COSMETIC PRODUCTS FOR THE BODY: AN ECONOMIC STUDY OF THEIR DISTRIBUTION AND CONSUMPTION

A. GHI*, R. JIRILLO*
*Istituto di Merceologia, Universita' degli Studi "La Sapienza", Rome, Italy

Received: *Presented at V Congress of International Society of Cosmetic Dermatology - October 26/29, 1995 Montecatini Terme (PT) - Italy*

Key-words: *Cosmetic product; Consumption; Product's labelling*

Synopsis

Everybody knows the increasing market diffusion of the cosmetic products; they are largely used both in Italy and in Europe. According to the economic situation of Italy, the cosmetics' market has confirmed the general course of the consumer goods.
Whereas the cosmetic industry must be analyzed in relation to the different typologies and nature of the products, in the present work the market's variations through rhe single distributive channels are reported in detail.
The Authors of this note have particularly studied the body's products. The Italy market of these cosmetics is in the third after hair and face products.
The aspects of the consumer's health on the basis of the recent law will be also examined with regard to the products' labelling.

Riassunto

É nota a tutti la crescente diffusione nel mercato dei prodotti cosmetici; questi infatti sono largamente utilizzati sia in Italia, sia in Europa. In Italia il mercato dei prodotti cosmetici ha seguito il generale andamento dei beni di consumo, in accordo con la situazione economica del paese.
Tenendo presente che l'industria cosmetica va analizzata in relazione alle diverse tipologie ed alla natura dei prodotti, nel presente lavoro vengono esaminate in dettaglio le variazioni di mercato dei prodotti cosmetici attraverso i singoli canali distributivi.
Agli autori della presente nota è inoltre sembrato opportuno soffermarsi sul mercato dei prodotti cosmetici per il corpo infatti, in Italia, essi costituiscono il terzo gruppo di riferimento dopo i prodotti per il viso ed i prodotti per i capelli.
Gli aspetti relativi alla sicurezza del consumatore, sulla base della recente legislazione, verranno analizzati in riferimento all'etichettatura dei prodotti.

INTRODUCTION

The international economic recovery, the rationalisation of markets and of distribution systems and contained prices are producing clear signs of growth related, in various economic sectors, to variations in exchange rates, to political factors and to international relations.

The high production capacity of the Italian cosmetics industry, largely made up of small and medium-sized enterprises which fill market niches such as professional products, herbalists and make-up, has found opportunities as a result of its price competitivity in international markets, with exports up over 30% compared to 1993. This confirms the trend towards increased sales in the cosmetics sector, which now accounts for a not inconsiderable proportion of the Italian chemical industry, with over 1,300 companies, 25,000 employees and a turnover of over 72,000 billion lira.

In terms of the domestic market, it may be said that the economic situation in Italy has gradually reduced the confidence of Italian families, progressively diminishing sales of non- durable consumer goods. Nonetheless, sales of cosmetic products, which make up 2% of the consumer goods bought by Italian families, are progressively less tied to economic influences and fashions. Data on the current state of the cosmetics sector confirm decreasing demand elasticity for hygiene and beauty products, confirming that these are decreasingly influenced by economic factors or by other factors external to the perception of the consumer who evaluates cosmetic products in terms of quality-functionality-price terms, which vary with the type of product and the time and place of purchase.

Care for one's outward appearance has become a way of experiencing one's own identity, a way to be rather than a way to look, a duty to society and a pleasure for oneself. This leads to numerous body treatments which necessarily call for the help of cosmetics and of experienced beauticians.

Cosmetic products: definition and aspects of the market

THE NEW DEFINITION OF A COSMETIC PRODUCT

The relevant legislation in Italy is Law 713 of 39/10/1986, which, over the years, has been modified a number of times. The last change, the VI modification of EC directive 76/768/EC, introduced in Italy, as in the other European countries, on 30/6/1995, has a number of innovative elements.

One of these is the introduction of a new definition of "cosmetic product" which has changed from a product designed to protect and maintain the condition of the skin and related parts of the body, to a product intended to "modify the appearance and/or correct body odours and/or protect and maintain it in good condition". This new definition gives greater recognition to the functional properties of cosmetic products. Functions which have, until now, been considered of secondary importance, "maintaining good condition", "modifying the appearance", "correcting body odours", are now recognised as primary alms.

The current classification of cosmetics is also provided (see table 1) showing a diversified and elaborate range of products. Each of these, within its own segment, has a different economic significance for the cosmetics industry, for individual or seasonal motives.

CONSUMPTION OF COSMETIC PRODUCTS

Consumption of cosmetic products in Italy follows the trend of family consumption. This shows the role of primary consumption, taken on by hygiene and beauty products, which for a number of years have made up around 2% of consumer spending on non-food products.

In 1994 there was a slight contraction in distri-

Table I

CLASSES OF COSMETIC PRODUCTS
Creams, emulsions, gels and oils for the skin (hands, feet, face etc.)
Beauty masks (excluding products for peeling)
Face colouring products (liquids, pastes, face powders)
Face powders for makeup, talcum powder for use after bathing or for bodily hygiene etc.
Toilet soaps and deodorant soaps
Perfumes, toilet water and Eau de Cologne
Bath and shower preparations (salts, foams, oils, gels etc.)
Depilatory products
Deodorants and anti-persipirants
Hair treatment products
- hair dyes and bleaches
- waving straightening and fixing products
- products for curling
- hair cleaning products (lotions, powders and shampoos)
Products for keeping the hair in place (lotions, lacquers, brillantine)
Shaviug products (soaps, foams, lotions etc.)
Eye make up and products for removing eye make up
Products to be applied to the lips
Oral and dental hygiene products
Products for cleaning and polishing the nails
Personal hygiene products
Sun tanning and protection products
Self tanning products
Products to whiten the skin
Anti-wrinkle products

bution and consumption in the cosmetics sector, to varying degrees according to the distribution channel and type of the product. A quantitative variation in the market analysed in terms of single product types corresponds to quite different consumption changes in the different types of product making up the cosmetics market. Within each distribution channel, the general market trend shows those variations which are typical of the trade.

Overall demand for cosmetic products has been slightly reduced over the past year, with a 2.2% contraction in volume of sales and a 2% mean increase in prices to the public (lower than the rate of inflation).

Table 2 shows the trend for each distribution channel.

5% mean price increases for sales via chemist's shops did not offset falling sales, which were 8% lower by value and 12.4% lower by quantity. This negative result stems from the repositioning crisis in this channel as a consequence of changes in pharmaceutical costs, specialities and over-the-counter products. In specialised perfume shops the slight contraction in sales by value (0.7%) was a result of price increases (6%) which largely compensated for the reduction in sales by volume (6.3%). This is justified by the general trend in this channel towards quantitative repositioning as a result of point of sale closures, and improved service to customers. The stability of sales by value through department stores is a result of increased volumes distributed through this channel (3%), sold at lower prices. This confirms, for a number of toiletries, the success of own brands. Door-to-door sales have performed well, with a 19.5% increase, and there has also been a large expansion in mail order sales which have almost doubled in importance in the sector since last year. The value of the professional beautician market has remained stable, since price increases have compensated for quantity reductions. Hairdressing has declined, however, with a contraction in

Table II

COSMETICS SECTOR DISTRIBUTION CHANNEL TRENDS, 1994

CHANNELS	INCREASES		
	Consumption	**Quantity**	**Price**
Chemist's	-8,0%	-12,4%	5,0%
Perfume shops	-0,7%	-6,3%	6,0%
Other channels	-0,4%	3,0%	-2,5%
Total traditional channels	-1,2%	-2,6%	1,4%
Door-to-door sales	19,5%	15,5%	3,5%
Beauty salon sales	0,0%	-5,7%	6,0%
Women's Hairdr. salons	-4,8%	-9,3%	5,0%
Men's Hairdress. salons	-2,0%	-6,6%	5,0%
Overall total	-0,3%	-2,2%	2,0%

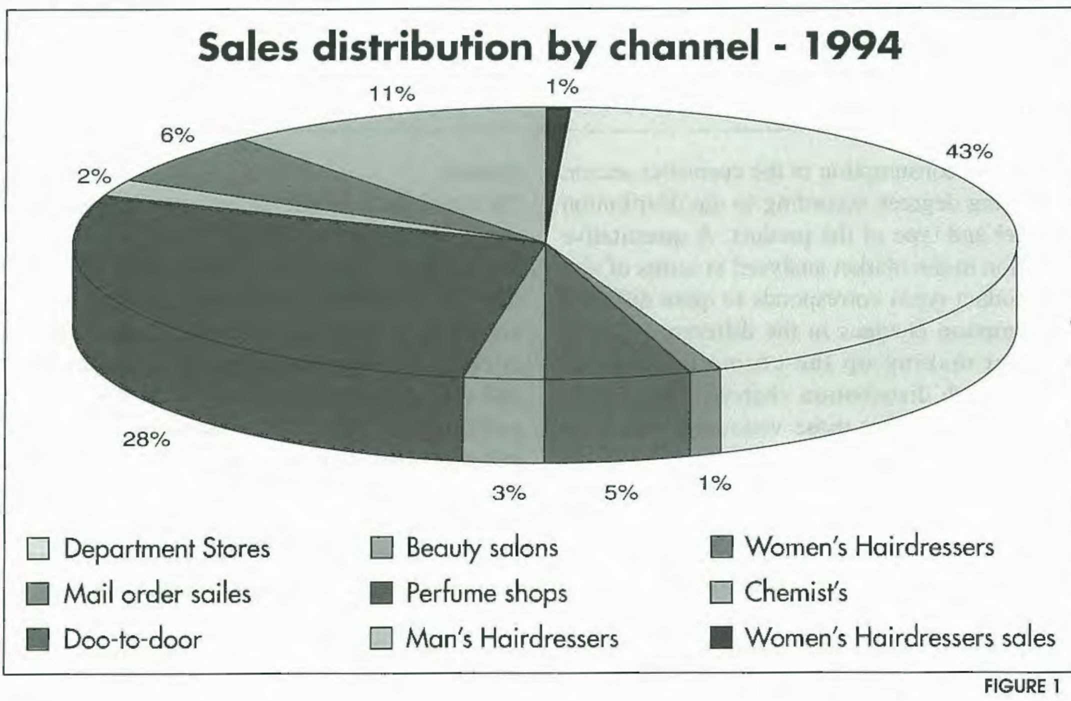

FIGURE 1

consumption by quantity, only partially offset by moderate price increases.
In conclusion we may note that department stores, which account for 43.6% of total consumption, were not able to monopolise the attention of consumers, who, though undoubtedly concerned with the price-functionality-quality relationship, remained faithful to the range of products and the additional services offered by specialised channels, with perfume shops in first position. The distribution of sales by channel for 1994 is shown in Figure 1.
Table 3 illustrates how, from 1983 to 1992, increasing cosmetics consumption developed differently, even within individual functional areas. Nutrition and protection increased by around 6%, to the detriment of hygiene-cleansing and perfuming, which lost 6% of increased consumption during the decade under consideration. It may, therefore, be concluded that, over the years the increase in consumption of hygiene and cleansing products was lower than that of products for facial and body skin nutrition and protection (including protection from the sun) which registered considerable increases. In so far as treatment products are concerned, a slight increase may be observed over recent years, as a result of a circa 6% increase in facial and hair treatment product sales, which increased from 36.9% in 1983 to 43.9% in 1992 with the decrease in body treatment products from 40.2% in 1983 to 37.2% in 1992.

THE SUPPLY OF COSMETIC PRODUCTS: ADVERTISING INVESTMENTS

The competition scenario of the cosmetics sector involves a large number of products scattered over the market with a constant process of concentration on the part of the multi- nationals present in the sector or in other areas of consumer retailing. This concentration process goes hand in hand with the internationalisation of the sector, such that 75% of cosmetics, perfumes and toiletries turnover is accounted for by international companies. Italian industry survives on the basis of its niche in alcohol based perfumes, make up and products for professional beauticians. The diversity of the goods on offer in perfume shops has increased competition and reduced the life cycle of products. The 20 principal brands account for almost 60% of sales there and the first three brands have market shares between 5% and 6%, whereas all the remaining

Table III

COSMETIC CONSUMPTION BY FUNCTIONAL AREA, 1983-1992

	1992 value (in bln. lira)	%	1983 value (in bln. lira)	%
Hygiene/cleansing	2.441	31,1	1.082	35,1
Nutrition	1.411	1 8,0	425	1 3,8
Bleaching	1.244	15,8	475	15,4
Perfuming	872	11,1	422	1 3,7
Deodorants	485	6,1	200	6,5
Shaving	435	5,5	186	6,0
Protection	288	3,7	71	2,3
Treatment	225	2,9	78	2,5
Other	459	5,8	14	4,7
TOTAL	7.680	100,0	3.084	100,0

brands have less than 4%. The principal companies and brands for perfume shops are set out in table 4. Publicity is of crucial importance in building the image of the product and determining its market placement. Advertising investments retain their fundamental role in the presentation of a product and the development of its market. 1994 expenditure was over 840 billion lira, though growth in the industry's advertising investment was slower during the year as a result of the economic situation in Italy and the inability of the market to sustain further pressure on prices. The cosmetics sector's comrnitment to advertising shows, however, no signs of reduction, with a 2.8% increase in value. The sector's propensity to advertise is influenced by the importance of foreign markets and the consumers desire to choose between products on the basis of a selective analysis founded on qualitative and functional factors inherent in the product, with advertising playing a complementary role in informing the consumer. It is to be noted that the relationship between advertising investment and consumption is increasing. Investments in advertising for 1994 by type of product are shown in Figure 2.

PRODUCTS FOR THE BODY

The authors felt it particularly important to analyse body products market segment. In conformity with the importance of body care in Italy, this segment is highly dynamic both in terms of its market and in terms of scientific research into product innovation. Cosmetics research is particularly concerned with treatment. In order to meet the requirements of consumers, who demand immediately visible results, cosmetics producers have developed products which combine functionality and ease of use, pleasant tactile and visual characteristics and which require little skill in their application. In terms of innovation in basic formulae, new emulsifying agents have been developed for facial and body creams and new techniques for modulating the penetration of the active ingredients, which may be immediate or delayed. For cellulite treatment, in particular, there are a number of gel- creams which combine the fre-

Advertising investments by type of product, 1994

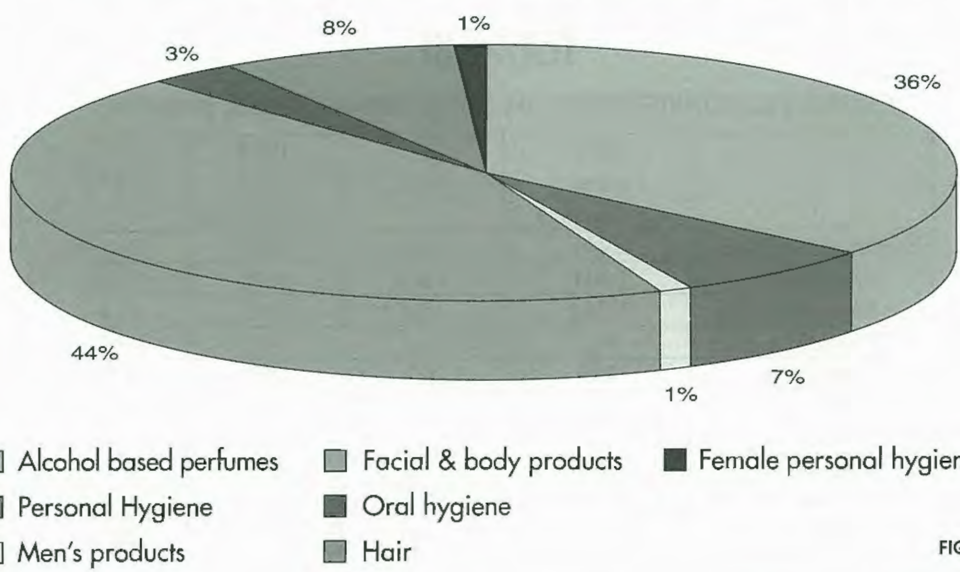

FIGURE 2

Table 4. Principal companies and brands distributed via specialist perfume shops

	brands in perfume shops	others brands/channels		brands in perfume shops	others brands/channels
FRANCE			**ITALY**		
L'Oreal	Lancome, Helena Rubinstein, Guy Laroche, Biotherm Cacharel, Paloma Picasso, Lanvin, Giogio Armani, Jean Piaubert, Ralph Lauren	Farmacia: Vichy, Phas. Misti:Plenitude, L'Oreal,Corolle, Mennen,Gemey, Garnier	Euroitalia	Moschino,Charro, Reporter, Coveri, NajOleari,Dolce e. Gabbana	
Lvmh	Christian Dior Kenzo,Fahreneit Givency	Farmacia: Roc	Diana de Silva	Hanorah,Woltz, Olga Tschechowa . Ferrè	
Chanel	Chanel		Giraudi	Orlane,OffShore Visconti Modrone	Kelémata, Venus Perlier
Guerlain	Guerlain		Schiapparelli	Lancetti, Pikenz	Benessere
Sanofi	YvesSaintLaurent Krizia,Fendi,Nina Ricci,VanCleef Roger Gallet		Icr	Trussardi, Versace Marvin,Nazareno Gabrielli	
Clarins	Clarins		**GERMANY**		
UNITED STATES			Hoechst	Marbert	Testanera
Procter&Gamble	EllenBetrix,Hugo Boss, Max Factor, LauraBiagiotti	Misti: Oil of Olaz Panten, Camay, Infasil, Clearasil	Benckiser	Lancaster, Monteil Davidoff, Jil Sander	
Revlon	Revlon, Ultima II	Misti: Charlie	**GREAT BRITAIN - THE NETHERLANDS**		
EstéeLauder	Estée Lauder Aramis, Clinique Prescriptives		Lever	Elisabeth Arden Nino Cerruti Rimmel	Atkinsons, Clear, Leocrema, Lux,Dove,Rexona
JAPAN			Manetti&Robert's	Collistar	Robert's
Shiseido	Shiseido,Carita				

shness of a gel with the functionality of and emulsion, which can act more deeply, as well as sophisticated liquid crystal emulsions with long-term rehydrating action and the gradual release of their active ingredients. In terms of health and the toxicological aspects of the active ingredients in cosmetic preparations based on natural products, particularly those of vegetable origin, efforts have been made to produce ingredients synthetically in the laboratory, to make the preparations in which they are contained safer and more effective. Research and safety evaluation can make use of modern in vitro techniques instead of testing on animals, in line with legislation and consumer trends, with highly reliable results.

In terms of an analysis of the market, it must be said that cosmetic products for the body are distributed through both traditional and non-traditional channels. The former type includes perfu-

me shops, chemist's and the mass-market. Although, distribution through department stores has maintained it's market share by selling greater quantities of goods at generally more economical prices. The trend towards increased competitivity in this channel confirms the gradual introduction of forms of discount. Examining the composition of the cosmetics market, it may be seen that products for the body, with overall consumption exceeding 1,200 billion lira per annum, form the third group in order of importance, with 14.9% of the market, after hair products (17.4%) and facial products (15.0%).
An analysis of Table 5, which sets out the consumption of each individual type of product for the body by distribution channel, shows the positive performance of perfume shops, where sales have increased by 6.9% and the mass market (3.4%). Chemist's shops show, however a reduction of 9.2% over the year in question.
In terms of individual body product types, increases can be seen for softening creams (+5.4%) and for sun and skin colouring products (+3.6%). Reductions are to be found in anti-cellulite products (5.7%) and firmness creams and gels (4.3%). Deodorants have also done well, as have anti-perspirants, which make up over 40% of sales of products for the body.

CONSUMER PROTECTION

One of the innovative aspects of the VIth modification of directive 76/768/EC concerns the labelling of cosmetic products which, in order to better inform consumers, from 1.1.1997 will have to give a series of supplementary information, not currently provided for by legislation.
The new labelling procedure aims to guarantee two fundamental objectives: uniformity in the European market, to permit the free movement of goods, and more information for the consumer. The fundamental aspects of the new directive are therefore, the new definition of cosmetics, new provisions in terms of responsibility for providing product information to avoid incorrect use, identification of the person or company responsible for the documentation alongside the person or company responsible for the sale of the cosmetic, a description of the product's use in the language of the country in which it is sold, the formula of the product using the common European system.
In addition, therefore, to the five elements which must currently appear on cosmetics packaging or containers (the manufacturer, the nominal content of the product, minimum product life unless over 30 months, precautions for use of the product and the lot number), products will have to show their use and the formula in decreasing order of weight of the constituent at

Table V

PRODUCTS FOR THE BODY
CONSUMPTION IN BILLIONS OF LIRA BY DISTRIBUTION CHANNEL

	Total	Chemist	Perfume	Dept Stores	Var % Total	Var % Chemist	Var % Perfume	Var % Dept. St.
Products for the body	1.209,0	237,0	357,0	615,0	1,6%	-9,2%	6,9%	3,4%
SofteningCreams	175,0	28,0	63,0	84,0	5,4%	-6,7%	12,5%	5,0%
Anti- cellulite	99,0	45,0	47,0	7,0	-5,7 %	-8,2%	-4,1%	0,0%
Firmness creams	45,0	18,0	23,0	4,0	-4,3%	-10,0%	0,0%	0,0%
Deodorants	487,0	68,0	114,0	305,0	1,7%	-13,9%	3,6%	5,2%
Hair removers	60,0	10,0	5,0	45,0	-2,9%	-15,3%	-16,7%	2,3%
Sun products	343,0	68,0	105,0	170,0	3,6%	-4,5%	16,7%	0,0%

time of manufacture using the common European system.
This is clearly important information for the consumer who, although having no scientific knowledge, may at any time ask for the opinion of qualified persons on the possible effects of the use of a product on health. The VIth modification also compels the manufacturer, or delegate, or the person on whose behalf a cosmetic is manufactured, to compile a dossier with information on the identification, quality, safety and effectiveness of a finished cosmetic product. Most of the provisions of this directive, therefore, concern consumer protection and the information available to the consumer. The cosmetics industry is, therefore, currently oriented towards fully supporting this regulation with the necessary scientific and technological techniques required by these new needs.

References

1) **AAVV** (1994), *Cosmesi Dermatologica,* **10,** (n°49)
2) **E. Chiacchierini-R. Jirillo (1988)** Aspetti merceologici dei cosmetici. Difesa dell'utente, Atti del I Congresso Nazionale di Cosmetologia, *Rivista di Cosmetologia* **1** Vol.I,
3) **R. Jirillo-M.C. Lucchetti (1983)** I materiali impiegati nel confezionamento dei prodotti cosmetici; da *Rassegna Chimica* **4,**
4) **R. Jirillo-P. Ruggeri (1986)** Cosmetici: formulazione, controlli analitici, stato della normativa italiana e suoi riflessi sulla bilancia commerciale; da *Il prodotto chimico* **6, 7/8**
5) **R. Jirillo-P. Ruggeri (1990)** Tecnologia ed innovazione. *L'industria cosmetica*; Gentile Editore, Roma
6) **R. Jirillo G. Ruggieri (1983)** Moderne tecniche cromatografiche nell'analisi cosmetologica; da *Rassegna Chimica* **4,**
7) **L. Salomone (1994)** Igiene e bellezza - non tutto è recessione; da *Largo Consumo* **7-8**
8) **S. Terracina (1993)** Cosmetici - nuovi canali contro la stasi; da **Largo Consumo 12**
9) **Unipro,** Comunicati stampa del XXVIII COSMOPROF 1995
10) **Unipro,** Indagine statistica sul mercato della profumeria e della cosmesi divisa per canali di distribuzione - anno 1994; anno 1995
11) **Unipro,** Le nuove norme in tema di etichettatura del prodotto cosmetico; da UNIPRO informa 2/1994
12) **Unipro,** Rapporto annuale 1994