

NCV ANNUAL REPORT 2010

The Dutch cosmetics market in 2010

Using data that was collected by the Nielsen market research bureau and reviewed on the basis of the turnover statistics of its own members, the NCV creates as accurate as possible an overview of the consumer turnover and trends of personal care products. Nielsen has measured the sale of cosmetics in approximately 98 percent of the regular supermarket, drugstore and perfumery channels accessible to consumers in the Netherlands.

The graphs and tables summarise the way turnover developed in 2010 in the various market segments. All turnover figures are displayed on consumer price level and include VAT.

Dutch cosmetics market

In 2010, despite the economic situation the cosmetics market experienced a growth of 1,3%. The registered total consumptive spending for personal care products was 2.4 billion Euros in 2010. De submarkets decorative cosmetics, fragrances and sun cosmetics shown a growth above average. There was an increase in volume sales of packaging in many submarkets. The cosmetics market has been confronted with stronger promotional pressure.

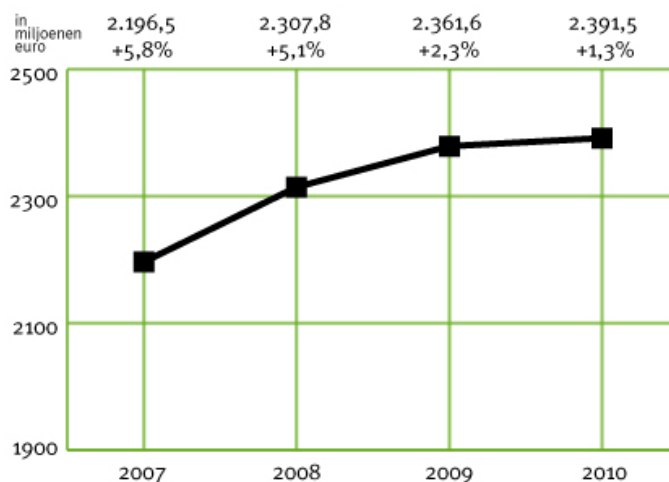
Besides the turnover reported by Nielsen in the supermarket, drugstore and perfumery channels, cosmetics are also sold through other channels. The NCV estimates that the consumer turnover registered by Nielsen covers around 90% of the total Dutch purchases of cosmetics in the Netherlands. On this basis, the total consumptive spending in 2010 was around 2.6 billion Euros, equivalent to 159 Euros per head of population per year.

Consumptive trends are important for these developments: health, convenience, enjoyment and looking good. Cosmetics can and do respond to these trends.

Cosmetics for men also showed a growth in 2010, a growth greater than for the other cosmetics categories (turnover approximately 340 million Euros)

The gift packaging market showed a growth of 4% this year. With a turnover approaching 106 million Euros, this market plays an important role, particularly in the perfumery channel.

Because of the (economic) situation in the world it is difficult to predict the future. The NCV is cautiously optimistic and expects a challenging year with nevertheless a slight growth.



The submarkets

Bath and shower products

The turnover of bath and shower products in 2010 showed no growth. Personal care starts in the shower. In this submarket, the emphasis is not purely on care but also on the enjoyment of luxury (wellness). In particular, consumers are buying products with added value. The shower products market showed the biggest growth. In this market the promotional pressure is high.

Decorative cosmetics

The decorative cosmetics submarket comprises lip, eye, nail and facial make-up products. This submarket represents a value of 333 million Euros. The 6% growth in this category was mainly the result of the growth in nail and eye products. There is also a clear growth in the volume of products (11%). The decorative cosmetics market is largely driven by innovation. Innovations in mascara's (false lash effect and smokey eyes) gave an important push to the market.

Deodorant

Despite the strong promotional pressure this submarket has showed a slight growth. A deodorant is an integral part of personal care. The consumer increasingly chooses deodorants with added value, products which are more than just an anti-perspirant. Other important aspects are fragrance and care. Products especially for men grew too.

Scents

The scents submarket showed a rise of 3% to a turnover of almost 404 million Euros. There are more products sold and the classic brands are increasingly popular. Important periods for this submarket are the month of December and Mother's and Father's Day. In 2010 the sale in these gift periods was good (4% increase).

Hair care

In 2010 the hair care market is good for almost 390 million Euros. In this submarket the promotion-effect is noticeable. For the first time in years there was a negative growth.

Skin care

Skin care is the largest submarket with a turnover of 490 million Euros. This submarket consists of hand, body and facial skin care. The facial skin care category is the largest category within the submarket. Special products for men are becoming increasingly popular. The hand care market has grown too.

Mouth care

The market for mouth care products has experienced a slight growth. People pay increasing attention to good mouth care. They use toothpaste not only to prevent erosion but also to protect glaze. There were several successful introductions but due to the promotional pressure the turnover did not rise. More and more, people become aware of the importance of good mouth care and the role mouth care products in this.

Shaving products

Shaving products showed a limited descent. In 2010 less innovations have been placed on the market. Private label is successful. There was a slight increase in the sale of packaging.



Soap (bars & liquid)

In 2009 the market for soap has shown a huge growth of due to the scare for the influenza. In 2010 the sale decrease, but still more soap has been sold than before the influenza.

Sun cosmetics

The sun cosmetics submarket has shown a rise in the market (9%) in 2010. The spring has been good with two long sunny periods. The consumer is prepared to pay more for high factor (20-50+) anti-sunburn products. This is the result of growing awareness of the consequences of overexposure to the sun's rays, like sunburn, ageing and even the risk of skin cancer. There is a broad variety of products on the market. The sale in the supermarket has shown a growth.

Various

This submarket includes wet wipes for babies and children, products for intimate hygiene, foot care products and talc. These have all experienced substantial growth, particularly in the foot care products.

Cosmetics for men

Men are becoming increasingly interested in personal care. The current market shows a wide range of cosmetic products specifically aimed at men.

More and more brands are introducing products for men. The market for men's care was initially launched by the selective brands. The popular (mass) brands responded, which lowered the purchasing threshold for the 'average man'. In 2010, the turnover in cosmetics for men to a turnover of over 340 million Euros¹.

The turnover in cosmetics for men grew faster than the turnover in personal care as a whole if you disclose the results of man scents and aftershaves. This growth was mainly in the skin care submarket. Men are becoming increasingly open to the idea of face care, in particular. In all submarkets are more and more products especially for men.

The share of cosmetics for men within the entire cosmetics industry has grown rapidly in recent years and now totals 19,4%, but there is still great potential to further expand the men's category. The NCV expects, despite the economic situation, to be able to report further growth in men's products in 2011.

Dutch Cosmetics Association (NCV)

The NCV is the association of manufacturers and importers of cosmetics, or products for personal care. These include not only products for daily care, such as deodorant, shampoo and toothpaste, but also products that serve to embellish, like make-up and hair dyes.

NCV represents the common interests of Dutch business, both at home and abroad and provides a variety of services for its members.

Approximately 100 companies are member. They cover almost all sectors of cosmetics, such as mass and selective brands, professional hair care, and nail care.

The NCV Board is composed entirely of representatives of member companies. The board and members of NCV fulfil a crucial role in the work of the organisation.

¹ Nielsen



They determine the association's policy and play a crucial role in the provision of information. Most of the work of representation and service provision is carried out by a secretariat of approximately 6 staff members.

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