the UK and find the right way to market the brand in Asia," concludes Fischenich.



Jeweler **Vanessa Tugendhaft** showcased **Les Eaux Diamantées**, her first line of three fragrances: Or Jaune, Or Blanc and Or Rose. The bottles have a rose on the front, which can be removed from the glass and sent to Vanessa Tugendhaft's workshops, to be set on colored thread and turned into a bracelet or necklace for free. The full diamond-studded Rose EdP retails at €595 and the diamond contour Rose costs €350; there is also a simpler version with a non-removable rose (€75). At present, the line is sold only at Vanessa Tugendhaft's boutique in Paris, but she aims to launch it worldwide in niche perfumeries and concept stores. ■



Luxury on the border

Duty-free retailer Duty Free City is opening its first door on the US-Mexico border

Duty Free City, a new retail venture backed by a group of European investors, is opening its first store in May in San Ysidro, California, on the US-Mexico border. "We are offering a lifestyle destination, not just a duty-free store. We aim to bring luxury to the border," Duty Free City director of marketing Alejandra Rudner tells *BW Confidential*.

Duty Free City's target consumers are 70% Mexican nationals with a high disposable income and 30% San Diego locals who are traveling back from the border town of Tijuana. "The closest luxury malls are 20 to 30 miles from the border, so this kind of concept is totally new," explains Rudner.

Duty Free City will cover 14,000ft^2 (1,300m^2) and each area—beauty, accessories, confectionary, wine, beer and spirits, cigars and fashion accessories—will offer services. Parents can drop off their children in the Kids Town section while they shop, and there will also be an "upmarket" café-deli. The store was designed to have a single entrance and a single exit so that shoppers are "exposed" to all product categories. The store will employ a staff of 50.

Beauty will make up 52% of the retail offer, with a focus on prestige. The store will offer more than 70 brands, including Shiseido, Clarins, L'Occitane, Smashbox and Natura Bissé.

The store's entrance opens onto the beauty area, with one side devoted to fragrance and the opposite side divided into make-up and skincare. Two brands, Estée Lauder and Clinique, each have their own 250ft^2 (23m^2) counters. In the skincare area, a treatment room features a diagnostic tool for skin and hair analyses, and mini-facials will be on offer. (Services will either be pay-for, or complimentary, depending on which brand is doing the promotion.) Shoppers can get free makeovers in a seated area within the color section. Haircare and nailcare products share a space adjoining the make-up area, with salon and nail services, including manicures and pedicures. Further along, a men's area stocks skincare and shaving items and customers can have a cut or a shave at the barber chair.

Duty Free City is also creating a range of apps, including a nail app that features the store's current polish collection and allows users to get a virtual manicure before the real thing.

The retailer's expansion plans include two more stores on the southern border in Calexico, California and McCullen, Texas by the end of this year. Duty Free City is aiming for 25 stores by 2017 on the US borders of Mexico and Canada. ■

Duty Free City, San Ysidro

- **Location:** San Ysidro, California
- **Size:** 14,000ft^2 (1,300m^2)
- **On offer:** More than 70 beauty brands, facials, nail services, hair salon services, customized beauty apps



▲ Beauty makes up 52% of the store's assortment, with a focus on prestige brands



▲ Duty Free City is aiming to have 25 stores in US border towns by 2017

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