IRI Pulse Report Personal Care

Welcome to the Pulse H1 2015 edition for personal care. We hope you find it useful. Please do not hesitate to contact us if you have any questions or comments at EU.Marketing@IRIworldwide.com.

H1 2015

IRIworldwide.com

Growth delivered.

About the Report

- This personal care report is one of 10 super category reports designed to provide a high-level comparison and analysis of retail markets across major countries in Europe.
- This report contains data gathered from countries throughout Europe. The market was split into the following categories: deodorants, hair care, hair dye, body care, insect repellent, oral care, body cleansing, facial care, sun care, sanitary products, feminine hygiene, cosmetics, fragrances and shaving/hair removal.
- The report highlights key metrics such as total sales, market trends, category shares, and winners and losers for Europe as a whole and for individual countries.
- The data has been sourced from IRI retail databases and Eurostat, the statistical branch of administration for the European Commission.
- The countries included in the report are: France, Germany, Italy, the Netherlands, Spain and the United Kingdom (UK).
- The market channels used for each country in this report are as follows:

Country	Channels used
UK	Hypermarkets, supermarkets, drugstores and impulse outlets
ES	Hypermarkets, supermarkets, hard discounters, drugstores, including the Canary Islands
DE	Hypermarkets, supermarkets, hard discounters and drugstores
NL	Hypermarkets, supermarkets, hard discounters and drugstores
IT	Hypermarkets, supermarkets, small self-service, hard discounters and drugstores
FR	Hypermarkets and supermarkets

- For analytical purposes, the data sourced from available retail databases has been consolidated to provide consistent results. However, for some countries it has not been possible to source data pertaining to certain categories. When this has occurred, it has been documented in the "Notes" section found at the end of the report.

On the Radar

The good news is that the first half of 2015 saw positive growth within the personal care category across Europe: +0.6% in value sales. While Germany and Spain have seen a positive trend, it is not the case for the Netherlands and France, where revenue sales have decreased. Some trends are transversal, strong growth in oral care and feminine hygiene, but each country exhibits its own specificities in terms of price evolution, channel dynamics and promotional activation.

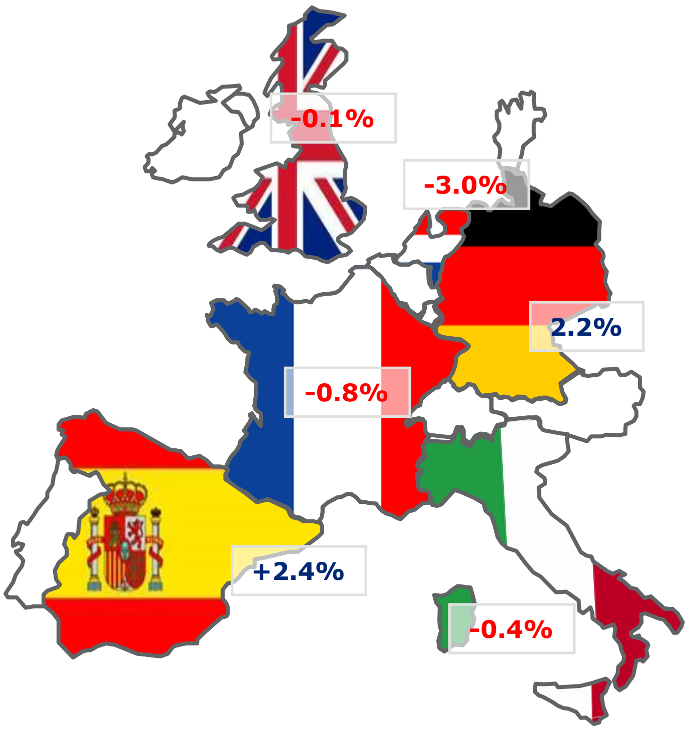
ECONOMIC FIGURES INFLUENCING CONSUMER BEHAVIOUR

	POPULATION IN MILLIONS		UNEMPLOYMENT (%)		AVERAGE 12 MONTHS INFLATION RATES		GDP IN MILLIONS (€)	
	Jan. 2014	Jan. 2015	Avg. 2014	Jun. 2015	Avg. 2014	Jun. 2015	2013	2014
France	65.8	66.3	10.3	10.2	+0.7	+0.2	2 116 565	2 132 449
Germany	80.7	81.1	5.0	4.7	+0.9	+0.4	2 820 820	2 915 650
Italy	60.7	60.7	12.7	12.7	+0.3	+0.0	1 609 462	1 616 253
Netherlands	16.8	16.9	7.4	7.0	+0.5	+0.1	650 857	662 770
Spain	46.5	46.4	24.5	26.6	+0.0	-0.6	1 049 181	1 058 469
United Kingdom	64.3	64.7	6.1	5.6	+1.7	+0.6	2 017 193	2 222 912

Source: Eurostat, June 2015

GLOBAL TRENDS

TOTAL PERSONAL CARE VALUE SALES AND % CHANGE VERSUS PRIOR YEAR

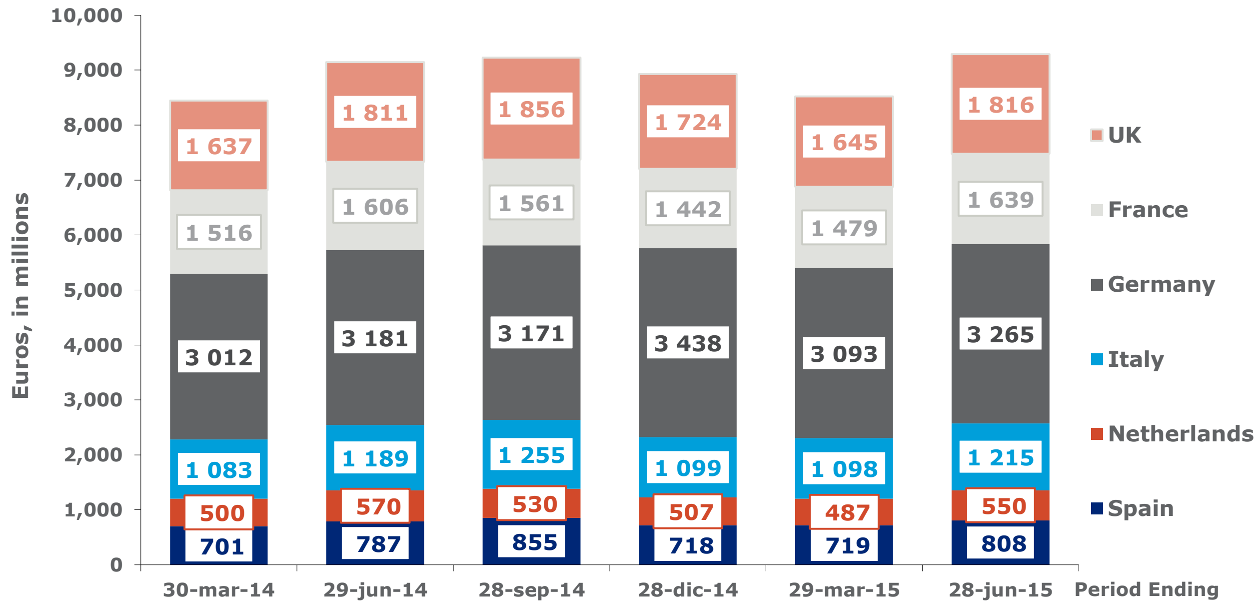


VALUE SALES IN MILLIONS (€)	
Total EU	35 972
DE	12 967
FR	6 121
UK	7 041*
ES	3 099
IT	4 667
NL	2 075

*based on an exchange rate of €1.27 to the pound

TOTAL EUROPE +0.6%

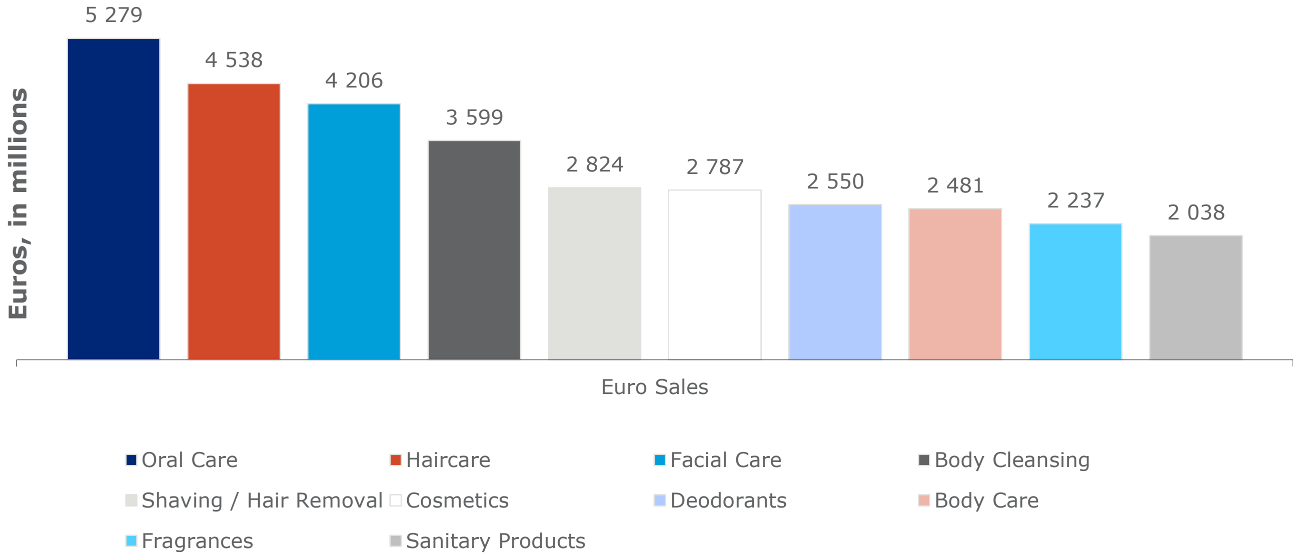
TOTAL PERSONAL CARE VALUE SALES FOR THE LAST SIX QUARTERS



Source: IRI retail databases; period ending 28 June 2015

Europe

CATEGORY SHARE OF VALUE SALES IN THE LAST YEAR



SHARE OF VALUE IN THE YEAR	
Oral Care	14.7%
Hair Care	12.6%
Facial Care	11.7%
Body Cleansing	10.0%
Shaving / Hair Removal	7.8%
Cosmetics	7.7%
Deodorants	7.1%
Body Care	6.9%
Fragrances	6.2%
Sanitary Products	5.7%
Hair Dye	3.7%
Feminine Hygiene	3.0%
Sun care	2.5%
Insect Repellent	0.4%

KEY TRENDS

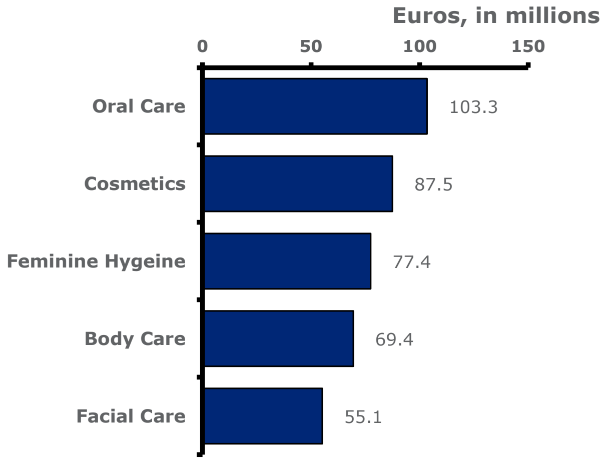
- With a growth of 0.6% in value sales, the personal care trend is positive in Europe. But, this category is still underperforming compared to fast moving consumer goods (FMCG) which showed slight upward growth.
- However, the 0.6% increase makes it difficult to identify different situations between countries.
- In 2015, Germany and Spain saw positive sales, while Italy and the UK stayed stable. The Netherlands and France suffered a decline in sales.
- The following pages will analyze different trends in each country.

Europe includes: France, Germany, Italy, the Netherlands, Spain and the United Kingdom

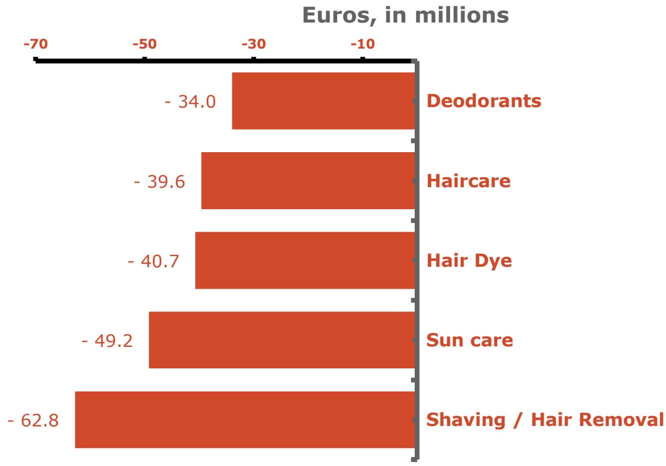
Source: IRI retail databases; period ending 28 June 2015

Europe

TOP WINNERS: VALUE SALES CHANGE VERSUS A YEAR AGO (€)

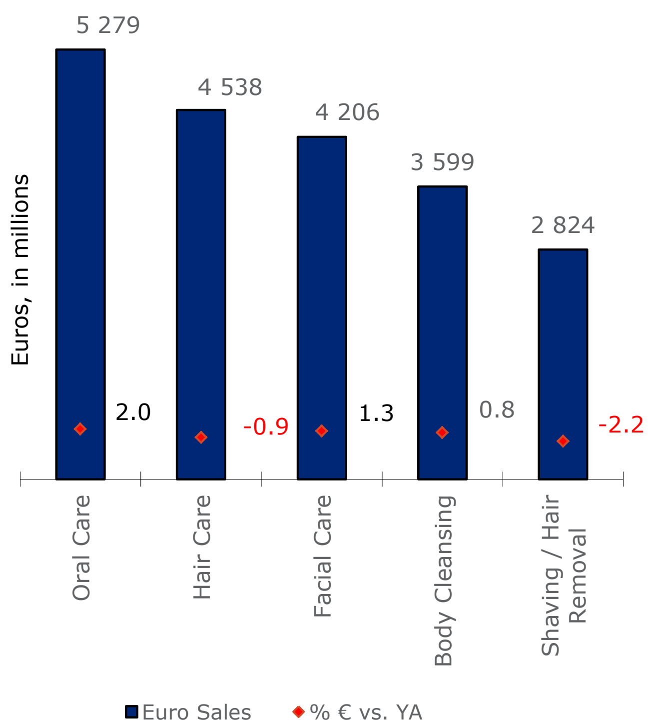


TOP LOSERS: VALUE SALES CHANGE VERSUS A YEAR AGO (€)



TOP 5 CATEGORIES: EVOLUTION

Value sales (€) and % change versus a year ago



CATEGORY INSIGHTS

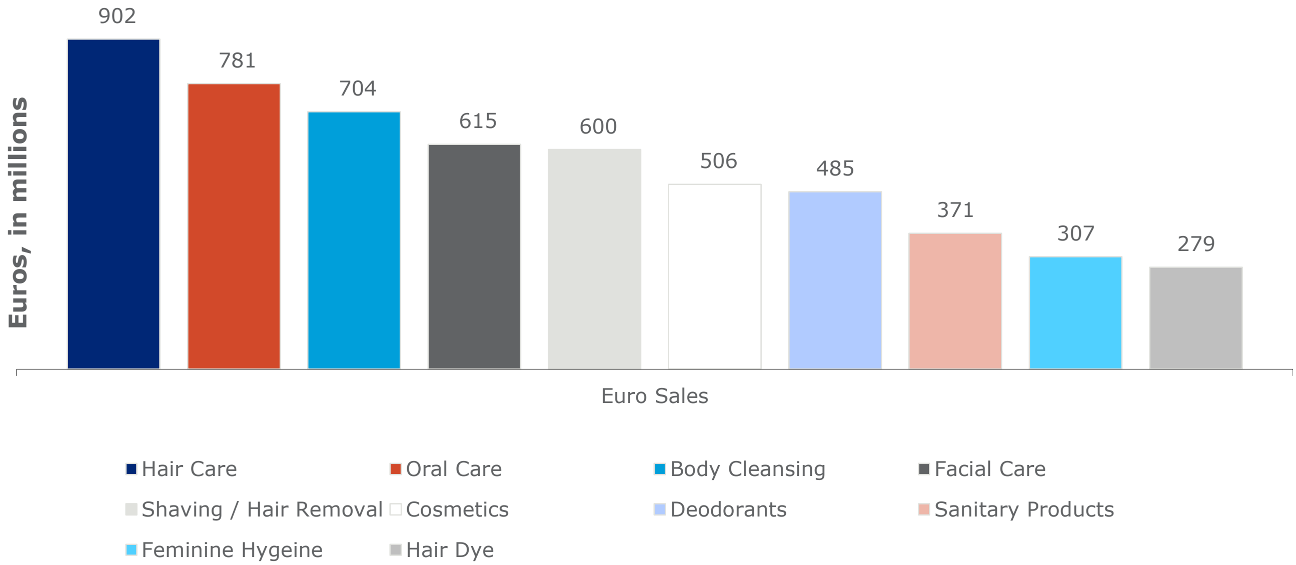
- The slight growth in personal care makes it difficult to uncover trends among specific categories.
- Oral care is still the most dynamic category thanks to multiple marketing activations (promotion, media and innovation) and because of its potential for consumer recruitment across Europe.
- Facial care also managed to increase sales, specifically in France, Spain and Germany.
- The situation is difficult for one of the largest categories, hair care, more specifically in France, Italy and the Netherlands.
- Shaving and hair removal are declining with the beard trend being the driving factor. Without innovation in this market, sales will continue to decline.

Europe includes: France, Germany, Italy, the Netherlands, Spain and the United Kingdom

Source: IRI retail databases; period ending 28 June 2015

France

CATEGORY VALUE SALES IN THE LAST YEAR



SHARE OF VALUE IN THE YEAR	
Hair Care	14.7%
Oral Care	12.7%
Body Cleansing	11.5%
Facial Care	10.0%
Shaving / Hair Removal	9.8%
Cosmetics	8.3%
Deodorants	7.9%
Sanitary Products	6.1%
Feminine Hygiene	5.0%
Hair Dye	4.5%
Body Care	4.0%
Fragrances	3.3%
Sun care	1.9%
Insect Repellent	0.2%

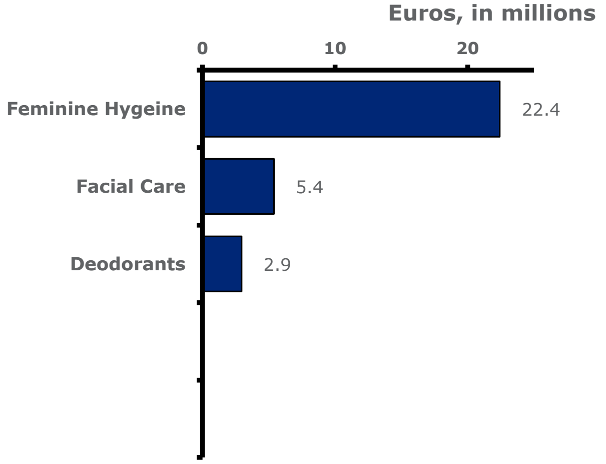
KEY TRENDS

- France showed one of the worst results in personal care. Value sales have decreased by 0.8% in the first 6 months of 2015.
- Personal care is one of the FMCG department's most touched by price wars. Prices have decreased by more than 2% since January 2015. Even if volumes are stimulated by decreases in price, it is not enough to create value.
- Promotions are another key factor for the decrease in sales. From March to May 2015, there were powerful promotional events in personal care in France. Retailers created leaflets that promoted personal care products. 2014 promotional events saw great success, which has been difficult to replicate in 2015.
- It is important to note the good health of pharmacies/parapharmacies in France, which are taking volume from hypermarkets and supermarkets (HMSM) channel in personal care.

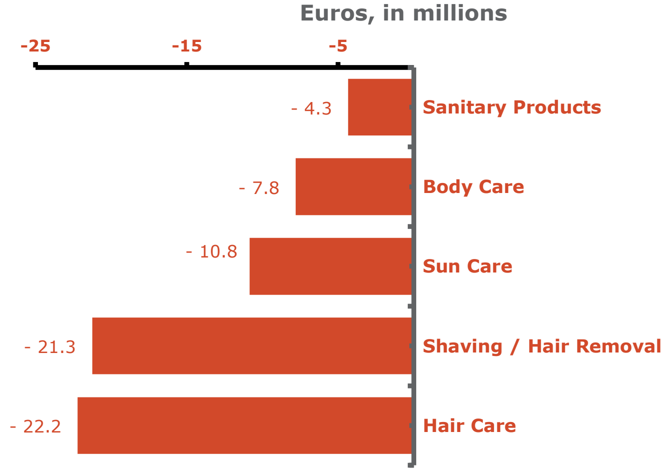
Source: IRI retail databases; period ending 28 June 2015

France

TOP WINNERS: VALUE SALES CHANGE VERSUS A YEAR AGO (€)

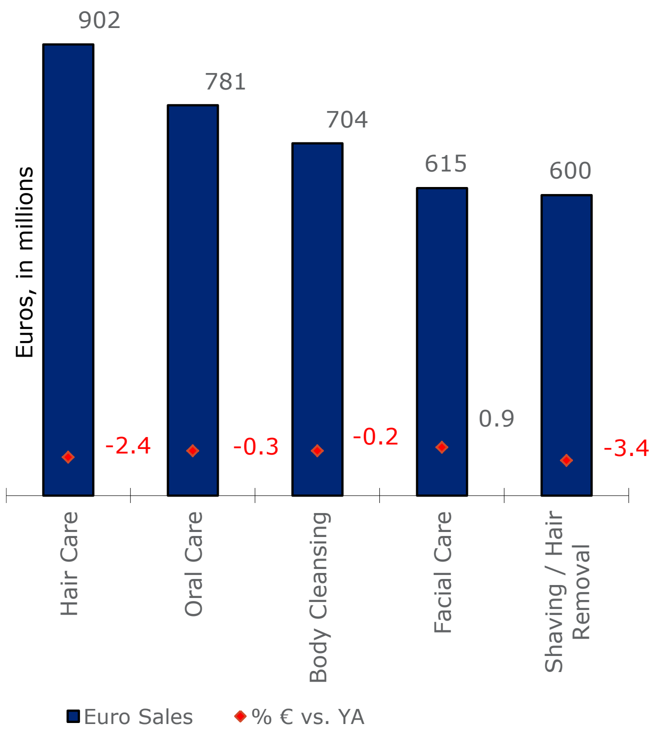


TOP LOSERS: VALUE SALES CHANGE VERSUS A YEAR AGO (€)



TOP 5 CATEGORIES: EVOLUTION

Value sales (€) and % change versus a year ago



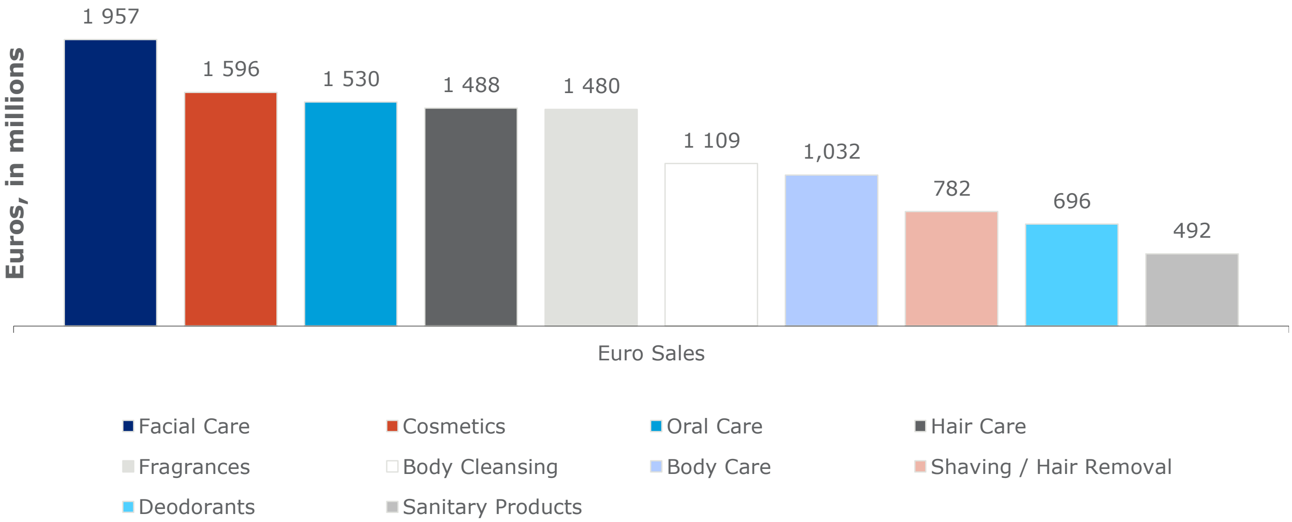
CATEGORY INSIGHTS

- Declining sales for personal care in France is transversal across categories which has created a negative trend in sales.
- For example, hair care, which is particularly impacted by price decreases (-3.7% on H1 in HMSM). During 2015 there were fewer impactful innovations versus 2014.
- Value sales in oral care which was one of the most dynamic categories is now slightly decreasing, mainly because of toothpaste.
- The shaving category decline is not new, but losses are still important in France; French men are using less shaving products because of the beard effect.

Source: IRI retail databases; period ending 28 June 2015

Germany

CATEGORY VALUE SALES IN THE LAST YEAR



SHARE OF VALUE IN THE YEAR	
Facial Care	15.1%
Cosmetics	12.3%
Oral Care	11.8%
Hair Care	11.5%
Fragrances	11.4%
Body Cleansing	8.5%
Body Care	8.0%
Shaving / Hair Removal	6.0%
Deodorants	5.4%
Sanitary Products	3.8%
Hair Dye	2.5%
Feminine Hygiene	1.7%
Sun care	1.7%
Insect Repellent	0.3%

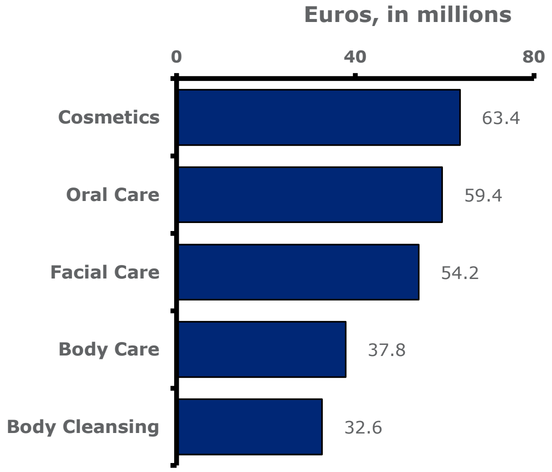
KEY TRENDS

- German personal care market has shown growth of 2.2% and is one of two countries which were able to post growth in Europe, accounting for the highest value sales of 36.0%.
- Growth is mainly driven by drugstores that continue to be the most important channel for this category; they grew by 4.9% and were responsible for 44.4% of the total market's value share.
- Cosmetics, facial care, and oral care contributed approximately two-thirds of the personal care category's value growth.
- Facial care has grown in volume by 4.3% and generated value growth of 2.9% due to decreasing overall prices.
- Hypermarkets showed the most declining sales over all formats: 800-1499 square meters and >5000 square meters stores, lost most by a decrease of almost all personal care categories - especially hair care, hair dye as well as shaving / hair removal lost sales.

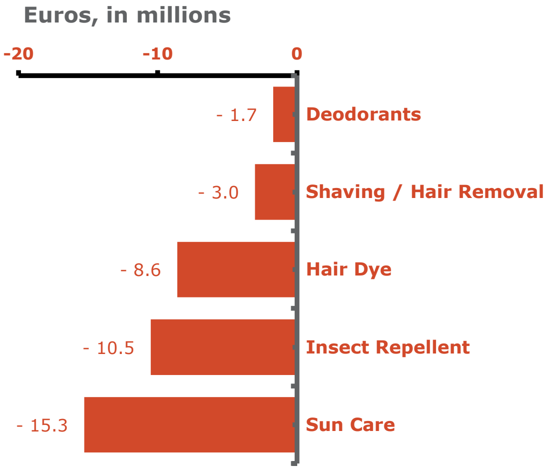
Source: IRI retail databases; period ending 28 June 2015

Germany

TOP WINNERS: VALUE SALES CHANGE VERSUS A YEAR AGO (€)

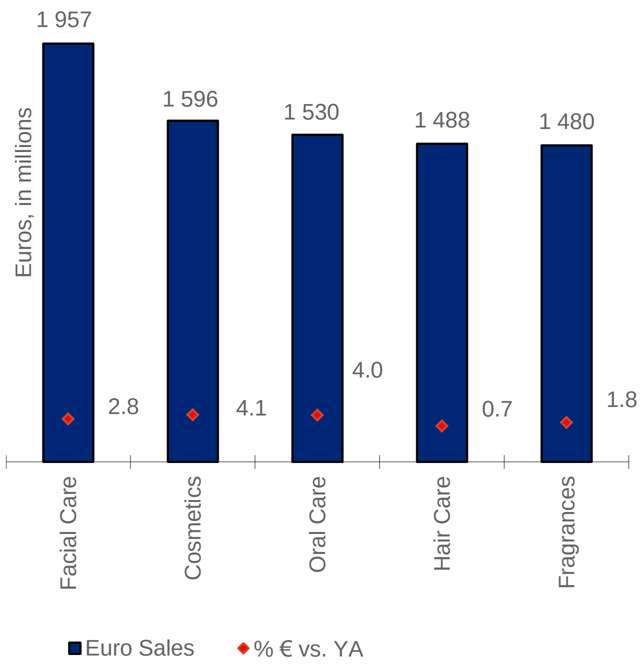


TOP LOSERS: VALUE SALES CHANGE VERSUS A YEAR AGO (€)



TOP 5 CATEGORIES: EVOLUTION

Value sales (€) and % change versus a year ago



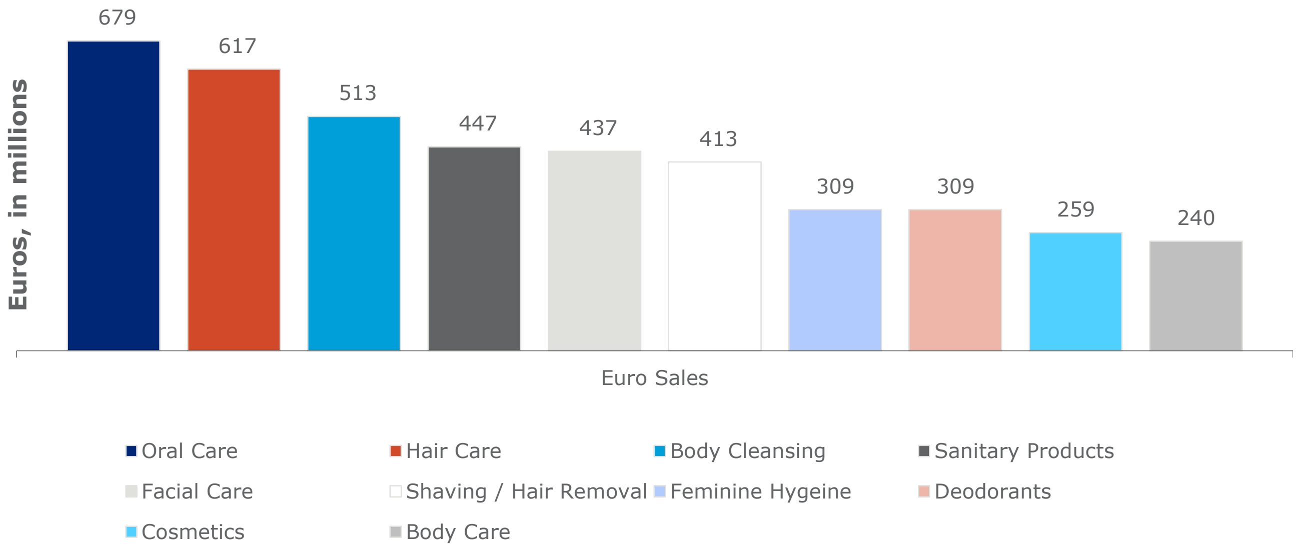
CATEGORY INSIGHTS

- All top five personal care categories (with a value share of about 62%) were able to increase sales and drove personal care's market growth.
- Cosmetics' growth was primarily driven by drugstores which generated a value growth of 6.4% (53.4 million €), mainly due to an increase in non promotional sales.
- Facial, eye and lip drove value growth within cosmetics while nail cosmetic declined.
- Oral care's value growth of 4.1% was mainly driven by dental care products. Growth was due to increased promotional (+10.2%) and non promotional (+2.1%) sales – also toothbrushes' non promotional sales showed growth by 8.5%.
- Facial care was primarily driven by face cream which has approximately 70% value share within facial care, but face cleansing showed the highest value growth in this category followed by lip care which showed the highest change over last year, with growth of 18.1%.

Source: IRI retail databases; period ending 28 June 2015

Italy

CATEGORY VALUE SALES IN THE LAST YEAR



SHARE OF VALUE IN THE YEAR	
Oral Care	14.5%
Hair Care	13.2%
Body Cleansing	11.0%
Sanitary Products	9.6%
Facial Care	9.4%
Shaving / Hair Removal	8.9%
Feminine Hygiene	6.6%
Deodorants	6.6%
Cosmetics	5.5%
Body Care	5.1%
Hair Dye	3.6%
Fragrances	3.0%
Sun care	2.0%
Insect Repellent	0.9%

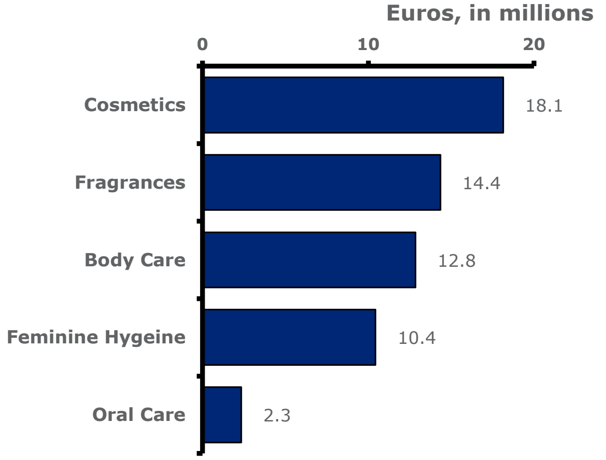
KEY TRENDS

- In the first half of 2015, food and drinks departments drove growth. Personal care showed a positive trend for six consecutive months, both in terms of value and volume.
- In these first six months of 2015, the promotional pressure for FMCG remained at the same level as in 2014; the depth of discount remained high but did not grow further.
- In personal care prices decreased even while FMCG prices increased during the past six months.
- Although prices for FMCG are still declining due to strong competition between retail channels, revenue remains positive.
- Private labels market share for FMCG remains the same versus 2014 (value share 9.9%).

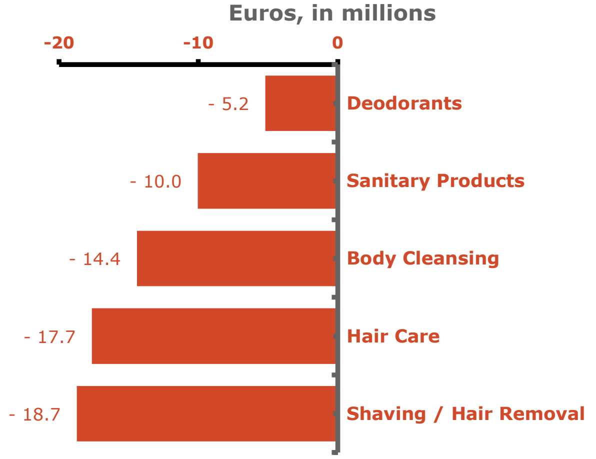
Source: IRI retail databases; period ending 28 June 2015

Italy

TOP WINNERS: VALUE SALES CHANGE VERSUS A YEAR AGO (€)

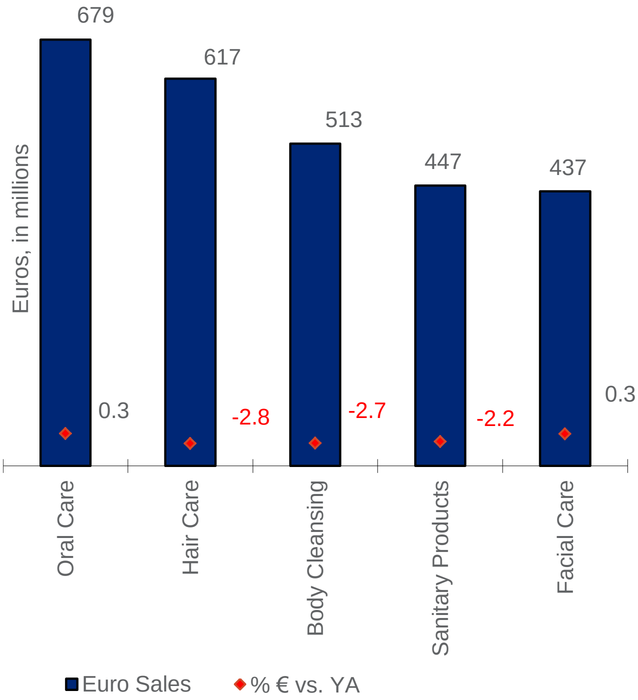


TOP LOSERS: VALUE SALES CHANGE VERSUS A YEAR AGO (€)



TOP 5 CATEGORIES: EVOLUTION

Value sales (€) and % change versus a year ago



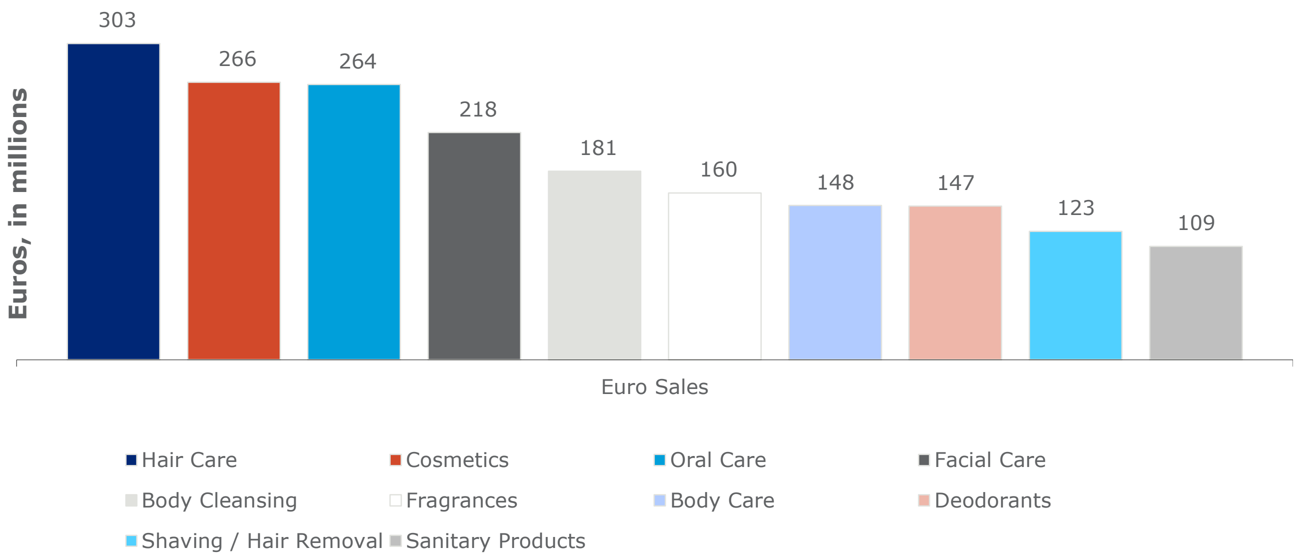
CATEGORY INSIGHTS

- Categories that are viewed as more of a commodity such as body care (bath, shower, soaps, deodorants), hair care (shampoo and hair conditioner) and oral care (toothpastes and mouthwashes) are increasing their market share in the drugstore at the expense of categories more specialized like make-up and perfumes.
- Hair care (shampoo, hair conditioner and styling products) show negative performances even though promotional activity and price cuts were higher in 2015 than 2014. In the hair conditioner sub-category only rinse on and off are increasing. On the contrary, traditional conditioners are decreasing.
- Within the body cleansing category, shower is the only sub-category with a positive trend. Sales are negative for bath and soaps (bar and liquid).
- Body care: in body cream not all segments show negative trends like multipurpose or fluid cream, but exfoliating and firming are showing positive performance but their market share in the total body cream is still low.

Source: IRI retail databases; period ending 28 June 2015

The Netherlands

CATEGORY VALUE SALES IN THE LAST YEAR



SHARE OF VALUE IN THE YEAR	
Hair Care	14.6%
Cosmetics	12.8%
Oral Care	12.7%
Facial Care	10.5%
Body Cleansing	8.7%
Fragrances	7.7%
Body Care	7.1%
Deodorants	7.1%
Shaving / Hair Removal	5.9%
Sanitary Products	5.2%
Sun Care	3.1%
Hair Dye	2.9%
Feminine Hygiene	0.9%
Insect Repellent	0.6%

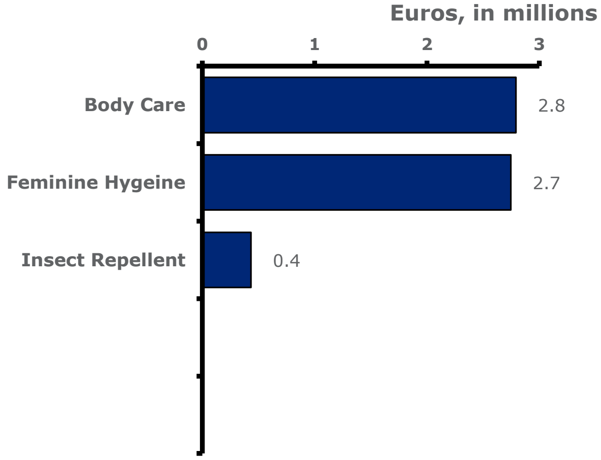
KEY TRENDS

- The personal care situation is still negative in the Netherlands. The economic context there remains tough despite first encouraging economical indicators.
- Luxury brands and segments in personal care show a positive index. This can be explained by the fact that consumers are tired of the economic situation and want to indulge themselves.
- Sun care is one of the few segments in personal care that show positive results, due to the abundant sunny days the Netherlands had during that period.

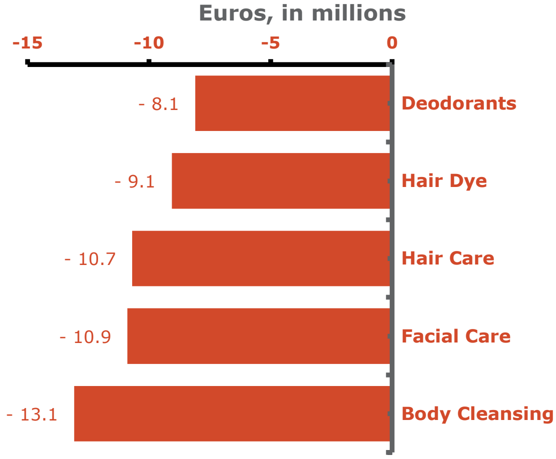
Source: IRI retail databases; period ending 28 June 2015

The Netherlands

TOP WINNERS: VALUE SALES CHANGE VERSUS A YEAR AGO (€)

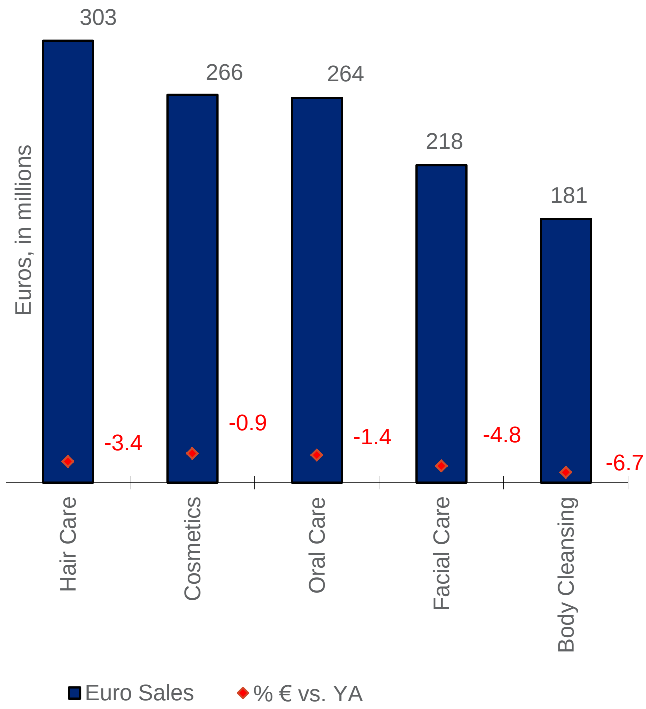


TOP LOSERS: VALUE SALES CHANGE VERSUS A YEAR AGO (€)



TOP 5 CATEGORIES: EVOLUTION

Value sales (€) and % change versus a year ago



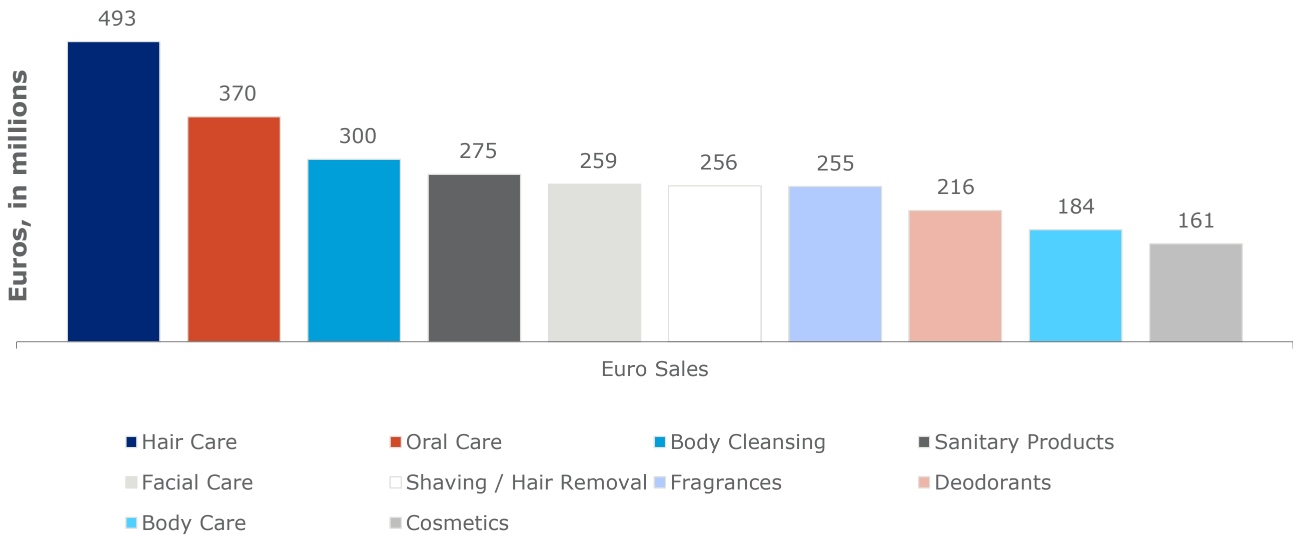
CATEGORY INSIGHTS

- During the past period, personal care was losing sales in the Netherlands.
- An explanatory factor for this is the still growing market of high, and low-end retail (e.g. budget stores). The developing market has impacted the performance of traditional channels.
- Low end retail is growing rapidly in the Netherlands, because of the low prices compared to drugstores and supermarkets.
- In addition, the promotional pressure within drugstores is still rising, it is around 65% for total personal care. For some segments there are little base sales to track, since almost everything is sold on promotion (e.g. hair coloring).

Source: IRI retail databases; period ending 28 June 2015

Spain

CATEGORY VALUE SALES IN THE LAST YEAR



SHARE OF VALUE IN THE YEAR	
Hair Care	15.9%
Oral Care	11.9%
Body Cleansing	9.7%
Sanitary Products	8.9%
Facial Care	8.3%
Shaving / Hair Removal	8.3%
Fragrances	8.2%
Deodorants	7.0%
Body Care	5.9%
Cosmetics	5.2%
Hair Dye	4.2%
Sun care	3.9%
Feminine Hygiene	2.4%
Insect Repellent	0.1%

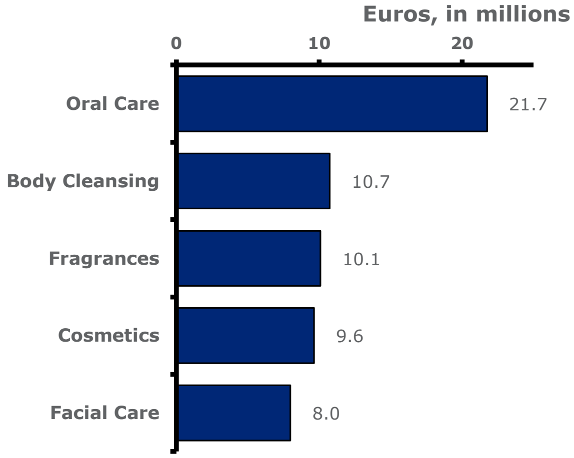
KEY TRENDS

- Spain has the best year-over-year performance in the personal care category in Europe. It has increased its value sales versus the previous year by 2.4%.
- Consumption in Spain has been growing since the beginning of this year, and it has been a driver for the personal care category.
- Hair care, the most important category in personal care in H1 2015, had weak year-over-year performance. It has decreased in value sales by 2.8%.
- The three categories with the greatest gain in value sales were oral care, body cleansing and fragrances.

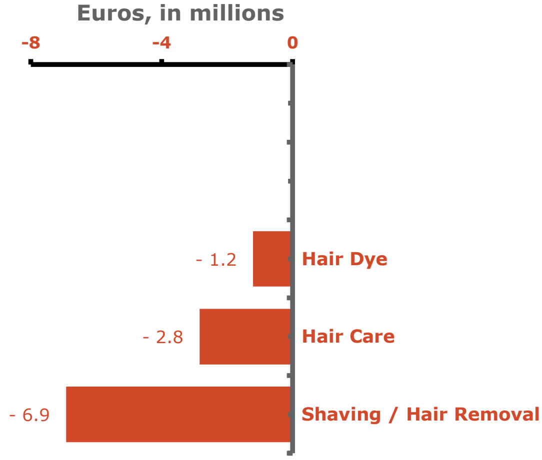
Source: IRI retail databases; period ending 28 June 2015

Spain

TOP WINNERS: VALUE SALES CHANGE VERSUS A YEAR AGO (€)

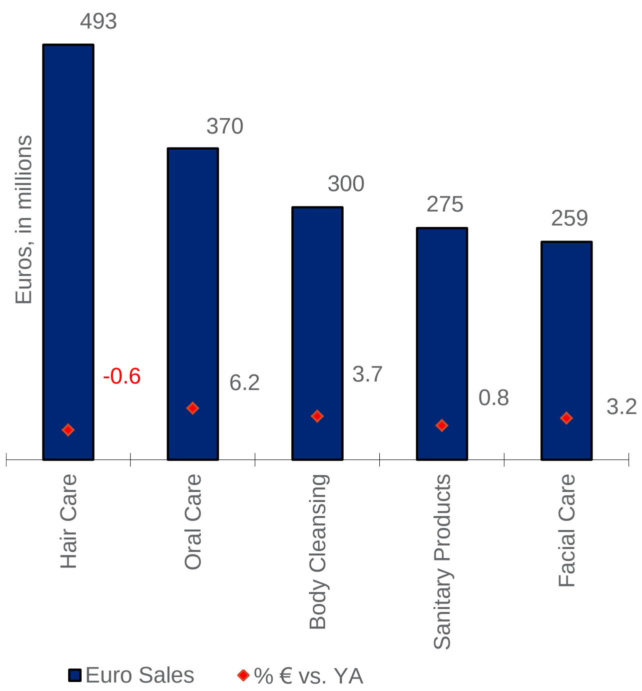


TOP LOSERS: VALUE SALES CHANGE VERSUS A YEAR AGO (€)



TOP 5 CATEGORIES: EVOLUTION

Value sales (€) and % change versus a year ago



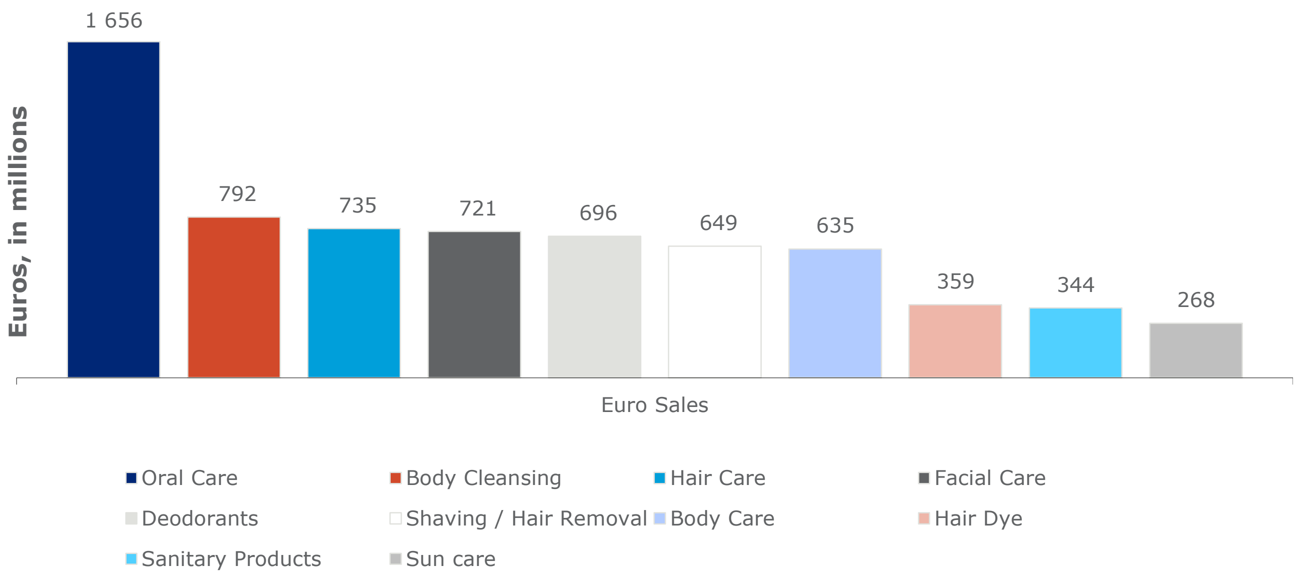
CATEGORY INSIGHTS

- There is a positive change in year-over-year performance the Top 5 categories in personal care. Only the biggest category, hair care, is losing value sales.
- Potential growth is still important in Spain in oral care, the second largest category in value sales. This category is growing by 6.2% and has the greatest year-over-year growth versus the other personal care categories.
- The fragrances category is one of the most important categories in personal care due to 'me too' brands. This sub-category is growing, because some manufacturers have lowered prices and private labels which have significant position (about the 12% of value market share) are growing.

Source: IRI retail databases; period ending 28 June 2015

The United Kingdom

CATEGORY VALUE SALES IN THE LAST YEAR



SHARE OF VALUE IN THE YEAR	
Oral Care	23.5%
Body Cleansing	11.2%
Hair Care	10.4%
Facial Care	10.2%
Deodorants	9.9%
Shaving / Hair Removal	9.2%
Body Care	9.0%
Hair Dye	5.1%
Sanitary Products	4.9%
Sun care	3.8%
Feminine Hygiene	2.1%
Insect Repellent	0.5%

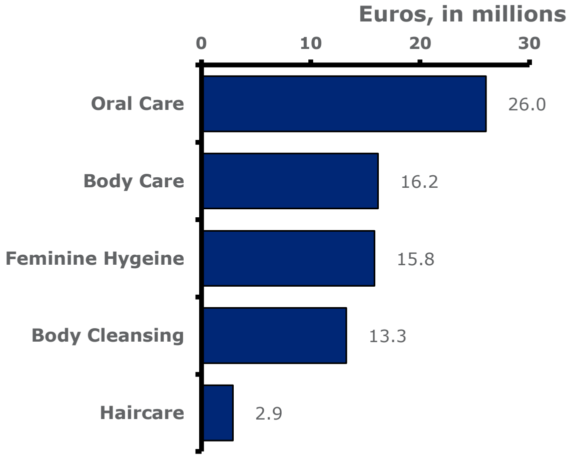
KEY TRENDS

- Total FMCG (excluding alcohol) fell by 1.3% in value sales during H1 2015 versus H1 2014. Compared to this, personal care sales were down 1.2%.
- FMCG through the traditional supermarket, pharmacist and convenience trade is being affected by a growing discount sector both in the shape of Aldi and Lidl as well as the bargain stores.
- The personal care sector was not helped by the weather in 2015. Apart from a short warm spell at the end of June, temperatures were lower than in 2014.
- Volume on deal for the personal care sector has not changed substantially. This is slightly against the overall trend where we have seen promotion levels falling slightly for food.
- Volume sales are down in H1 for personal care, falling faster than other categories, but value sales have been supported to some extent by higher prices. The price war is not as fierce here as it is in food.

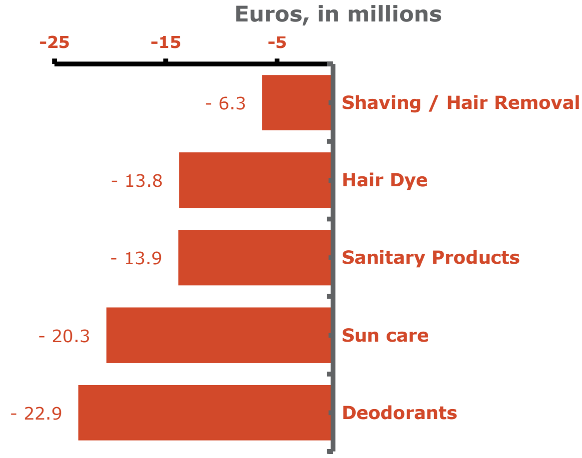
Source: IRI retail databases; period ending 28 June 2015

The United Kingdom

TOP WINNERS: VALUE SALES CHANGE VERSU A YEAR AGO (€)

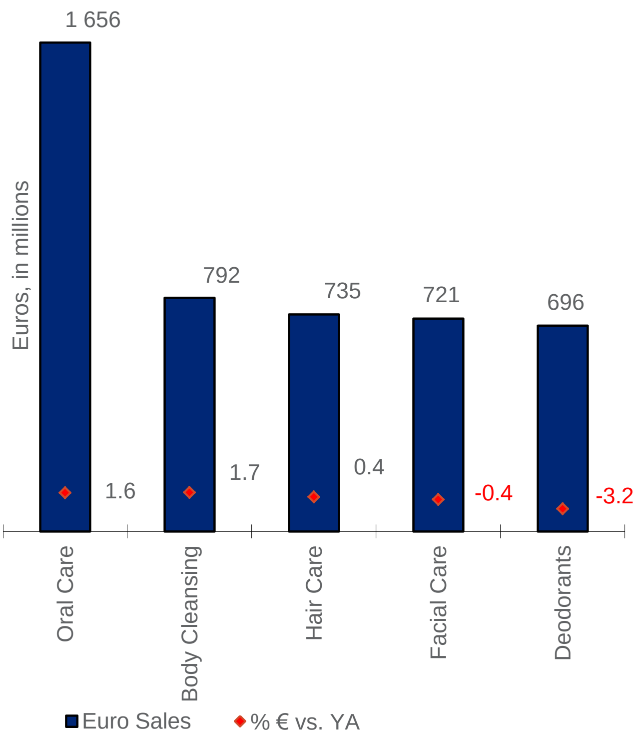


TOP LOSERS: VALUE SALES CHANGE VERSUS A YEAR AGO (€)



TOP 5 CATEGORIES: EVOLUTION

Value sales (€) and % change versus a year ago



Source: IRI retail databases; period ending 28 June 2015

CATEGORY INSIGHTS

- The category gaining the most in value sales in H1 2015 was toothbrushes. It was £8 million ahead of H1 2014 as premium innovations continued to appear strong and overall market prices have increased.
- The next highest increase came from incontinence pads, continuing its spectacular growth, with volume sales up by 10% and a gain in H1 of £6.5 million.
- Deodorant and body spray were down versus H1 2014 by 5% in both value and volume. Percentage volume on deal remains extraordinarily high at close to 80% and deal depth has increased to more than 40%, but the category has still fallen. The weather has not helped, as value was down by £12.8 versus H1 2014.
- Similarly, sun care has had a bad start to the year, with value down by 7.1% and volume by 8.2%, sales were £7.6 million lower.
- Haircare value sales were down by 1.3% with volume falling faster. Shampoo, styling and male hair treatments showed small value gains but volume was down throughout.

Final Notes

Notes on category definitions for countries

Due to the diverse products found in individual countries across this market, it was necessary to consolidate the available data into the categories in this report. In some cases, it wasn't always possible to align products across all six countries, hence the need to highlight any anomalies in the report. Those exceptions are listed below.

Facial care

- The France data in this report includes wet wipes for this category, while the other countries do not.
- The France data in this report does not include lip balm whereas the other countries do.

Feminine hygiene

- The Netherlands data in this report does not include intimate hygiene products, which are included in body care.

Cosmetics

- The UK data in this report does not include this category.

Fragrance

- The UK data in this report does not include this category.

Resources

To gain insight into opportunities across specific categories, segments, channels or retailers, contact your IRI client service representative regarding custom analyses leveraging the following resources:

- **IRI InfoScan Census®** is a syndicated retail tracking service that enables manufacturers and retailers to acquire industry insights used to make better business decisions. IRI InfoScan Census utilizes the data that IRI collects from grocery, drug, and mass merchandise retailers to provide the most comprehensive and accurate syndicated data offering in the FMCG sector. With access to accurate, granular detail by category, geography, measure, and time period, clients have the tools needed to develop marketing and sales strategies based on product performance, distribution, and promotion responsiveness. All data about personal care comes from IRI InfoScan Census.
- **IRI Consulting** provides strategic insights and advice leveraging a variety of data sources, predictive analytics, enabling technologies, and business analyses to help FMCG manufacturers and retailers address significant sales and marketing issues effectively.

FOR MORE INFORMATION

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