

BW

CONFIDENTIAL

Comment

Beauty deals



The summer is usually a quieter period for most businesses. This was not the case in beauty, at least when it comes to M&A.

Since June, the beauty industry has seen more than 15 merger and acquisition deals. They have included L'Oréal's acquisition of German company Logocos Naturkosmetik (which markets the Logona brand) in a bid to boost its presence in naturals, and P&G's purchase of skincare brand First Aid Beauty (FAB).

And a string of brands have also been bought by private-equity companies, as these groups look to stock up on what they see as high-growth, high-return beauty assets. They include make-up brands Lime Crime, Pat McGrath Labs and Iconic London.

All this activity points to the overall health of the beauty sector, and (combined with strong results so far this year from groups such as L'Oréal, LVMH and Estée Lauder Companies) gives much reason for optimism for the rest of 2018.

Oonagh Phillips

Editor in Chief

ophilips@bwconfidential.com

Inside

The buzz News roundup	2
Netwatch Social media monitor	6
Interview Sephora India chief operating officer Vivek Bali	7
Insight Russia	9
Store visit Colorlab by Watsons	12

NEW

Get the essential beauty news of the week in one quick-read email every Friday with BW Confidential's

THIS WEEK IN BEAUTY

ALSO IN VIDEO

A video highlight of the week's key news headlines in just under a minute

News roundup

At a glance...

- **House of Fraser to be bought by Sports Direct International**
- **Perfumery chain Douglas reveals brand revamp**
- **Zalando opens brick-and-mortar beauty store**
- **JD Beauty Group acquires haircare brand Ouidad**

Stay informed with our daily news headlines on www.bwconfidential.com

Retail

UK-based department store **House of Fraser** was acquired by sports chain Sports Direct International for £90m (\$114.8m), just hours after the retailer filed for bankruptcy protection. The acquisition will include all House of Fraser stores, as well as the House of Fraser brand and inventory. Sports Direct is owned by billionaire Mike Ashley, who already has an 11% stake in the UK retailer. Ashley also has shares in competing UK department store Debenhams.

House of Fraser initially announced that it would go into administration after having failed to secure a restructuring plan. Several hours later Sports Direct revealed it would acquire the retailer.

House of Fraser's future was thrown into doubt after China's C.banner pulled its investment from the company. C.banner had planned to buy a 51% stake in House of Fraser. In June, House of Fraser said it would close 31 stores, more than half of its 59-door network. The closures were said to have been a condition of C.banner becoming a majority owner of the UK retailer.

House of Fraser's woes are the latest in a long line of retailers both in the UK and the US that have been forced to shut up shop or reduce their footprint, partly as a result of growing online sales, the rise of Amazon and changes in consumer shopping habits.

German beauty retailer **Douglas** has invested a double-digit million euro amount in a brand revamp that encompasses a new logo, new-look stores and visuals in a bid to stay on top of the changes in today's market.

The revamp is intended to convey a modern identity and develop Douglas from what it calls a premium retailer into a premium brand. The rebrand is spearheaded by Tina Müller, who took over as ceo of Douglas in September last year, replacing Isabelle Parize.

The brand's relaunch is one of five pillars of the chain's #Forwardbeauty strategy, drawn up by Müller and which aims to upgrade and rejuvenate the retailer. Douglas said that more than 2,000 stores in Europe and its digital channels will be made over with the new look by the end of 2019.

Douglas' store in Kampen on Sylt has featured the new look since July, while the retailer's flagship store on Frankfurt amMain's main shopping street Zeil will re-open following a revamp in September.

The rebrand centers on three main areas: a new mission statement: "We encourage and inspire you to have the confidence to live your own kind of beauty"; a new logo in capital letters, and new visuals. ■ ■ ■

BW Confidential

17 rue Louis Rouquier
92300 Levallois-Perret
contact@bwconfidential.com

Tel: +33 (0)1 74 63 49 61

Fax: +33 (0)1 53 01 09 79

www.bwconfidential.com

ISSN: 2104-3302

Publisher: Nicolas Grob

Editorial Director: Oonagh Phillips
ophillips@bwconfidential.com

Journalist & Copy Editor: Katie Nichol
knichol@bwconfidential.com

Journalist: Monica Defrances
mdefrances@bwconfidential.com

Contributors: Sophie Douez, Alex Wynne, Renata Ashcar, Mayu Saini, Raphaëlle Choël, Corinne Blanché, Naomi Marcoulet, Kevin Rozario

Subscriptions

1 year: Beauty Insight (20 issues) + magazine (4 issues) + This Week in Beauty + daily news + Collector's Guide: €549/US\$769
subscribe@bwconfidential.com

Advertising

advertise@bwconfidential.com
BW Confidential is published by Noon Media
513 746 297 RCS Nanterre
Copyright © 2018. All rights reserved.
Reproduction in whole or in part without permission is strictly prohibited.

News roundup

■ ■ ■ For the new visuals, Douglas called on photographer Peter Lindbergh to shoot international models including Cara Delevingne and Amber Valletta, as well as German influencer Caro Daur. The campaign images are used in Douglas stores, on its online stores and on its digital channels.



German online retailer **Zalando** has opened its first brick-and-mortar store, a dedicated beauty space called the Zalando Beauty Station. The company launched the beauty category on its German e-commerce platform in May this year, with no date yet for an international rollout. The Beauty Station stocks 53 brands in total, including Estée Lauder brands MAC, Estée Lauder, Clinique and Origins. The group's brands launched through Zalando's online and offline stores on the Beauty Station opening day, July 28.



The 160m² (1,722ft²) store offers tutorials and advice from beauty experts plus make-up and nail treatments. A long 'beauty banquet' table with mirrors bearing slogans such as 'Nothing tastes as good as lipstick feels' and 'When in doubt, lipstick' are intended to inspire shoppers to take selfies. Consumers can also use the tablets to scan and order products, view tutorials or book make-up appointments.

Strategy

US-based **JD Beauty Group** has acquired haircare and styling brand Ouidad. The Ouidad brand is positioned as a 'curl expert' and opened its first salon, dedicated to curls, in 1984. JD Beauty is a portfolio company of New York-based private-equity fund Topspin Partners. JD's portfolio already includes hairbrush company WetBrush and electrical appliance company Bio Ionic.



Subscription-based fragrance company **Scentsbird** is adding make-up to its monthly service. Its new make-up pilot program will offer full-sized color cosmetics from a range of brands, starting with players including Tarte, Kat Von D and Ardency Inn. Scentsbird launched in 2013 and now offers more than 500 fragrances. The company is now looking to establish itself as a destination for all things beauty.



Results

US-based **Estée Lauder Companies** (ELC) reported a 14% increase in net sales to \$3.30bn for the fourth quarter of 2018. Excluding the impact of foreign currency translation, net sales for the three months ended June 30, 2018 grew 12%. Net profit for the quarter was \$186m, ■ ■ ■

BW
CONFIDENTIAL

STAY INFORMED WITH OUR
DAILY NEWS SERVICE

News headlines daily on www.bwconfidential.com

[@BWConfBeautynews](https://twitter.com/BWConfBeautynews)



- All major news on the industry published every day on our website
- News headlines complement analysis and interviews in our Beauty Insight and print magazine
- BW Confidential is the destination for keeping up-to-date with what's going on in the industry and staying ahead of the competition

BW Confidential, the inside view on the international beauty industry

The website - daily news • Beauty Insight - every two weeks • This Week in Beauty • The print magazine - four times a year • The Collector's Guide - once a year

News roundup

■■■ down from \$229m in the previous-year quarter.

For the full fiscal year 2018, ELC posted net sales up 16% to \$13.68bn (+13% at constant currency). Net profit for the fiscal year ending 30 June, 2018 was \$1.11bn, down 11% compared to the fiscal year 2017. ELC president and ceo Fabrizio Freda said that fiscal 2018 was an outstanding year. "We achieved record net sales in fiscal 2018 and one of our best performances in the last decade," Freda commented. The group highlighted strong growth in travel retail, online and the specialty-multi channels.

By product category, sales for skincare grew 24% to \$5.60bn for the fiscal year 2018, make-up sales were up 11% to \$5.63bn and fragrance sales grew 12% to \$1.82bn. By region, net sales in the Americas grew 4% to \$5.02bn for the fiscal year. Net sales in Europe, Middle East & Africa were up 21% to \$5.63bn. Sales in the Asia Pacific region grew by 29% to \$3.04bn.

For the fiscal year 2019, ELC expects net sales to increase between 4% and 5% compared to the prior-year period. The forecast includes impacts from currency translation and the adoption of a new revenue recognition standard.

Launches

Chanel has created its first make-up line for men called **Boy de Chanel**. Launching in Korea on September 1, 2018, the range will roll out worldwide this November via the brand's e-commerce platform and in January 2019 in Chanel boutiques. The range comprises three products: A foundation; a hydrating and mattifying lip balm and a waterproof eyebrow pencil, available in four shades. The brand says the products are formulated to be long-wearing, but with a natural look and easy application. All come in minimalist, black casing and midnight-blue packaging.



Coty has launched a new scent for its **Calvin Klein** franchise, called Calvin Klein Women. The fragrance is the first since Raf Simons was named chief creative officer of Calvin Klein. Created by perfumer Annick Menardo and master perfumer Honorine Blanc of Firmenich, the scent is a woody floral. The bottle has an oversized, disc-shaped cap. Actors Lupita Nyong'o and Saoirse Ronan front the ad campaign. Calvin Klein Women is launching in August, priced at \$65 (30ml EdP), \$84 (50ml EdP) and \$102 (100ml EdP).



Fast-fashion retailer **H&M** is to launch a new fragrance collection comprising 25 scents this month. Described as a wardrobe of fragrances, the collection will be available in store and online in the 47 markets that carry H&M Beauty.

The fragrances, which were created by Givaudan perfumers Olivier Pescheux and Nisrine Grillié, are put forward as offering high quality at accessible prices. The fragrances retail at between €4.99 and €24.99.

The collection consists of three groups: The Singles, 10 scents that revolve around a single note, such as vanilla, chocolate or yuzu; The Reveries, in both EdT and body mist, are 10 blended fragrances that aim to tell a story with names such as Freewheeling, Sparks Will Fly and Above the Clouds; and The Essences, five perfumes that are more complex and are made around a key ingredient, such as sandalwood, patchouli or rose. The Essences come in both EdP and as a roll-on perfume oil in pocket size. ■



LEARN | EXPLORE | NETWORK | CREATE

in-cosmetics® north america

Javits Center, New York City • 17-18 October 2018

The most interactive event in
North America for personal
care ingredients



Not just an exhibition...

New for 2018!

Gain insight with The Story of an Indie Brand:
A tailored session designed specifically for
indie brand representatives

Do business by signing up for Speed Networking
and scheduling meetings with your personalized
event planner tool

As well as....

Learn from the experts with our free bespoke
program of educational content

Experiment at the Sensory Bar and Make-Up Bar and
take part in the interactive Formulation Lab sessions

Discover the latest creations in the Innovation Zone

Register for free now
northamerica.in-cosmetics.com



Organised by:
 Reed Exhibitions®



Social media monitor

BW Confidential reports on what's being said about beauty on social networks

Cushion formats for fragrance continue to be popular, with much talk about the cushion scent launches from Chanel and Kenzo. Another product that bloggers describe as surprising, but fun is the Demeter Moomin cushion fragrance (pictured).



K Beauty is still hot, according to commentators who have noted an uptick in the launch of **retailer-exclusive Korean-inspired brands**. Following brand launches by Primark and Target, US drugstore CVS has introduced K-beauty-inspired JOAH Beauty in collaboration with Kiss Products.

Personalized haircare brand **Function of Beauty** has created a buzz on social media for its easy, online personalized concept, its formulas and Instagrammable packaging. However, reviewers also expressed frustration with the unclear pricing, which is not known until the online questionnaire has been completed.



There has been much talk on social media over US-based retailer **Anthropology's** new luxury wellness section in its stores. The area is seen as an interesting extension of the retailer's lifestyle offering, and is liked for its product assortment based on the mind, home and body themes.

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



AEROSOL & DISPENSING FORUM 2018



PACKAGING OF PERFUME COSMETICS & DESIGN 2018

REGISTER FREE TODAY

SEPTEMBER 5 & 6, 2018 | ALTMAN BUILDING & METROPOLITAN PAVILION
NEW YORK CITY, USA

North America's only dedicated event for the aerosol, dispensing, perfume & cosmetic packaging and design community



REGISTER NOW → WWW.ADFPCDNEWYORK.COM

by EASYFAIRS

Sephora India chief operating officer Vivek Bali

Building beauty

Sephora entered India in 2012 and now operates in the market through an exclusive agreement with Bangalore-based Arvind Brands. The beauty retailer has 17 doors in the country, a number that will more than double in the next few years. Sephora India chief operating officer Vivek Bali tells *BW Confidential* about the chain's expansion in the country

How do you plan to expand Sephora in India?

Sephora in India has 17 stores, with strong double-digit like-for-like growth in each store. Six more are planned this year (financial year, ending March 31, 2019), and by 2021-22 we should be at 50 stores.

Things are constantly changing within the stores, with new brand launches, new product launches and interactive sessions. We launched a new beauty studio in our new store in the Oberoi mall in July—our fifth store in Mumbai covering 3,130ft² (290m²). In terms of brands, we've just launched a new Australian make-up brand, Klara, which is exclusive to Sephora.

In the past year there have been many changes in the market, such as demonetization and changes in taxes. Has that affected sales adversely?

We've had an exceptional year. India is the third-fastest growing market in the Sephora world. Most importantly, the Indian economy continues to be on a growth path. While there might have been a slight dip last year, we cruised through the year.

What is driving sales in terms of brands, product categories and price points?

Sephora has transformed the customer experience because it's a great place to learn new looks, learn about products and is much more interactive than the existing beauty stores. It is a very strong make-up store—almost every second customer is buying make-up and every third and fourth customer is buying skincare and fragrance. The real change has been in terms of the make-up market—you can see how make-up sales have gone up in India.

Within Sephora, the Sephora brand is the strongest, along with exclusive brands and selective brands. Christian Dior, Givenchy, Estée Lauder, Clinique, Bobbi Brown and Tom Ford deliver strong growth. We have a strong assortment in fragrance and there are a lot of exclusives. Christian Dior, Givenchy and Bulgari being part of LVMH do exceptionally well in Sephora, Tom Ford is doing well and is available exclusively with us. Zegna, Michael Kors are exclusive too, along with other brands. Unisex fragrances are growing fast.

How big a part is the Sephora brand and exclusive brands in the assortment in the chain in India? Are Indian brands a big part?

Sephora and exclusive brands account for more than half of sales; it's huge. We have one Indian luxury ayurveda brand, Forest Essentials, which resonates well with the young customers at Sephora. ■■■



“

Sephora has transformed the customer experience because it's a great place to learn new looks, learn about products and is much more interactive than the existing beauty stores

”

Sephora India chief operating officer Vivek Bali

Sephora India

Entered market: 2012

No of stores: 17

Planned openings: 6 more to be opened this financial year (by March 31, 2019)

Sephora India chief operating officer Vivek Bali

■ ■ ■ Is it difficult to bring in small, up-and-coming brands, which have been a big part of the success of Sephora in other markets, given the difficulties of importing these brands to India (import costs, registration etc)?

Bringing in new brands is now easier, and the product registration process has become quicker. Any brand that is inside Sephora internationally can be brought in very quickly. We help new brands curate the range for India based on our understanding of Indian women and the different complexions across the country, and that is part of the process.

Are consumers getting used to shopping in beauty stores like Sephora instead of department stores?

The customer has changed completely. Consumers are very well informed about products and they know the brands. The undercurrent of demand builds up because of social media even when we launch new brands.

In the Indian beauty landscape, there are department stores, perfumeries, mass retailers and standalone boutique stores by some of the brands. The younger customer wants the latest beauty trends in beauty, and therefore a specialty store like Sephora where they can experiment with innovative ideas and with the large assortment of brands is popular. [Standalone] boutiques and department stores are frequented largely by more mature customers. Sephora is an unparalleled international beauty retailer, and we are living this value in India.

Have consumers shifted from buying in duty free to buying within India?

[In the past] because of the non-availability [of product] in India, consumers would buy in duty free. Now we have our consumer feedback in which we see that buying trends are changing because consumers are learning [more about products] and about new ways of using the products.

How do you plan to build Sephora's e-commerce business in India?

We launched our e-commerce business last year, and consumers can order online or pick up from the nearest store. [E-commerce] has given us access to many cities where there are no Sephora stores. Malls have not expanded to all the cities, so a lot of brands don't have stores there. For those customers, online is the only option.

E-commerce will always be a very strong support channel for our retail stores, especially for a vast geography like India, and with the changes in consumer buying behavior. A large portion of the business comes from the urban centers.

In general, for the beauty market, I expect that most players have an estimated 8% to 12% of business from online sales.

What do you see as the major challenges in India's beauty and retail market?

Department stores are facing competition and their assortments are changing. Online retail is changing the reach of brands, but buyers are also cautious about the gray market export and the close-to-expiry products that are hard to verify from many online sites that offer great sale prices. We only sell from our own store and our own site, which keeps it secure.

In general, the beauty market is going to continue to grow in double digits. ■

“

Online retail is changing the reach of brands, but buyers are also cautious about the gray market export and the close-to-expiry products that are hard to verify from many online sites that offer great sale prices

”

Sephora India chief operating officer Vivek Bali



▲ Sephora introduced a beauty studio in its store in Oberoi Mall, Mumbai



Russia

On the up

How the beauty market in Russia is developing

Despite the current political and economic environment and the specter of new US sanctions, Russia's beauty market is holding its own. Analysts say that country's economic recovery following a tough few years marked by a currency devaluation, should continue to gather pace, which in turn should give beauty a boost. The cosmetics and fragrance market is seeing around 4% annual growth for sales of €12bn, according to Global Data, and new brands continue to come to the market, while there is much development in terms of retail. Three industry players tell *BW Confidential* about how they see the state of the Russian cosmetics and fragrance market.

Clarins Group Russia ceo Edgar Shabanov



Regardless of macroeconomic difficulties, the perfume and cosmetics market remains dynamic in Russia. For the first half of the year [the market saw] single-digit growth. Market growth is supported by the flow of tourists, in particular from China. This contrasts to the declining purchasing power of Russian consumers after the crisis of 2014, when the ruble was devalued and perfume and cosmetics brands raised prices in order to compensate for devaluation. Prices significantly increased, while salaries did not, which led to a declining purchasing power. And so, price offers and promotions have become the main driver for Russian consumers.

[In terms of] market drivers, it is of course the price or even the extent of discount. The share of sales done through promotional offers has increased significantly over the past years and could reach up to 60-70% of the total turnover. Price offers, as well as brand and product exclusivities are becoming the most popular means of fighting for a customer.

The perfume segment prevailed until 2014—about 50% of all perfumes & cosmetics sales were generated by perfumes. After the crisis, fragrance's market share shifted in favor of make-up as a cheaper category. Fragrances have lost their share, and this trend continues, due to the fact that such a purchase is usually more expensive. In fragrance, EdTs continue to prevail over perfume (despite the fact that more people are ■■■

“ [In terms of] market drivers, it is of course the price or even the extent of discount. The share of sales done through promotional offers has increased significantly over the past years and could reach up to 60-70% of the total turnover

”

Clarins Group Russia ceo
Edgar Shabanov

Russia

■■■ paying attention to the long-lastingness of a scent), and 30ml and 50ml are more popular than 100ml. Also, niche fragrances and little-known brands are becoming more popular. In fragrance, consumers expect a unique offer, for example, engraving, a celebrity autograph or exceptional knowledge from the beauty advisor—the presence of a BA is very important, as consumers are not so brand loyal.

[Another trend] is Korean brands, which are gaining popularity. For example, the L'Etoile chain is opening Korean cosmetics corners in stores. Also, it is important to note that the Russian market is a novelty market. Novelties could make up to 30% of brands' turnover. Another obvious trend is [targeting] millennials.

There is much going on in retail, with more stylish and spacious stores opening, while the older ones are being revamped. This can be seen among all the leading chains in the country—Russian perfume and cosmetics retail is one of the most beautiful in Europe.

[Retailer] L'Etoile is a fast-growing leader in terms of the number of stores, while the Golden Apple chain is actively developing. Last year, the chain opened two stores in Moscow. In every large city in Russia where Golden Apple is present, the chain quickly becomes a market leader. Moscow is a challenging market, but despite this, Golden Apple's store in the Afimall shopping center has become one of the most vibrant in the industry.

It's no secret that now we are looking forward to the opening of Sephora stores. It is [hoped that this will bring] something new and fresh.

Reed Exhibitions Russia, organizer of the InterCHARM trade show, managing director & market expert Anna Dycheva-Smirnova*



The Russian market has demonstrated its resilience for more than a couple of decades. The growth is less dynamic—there are no longer the double-digit growth rates that were typical at the beginning of the 2000s, but steady growth of 4% to 6%. This demonstrates the overall health of the market. According to Global Data, the volume share of Russia in the global cosmetics and toiletries industry is expected to decline marginally from 3.9% in 2017 to 3.8% by 2022.

Russian consumers are influenced by the same trends as those in Europe: Instagram-driven consumption, K-beauty (some of the famous Korean brands have grown their sales in Russia by 300%) and athleisure.

Consumption in Russia is high among women with higher education who live in the cities, and more than 60% of consumers are in the 35-and-over age group. These consumers buy cosmetics mostly in perfumery and cosmetics chains—a distribution channel that accounts for 30% of the market. Face masks are a locomotive of skincare growth, while small make-up brands are conquering consumers through promotions on Instagram.

According to Global Data, the per capita consumption of cosmetics and toiletries products in Russia is expected to grow from 25 units in 2017 to 29.1 units by 2022. The per capita spend in Russia on cosmetics and toiletries products stood at \$69.6 in 2017, compared with a global spend of \$79.8. ■■■

“Growth is less dynamic—there are no longer the double-digit growth rates that were typical at the beginning of the 2000s, but steady growth of 4% to 6%”

”
Reed Exhibitions Russia
managing director & market
expert Anna Dycheva-Smirnova

Russia

■ ■ ■ Auchan Retail Russia director of procurement and supply of cosmetics and household chemicals Olivier Mouchet



The modern Russian perfumery and cosmetics market is very saturated, so in terms of supply, it is very stable.

Sales in cosmetics are growing. We are seeing increasing customer interest in cosmetics from Asian countries, and so as a result we are expanding the range in this area. Also, there is a trend for consumers to carefully study the composition of cosmetics and the ingredients, so the need for natural [products] is increasing. Clients in Russia are significantly influenced by advertising campaigns, so all the new products and creative solutions gain popularity. ■

** InterCHARM is Russia's leading cosmetics and perfumery trade show, with more than 5,000 exhibiting brands. The next edition of the show will take place in Moscow from October 24-27, 2018.*

NEW

BW
CONFIDENTIAL

THIS WEEK IN BEAUTY

Get the **essential beauty news** of the week in one quick-read email every Friday

This Week in Beauty spotlights the most important news of the week in the international beauty market in an easy-to-read, digest format

ALSO IN VIDEO

The week's key news headlines in under a minute

BW CONFIDENTIAL
What you need to know this week in beauty
THIS WEEK IN BEAUTY July 14-20, 2018 [Subscribe](#)

Video - Watch our 1-minute video recap of this week's top news stories.

P&G acquires skincare brand First Aid Beauty
US-based Procter & Gamble (P&G) has acquired indie skincare brand First Aid Beauty (FAB). [Read More](#)

Unilever could be looking to acquire Space NK
Private-equity firm Menzies Capital is thought to be in advanced talks to sell UK-based luxury beauty retailer Space NK. [Read More](#)

Eurazeo Brands invests in Pat McGrath Labs
Investment company Eurazeo Brands has made a \$60m investment in Pat McGrath Labs, the color-cosmetics brand founded by make-up artist Pat McGrath. [Read More](#)





In living color

AS Watson sheds light on its new make-up concept store conceived in partnership with L'Oréal

Retail group AS Watson has teamed up with L'Oréal to launch a new make-up concept store chain in China. Called Colorlab by Watsons, the new stores aim to offer what the group calls "an experience-led make-up space", with make-up artists available to give advice, as well as opportunities to play with products and try on different looks. The first store opened in Shenzhen in January 2018, with three others following (two in Guangzhou and one in Shanghai), and AS Watson plans to roll out 50 of the new boutiques before the end of the year.

AS Watson partnered with L'Oréal to create the concept, and products from the French company's brands L'Oréal Paris and Maybelline occupy 30% of the store, an arrangement AS Watson says is exclusive to Colorlab. The retail group says that L'Oréal advised on ways to attract a larger customer base and target a younger demographic.

"Make-up was identified as a huge growth area for Watsons and working with L'Oréal on the development of this new store concept meant that we had the expertise of an established make-up supplier at the forefront," commented AS Watson Group chief operating officer Malina Ngai. "Colorlab stores put the customers' experience first and rather than just purchasing make-up, we wanted to give customers access to advice and expertise from skilled make-up artists, as well as the opportunity to try out different looks and play about with new products," she adds.

Other brands stocked by the store include AS Watson's own make-up brands, Makeup Miracle and Collagen, as well as Japanese make-up brand Kiss Me and Korean color brand Clio, both new to the group's stores.

In terms of design, the concept aims to convey a modern vibe, with black interiors and vibrant accents, including neon signs signaling specific categories such as face and lips. Shoppers can discover products with the aid of professional make-up artists, on their own or by using the in-store Style Me interface, which uses augmented reality (AR)-enabled technology to offer a virtual make-up service that gives product recommendations.

AS Watson says sales of cosmetics are up 74% at the Colorlab by Watsons store in Shenzhen when comparing total sales from March to May 2018 to sales for the same period in 2017 through the former Watsons store at the same site. ■

Colorlab by Watsons

- **Location:** Shenzhen, China
- **Size:** 72m² (775ft²)
- **Special features:** On-site make-up artists, AR-enabled virtual make-up service



▲ Colorlab by Watsons has been designed with a modern and vibrant feel



▲ The Style Me virtual make-up service lets customers test different looks (left). The store aims to offer what the group calls an experience-led make-up space (right)

