DISTRIBUTION CHANNELS OF COSMETIC PRODUCTS IN ITALY

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Synopsis

In the cosmetic industry great importance is given to the distributive sector. It has many facets, but is usually subdivided into two well defined categories: large-scale distribution and selective distribution. It is especially in this last channel that the consumer may benefit from a qualitatively better product thanks to the presence, in the sales outlets, of extremely qualified and competent personnel capable of providing efficient assistance. It is indeed in this department that cosmetics acquire a special importance, thus becoming a marketable good.

Riassunto

Nell'industria cosmetica grande importanza riveste il settore della distribuzione. Esso si presenta segmentato in diverse categorie, ma generalmente è suddiviso in due grandi comparti: grande distribuzione e distribuzione selettiva. In particolare è nell'ultimo settore che il consumatore può usufruire di un prodotto qualitativamente migliore grazie alla presenza di personale altamente qualificato e competente, capace di fornire un'adeguata assistenza. È in questo comparto quindi che il cosmetico acquista un significato importante, cioè diventa “bene commerciale”.

23
1. INTRODUCTION

By cosmetic product we mean a topical preparation designed for the cleaning, protection, emollience and deodorising of the epidermis. It results from a complex of technologies and disciplines, and their improvement has made it possible to create a whole series of increasingly sophisticated products thus encouraging the consumer to the purchase them.
The sale of cosmetics takes place through numerous and diverse channels, each one giving the consumer products a specific importance related to the assistance that is given. It has thus seemed important to analyse thoroughly the cosmetic distribution sector.

2. Influence of distributive channels on the “quality” of cosmetic products

The formulation of a cosmetic product, as stated previously, arises from a complex of technologies such as rheology, surface-active chemistry and emulsion science. Great importance is given to raw materials, with their own chemical physical characteristics and their dermatologic and toxicologic properties.
As can be plainly seen in Fig. 1, the active principle is processed and transformed by the manufacturing process which ends with the packaging stage: usually the packaging has several purposes - those of protecting, storing, and distributing the cosmetic.
At this point the formulation of an “industrial product” is complete. After packaging and the application of an informative label it becomes a ready marketable product. The most important and final phase of the process is that of distribution: the cosmetic is distributed through different channels each one of which plays a major role in the “quality” of the cosmetic product.
The specific sector chosen cannot change the product physically or chemically and thus does not affect its intrinsic characteristics: what may be affected is the usage of the product, because the different service assistance offered to the consumer may give the product a different significance: the greater the assistance given the clearer the change of the cosmetic from a “commercial product” into the final product classified as a “marketable good”.
As indicated in Fig. 2, where the assistance given to the customer is related according to the different distributive channels there are large-scale distribution sectors such as supermarkets, where assistance is minimal. In these large stores the different products are displayed leav-
the customer asks for information about which type of product to use, be it a specific shampoo, cream, or make-up product enquiring about its pharmacological properties and dermatological effects, and asking for advice on the methods of use. Thus the product becomes more and more personal and therefore the consumer feels better protected.

The cosmetic is perceived differently as it regarded as a more sophisticated product in that it has become “qualitatively” better, classifying itself as a “marketable good”. It still has all the characteristics of an “industrial product” but because of assistance, information and advice, it ends up with a very high qualitative value.

3. Distribution of cosmetic products

The distributive sector of the cosmetic industry is very varied and is directed towards very specific channels. The channels chosen for the distribution of the product are selected by the manufacturing companies which use different sectors which may be broadly classed as these of generic distribution and selective distribution.

As may be assumed from Fig. 3, hypermarkets and the generic goods outlets belong to the first one, while perfumer’s shops, (direct selling), beauty parlours and pharmacies belong to the second.

Generic distribution represents 40% of the total
Distribution channels of cosmetic products in Italy

(of which 20% is made up of supermarkets and 20% of generic goods outlets). Usually, in these channels products with less prestigious brand names are sold; in fact, in approximately 200,000 outlets one can purchase everyday products and above all, sanitary products. Particularly in the last twenty years, thanks to a broad spread of cosmetics, the types sold here have increased, so that aftershaves, sun-screens, perfumes and the like may be purchased.

In large scale distribution the consumer basically seeks inexpensive products which may be used by the whole family. Selective or rather professional outlets which account for about 60% of distribution (34% made up by perfumer's shops, 13% by pharmacies, 10% by beauty parlours and 3% by direct selling), gives the public high prestige brands, image-making products selected and destined for national and international markets. It is specifically in this sector that the sales personnel is more highly qualified and specialized so that the assistance offered to the customer is greater. As indicated in Fig. 3, different sales channels fit into this sector: direct selling is accomplished through agents that visit their clients at home, or by mail. Only about 20 firms utilize these channels for categories of products meant for detergence, cleansing, moisturising, body care and make up. Perfumer's shops account for about 15,000 outlets and constitute a very important area in selective distribution.

The peculiar characteristic of perfumer's shops is their exclusive concessionary relationship with the manufacturing firms. In fact the perfumer's shops are obliged to stock the entire range of products which in turn entails very high costs: the cosmetic firms in turn offer qualified personnel which, on completing specialization courses, is capable of giving efficient assistance to the customer. The user then purchases prestige products such as perfumes and make-up. As the brand names are important both on a national and international level, they require a prestigious distribution network.

In conclusion consumers look for a trader who is ready and willing to serve, for higher quality products and last, but not least, exclusive cosmetics in perfumer's shops.

Beauty parlours represent a channel in great expansion: we may find in it a direct relation to door to door selling, professionalism, the specific characteristics of the consumer towards buying prestige products.

Pharmacies also fit in to the category of selective distribution and constitute a very important channel: in particular, pharmacies in Italy have a very prestigious image since they offer highly qualified personnel, as with perfumer's shops, but in addition professional training is guaranteed by university degrees for which the customer may potentially find assistance which "guarantees" a prestigious cosmetic product.

4. Sale of cosmetic products in relation to their distribution channel

The consumption of cosmetic products has greatly increased, especially in the last twenty years. The factors which have spurred this growth can essentially be ascribed to improvement in the general standard of living and thus more attention to the care and beauty of our bodies.

As regards the motivation, there are differences both in the availability towards investing and the purchasing channel which may be the perfumer's shop, the pharmacy, the big store and the generic shops.

For cleaning products a functional attitude prevails; low cost products are bought for use by the whole family and the consumer prefers to buy them in big stores or in the generic outlets. As far as make-up products are concerned a different attitude prevails; the consumer looks for a high quality cosmetic irrespective of cost and thus buys in specialized shops.
It is therefore important to analyse the distribution of the cosmetic products through the different outlets, to clarify the meaning of “commercial product” or “marketable good” and the linkage of the cosmetic with the chosen distribution centre.

**a) Perfumes**

Perfumes are cosmetics which have always had a great importance in the beautifying of the body. As indicated in Fig. 4, approximately 86% of such products are distributed in perfumer’s shops and only 14% in generic outlets. The large quantity of perfumes purchased through the first channel indicates their characterization as marketable goods in association with the better advice offered to the consumer. Conversely in the generic outlets inexpensive non-brand name perfumes are sold to satisfy the needs of those consumers who basically look for an inexpensive perfume.

**b) Products for body care.**

Besides soaps, which have always been on the market, in recent years products such as bubble baths, shower gels, and bathing lotions which many contain particular perfuming have become very popular.

Fig. 5 shows us the channels in which they are mainly commercialized: 72% are sold in generic shops because they are cosmetics which, above all, interest the whole family and may be found there at a lower cost without little need for a better assistance. In selective distribution channels, perfumer’s shops have 15% of sales and the pharmacies on average of 13%. It is in these two sectors that the cosmetic increasingly acquires the image of a “marketable good” because the assistance offered to the consumer is good and the consumer is increasingly interested in both the qualitative characteristics and dermatological properties of the product.
**c) Shaving products.**

These are products which are gaining an increasing market because men are ever more concerned about their image. Such toiletries include both health-care products (shaving creams) and image-making products (after shaves). As may be seen in Fig. 6, since shaving creams are products for health care and for which the large-scale retail trade is favored 50% of the sales are in general good outlets. Here the choice is not linked to a specific type of product with a prestigious brand name. Thus the consumer purchases either product, his only preference being for the most inexpensive one. The remaining 50% of sales are through the selective channel, perfumer’s shops have 46% of sales and pharmacies 4%. It is especially in perfumer’s shops that image-making products are bought, such as after-shaves with particular scents, creams or lotions with very high quality characteristics, that is products with a superior value as a “marketable good”.

**d) Products for dental health care.**

Market demand for these products is constantly growing due especially to an excellent prevention campaign. As may be observed in Fig. 7, the major sales channel where the most purchases are made is the generic goods outlets which accounts for 77% of sales.

Most probably this trend provides the most ample purchasing opportunity, since the products are at the consumer’s convenience and the choice is made on the basis of the advertisements.

About 20% is distributed through pharmacies and they are high-cost products compared with other cosmetics. This sector offers better assistance, especially about the kind of product to be used, such as antitartar toothpaste and anticativities for gum protection and also regarding which type of preventative treatment to
take. Finally, we have the perfumer’s shops through which only 3% of cosmetics are commercialized.

e) Hair products.

In general these cosmetics are preferentially distributed through generic goods outlets. As is clearly shown in Fig. 8, 77% of hair products are distributed in this way, with only a small share by perfumer’s shops and pharmacies. It is interes-

![HAIR PRODUCTS SALES](image)

In hair products we may also find a “do it yourself” line for which, unlike shampoos, about 80% is sold in generic outlets and only 13% in perfumer’s shops, as clearly shown in Fig. 10. We may furthermore notice that the pharmacy channel does not exist for these products: they are not specific cosmetics for which qualified assistance is required, therefore many prefer to purchase them at generic outlets where the price is within the reach of all.

g) Make-up products.

Thanks to numerous technological innovations, more sophisticated and valued products have been introduced to the market. In Fig. 11 four categories of cosmetics: facial, eye, lip and hand-care are shown in relation to the different distribution channels are shown.

It is soon evident that the sales in the first

![FIGURE 9](image)
category are very high in perfumer's shops, about 71%; products having basically prestigious brand names are in demand here, with exclusive and elegant packaging and which thus assume the value of "marketable good". Those consumers with a good purchasing capacity are the ones who turn to this sector. Only 7% belongs to pharmacies, while a small share, about 22% belongs to generic sales where mass-produced and low cost products are purchased. For eye products, as shown in Fig. 11 the share belonging to pharmacies is greater in relation to facial products. Since these are cosmetics which concern a very delicate part of the face, many look for products that have no allergic occurrences, mild cosmetics with specific characteristics which belong to important firms with national and international markets. Generic sales are able to only muster a I.C. share of 31%. Lip sticks, on the other hand, have a distribution somewhat similar to the two cosmetics described previously: distribution in

the generic goods outlets turns out to be higher with about 43%, still much higher are the sales in perfumer's shops, while 10% belongs to the pharmacy channel. This trend is even more marked for hand care cosmetics for which the major outlet is generic sales with about 67%, sales in perfumer's shops are in free-fall, around 23%, distribution in pharmacies in basically stable and the major outlet is comparable with lip stick products at about 10%.

For these last two categories the consumer attitude is different from that towards facial and eye-care cosmetics: expensive and delicate products are not in demand. Purchasing of a lip stick or nail-polish in a supermarket is easy since the whole range of products is displayed so choice and financial saving are easy.

From analysing Fig. 11 it becomes quite obvious that although all the products are image-making, they have very different characteristics. Products for lip care and even more so I.C. those for hands, are low value added cosmetics and since they are very low in cost they do not give very high revenues. In order to enlarge the market, the personnel of this sector aim at very
high bulk sales, with the evident goal of allowing the consumer to find the product in all the distribution channels. Preference is given to the channel of large-scale retail distribution: this choice turns out to be very important as cosmetic reduces its profit margin. On the other hand, facial and eye-care products are high added value cosmetics whose sale occurs, preferably, by means of the selective channel. These are sophisticated high-cost cosmetics, with brand names which have conquered international market and supply a greater revenue than the two products previously described. Therefore for these products the need to create a sales network is less while the aim of quality is greater.

**h) Body care products**

In this category, various products are included, some of which are gaining increasingly larger shares of the market. As seen in Fig. 12, for body care products distribution is mainly through the generic goods channel (41%); shares greater than average have been conquered by pharmacies, around 23%, while perfumer's shops have had 31%. The greater sales recorded in the pharmacy channel are mainly ascribed to the diffusion of new products, such as deodorants and anticellulitis creams.

As clearly shown in Fig. 13, for the first group the pharmacies achieve 16%, while perfumer's shops record sales of 30%, and large scale distribution accounts for 54%. As Fig. 14 shows, anticellulitis creams record sales in different channels from those of deodorants; even greater is the share distributed in pharmacies, around 27%, while perfumer's shops have 36% and a rather low percentage of 37% is to be found in generic goods outlets.

From what has just been revealed we may assume that most probably the greater distribution in the selective sector may be justified by the
fact that since we are here talking about new products, consumers prefer to buy their cosmetics in channels where good assistance and adequate advice is offered.

**i) Facial care products**

The trend for these cosmetics is very similar to that for perfumes. As shown in Fig. 15 the sales in perfumer’s shops are high about 51% while those generic goods outlets are low. Pharmacies account for 27% which is value much greater than average. These figures are even better justified if we take into consideration two cosmetic categories which belong to this line. Creams have a very low distribution through generic outlets (26%); where as 41% is accounted for by perfumer’s shops and 33% by pharmacies, as shown in Fig. 16. This trend is more marked for special products, which almost disappear in the greater sector (2%) but show very high sales in perfumer’s shop (73%).
and 25% in pharmacies (Fig. 17).

In conclusion we here have face-care products for which consumers prefer to obtain advice and assistance from qualified personnel, not only on the quality of the product, which clearly belong to important cosmetic firms, but also about methods of use adapted to the consumer's needs.

4. Conclusion

The distribution procedures for cosmetic products may be split into two broad categories: the channel of large-scale distribution and that of selective distribution.

In the selective sector perfumer's shops and pharmacies assume great importance. Perfumer's shops represent, for selective distribution an important and prestigious channel. They offer highly qualified and expert personnel whose aim is to offer good consumer assistance. At present, however, they are undergoing a turning point: following contracts for exclusive rights with the manufacturing companies, they are forced to take the entire range of products not all of which will be correctly placed on the market, hence over-stocking of products occurs with a burden of cost. To find a solution to the problems of cost management, perfumer's shops tend to diversify and some assume the aspect of a cosmetic supermarket; others greatly diversify their own sales not only offering from the cosmetic channel only but also offering customer wide range of products, such as fake jewellery, leather goods and what are basically gift articles. Obviously the level of assistance will change since there will be decrease in trained personnel in relation to the change of emphasis of the sales outlet as shown in Fig. 2.

Specifically, these transformation of the perfumer's shop tend to make them lose or diminish the characteristics of selective distribution channels with the evident consequences. For the pharmacy channel, cosmetic marketing perspective are potentially better since all the advantages linked to the sales outlet supplied remain intact.

Risks may be foreseen from the scarce attention of the pharmaceutical operators towards cosmetic versus medical products. In pharmacies cosmetics, if we also recognize that the revenue from them is undoubtedly much lower than from medicines, are at times put aside and do not take full advantage of the potential service. Therefore, because of this attitude the highly qualified operators, there is a large risk of letting even this sector slide towards the large-scale distribution channel. This, of course, risks letting even this channel slide towards the generic goods distribution, thus constantly drawing its image nearer to that typical of large-scale distribution.
References