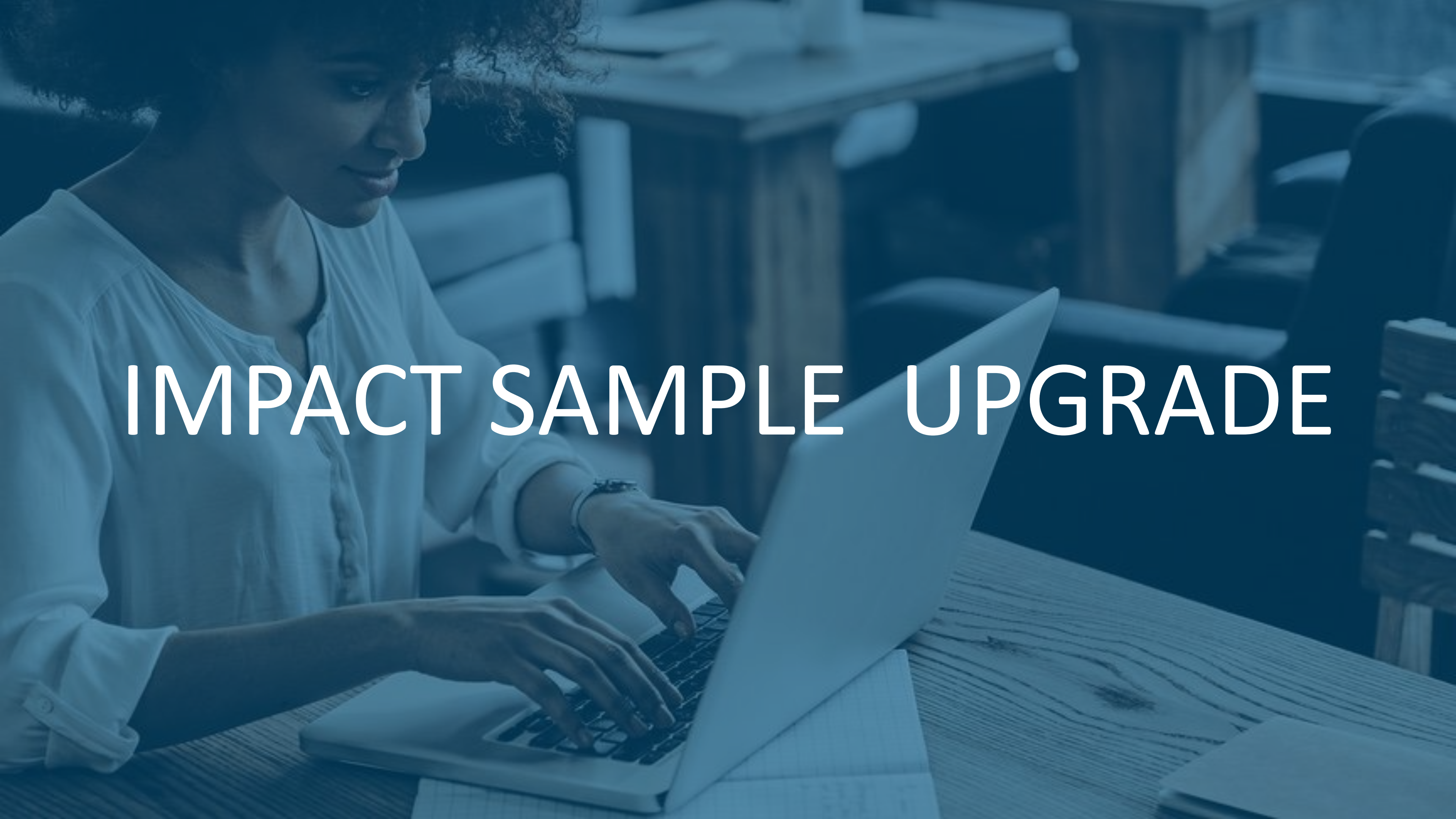
Impact analysis post sample upgrade
Market Overview YtD Sept22

November 24th 2022

COSMETICA ITALIA
associazione nazionale imprese cosmetiche

npd

IMPACT SAMPLE UPGRADE



EU Beauty Upgrades

Sono state introdotte importante migliorie comuni e alcune specifiche per paese

France	Germany	Italy	Spain	UK
Sephora Exclusives & PL Nocibé Exclusives & PL ASOS Blissim Parfumdreams	**Total Sephora** *Including Sephora PL & Exclusives, Sephora @ Galeria Sephora @Zalando* Douglas Market Place	**Sephora Exclusives & PL** Additional doors from participating retailers Removal on independents channel projection	**Sephora Exclusives & PL**	Liberty

Come è cambiato il Channel Split B&M

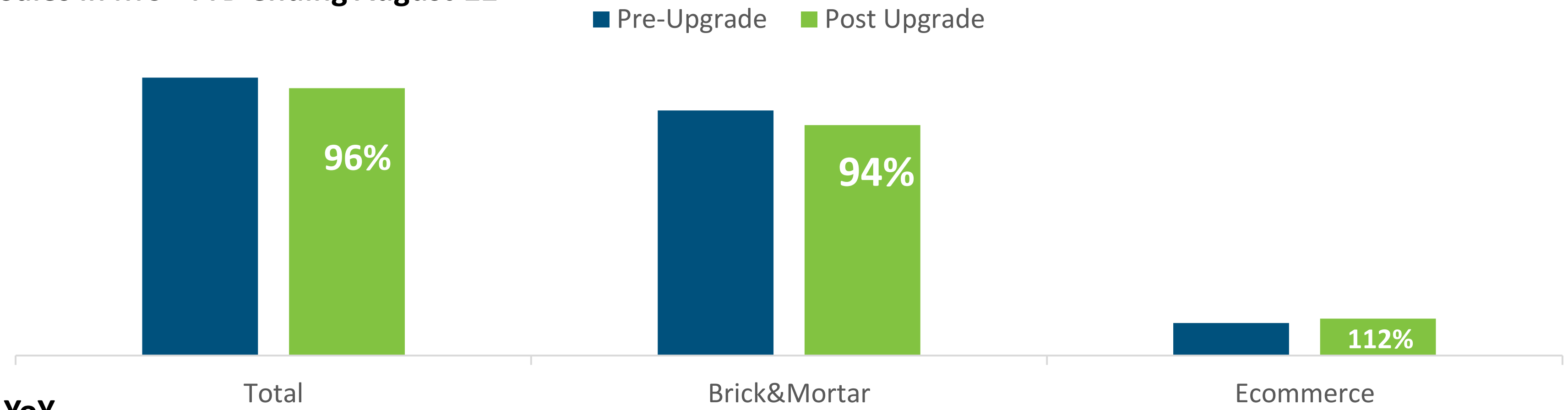
In Italia abbiamo implementato una nuova struttura dei canali per conciliare stabilità, omogeneità e rilasciabilità dei canali stessi

Pre-ugrade			Post-upgrade		
TOTAL MARKET (B&M)			TOTAL MARKET (B&M)		
National Chains & Department Stores (no projection)	Local & Regional chains + some **Consortium** (no projection)	Independents + **Some Consortium** (projected)	National Chains & Department Stores (no projection)	Local & Regional chains (no projection)	Independents + All **Consortium** **(no projection)**

Impact – Total + Channel Type

Sephora exclusivities&PL hanno parzialmente compensato la rimozione delle projection nel B&M (96%). Post upgrade i trends sono leggermente superiori al pre upgrade ma solo nel B&M.

Total Sales in M€ - YTD ending August'22



Trend YoY

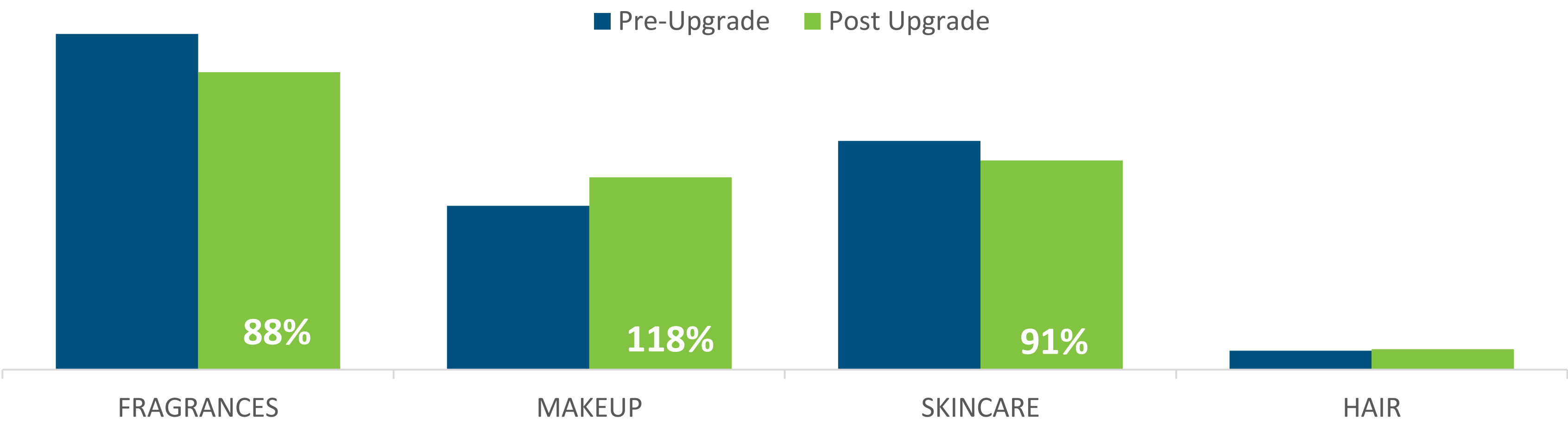
	Total	Brick&Mortar	Ecommerce
Pre	**18,9%**	**18,5%**	**22,0%**
Post	**21,7%**	**22,1%**	**19,7%**

Source: NPD Beauty Italy – YTD August'22

Impact – Category details

Sephora Exclusivities & PL hanno over-compensato la rimozione delle projections nel Make up e Hair, mentre solo parzialmente nello Skincare e Fragrances

Total Sales in M€ - YTD ending August'22



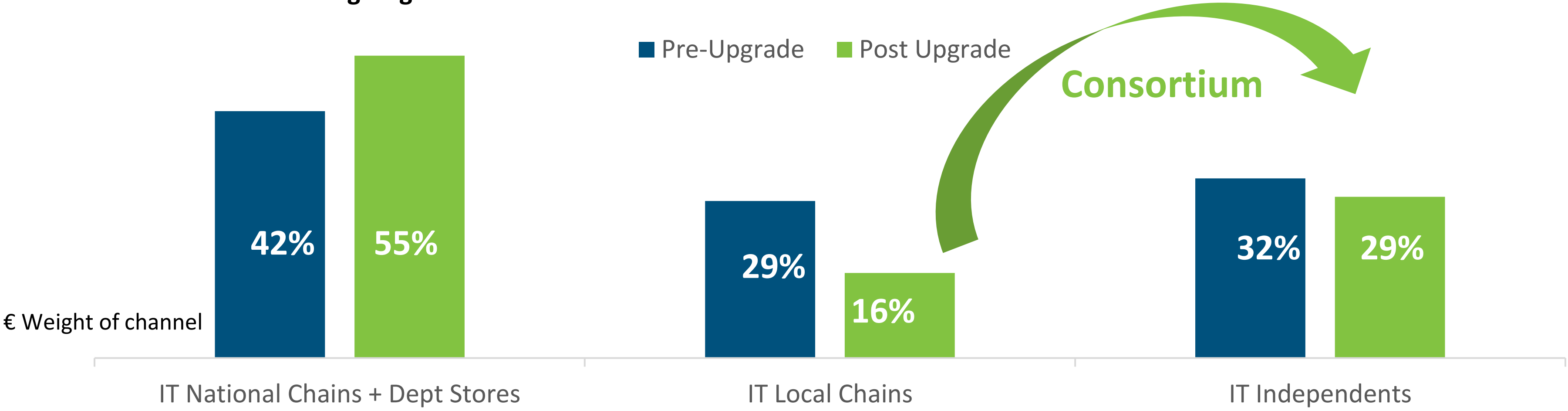
Trend YoY	FRAGRANCES	MAKEUP	SKINCARE	HAIR
Pre	21,6%	27,0%	10,2%	20,0%
Post	23,7%	30,2%	11,8%	30,8%

Source: NPD Beauty Italy – YTD August'22

Impact – Channels Brick&Mortar

Sephora Exclusives e PL hanno aggiunto maggiore dinamismo alle National chains, come pure lo spostamento dei consorzi negli indipendenti

Total Sales in M€ - YTD ending August'22



Trend YoY

	IT National Chains + Dept Stores	IT Local Chains	IT Independents
Pre	18,2%	19,0%	18,6%
Post	22,9%	18,5%	22,4%

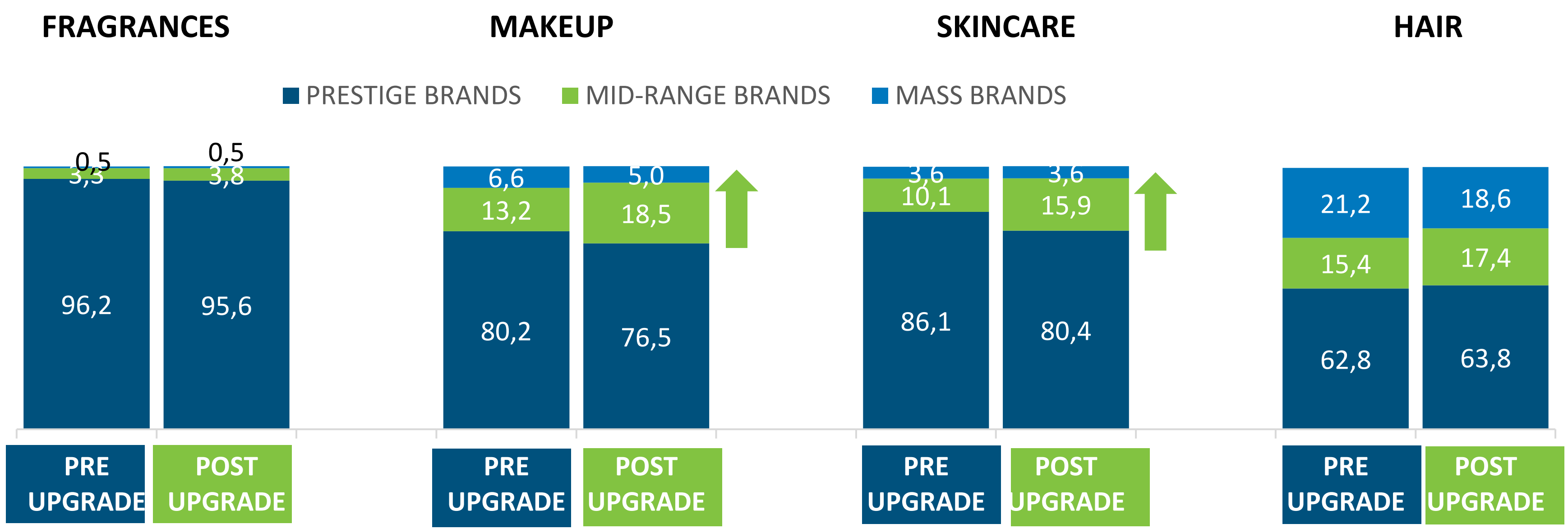
*

Source: NPD Beauty Italy – YTD August'22

Brand Classification

L’aggiunta delle Sephora Exclusivities e PL hanno dato un impulso alle marche Mid range, soprattutto nella categoria Make up e Skincare

Value Weight Brand Classification by category – YTD August’22



Brand Classification Details

Prestige	Mid-Range	Mass
-Launched or mainly sold in Dept. Stores, Beauty Specialty, or EU Selective retailers -Generally excludes digital natives, influencer Brands, and celebrity Brands unless the brand aligns well with prestige brand positioning, pricing, etc.	-Launched or mainly sold outside Food/Drug/Mass retailers, Dept. Stores, Beauty Specialty, or EU Selective retailers -**Pharmacy brands**/EU Pharmacy retailers with a luxe brand positioning -**Digital natives,** Influencer Brands, Bath/Body specialty Brands, and celebrity brands - **Retailer Private label**	-Launched or mainly sold at Food/Drug/Mass retailers -Brands sold within the NPD BeautyTrends panel that are also sold in retailers not part of NPD's footprint/coverage like F/D/M retailers

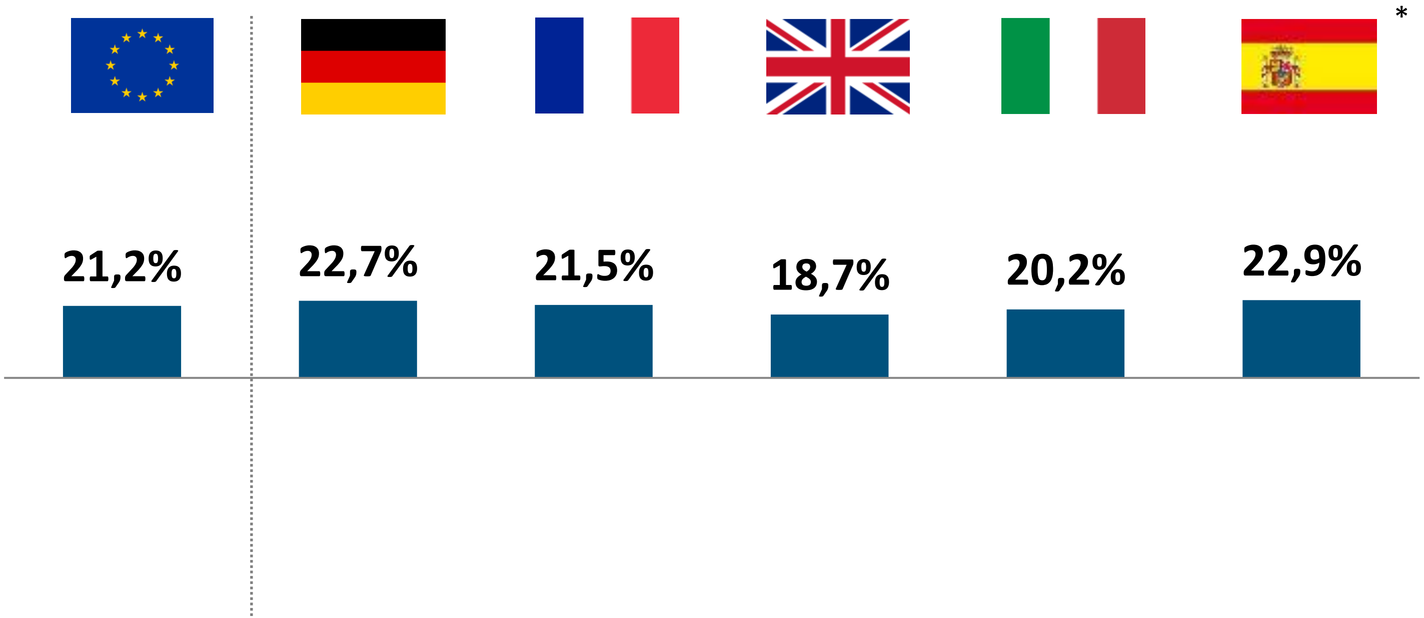
EXECUTIVE SUMMARY YTD SEPTEMBER 2022

Tutti i paesi in Europa registrano un rimbalzo a doppia cifra rispetto al 2021 e raggiungono o superano i livelli precovid, salvo UK.

Total POS

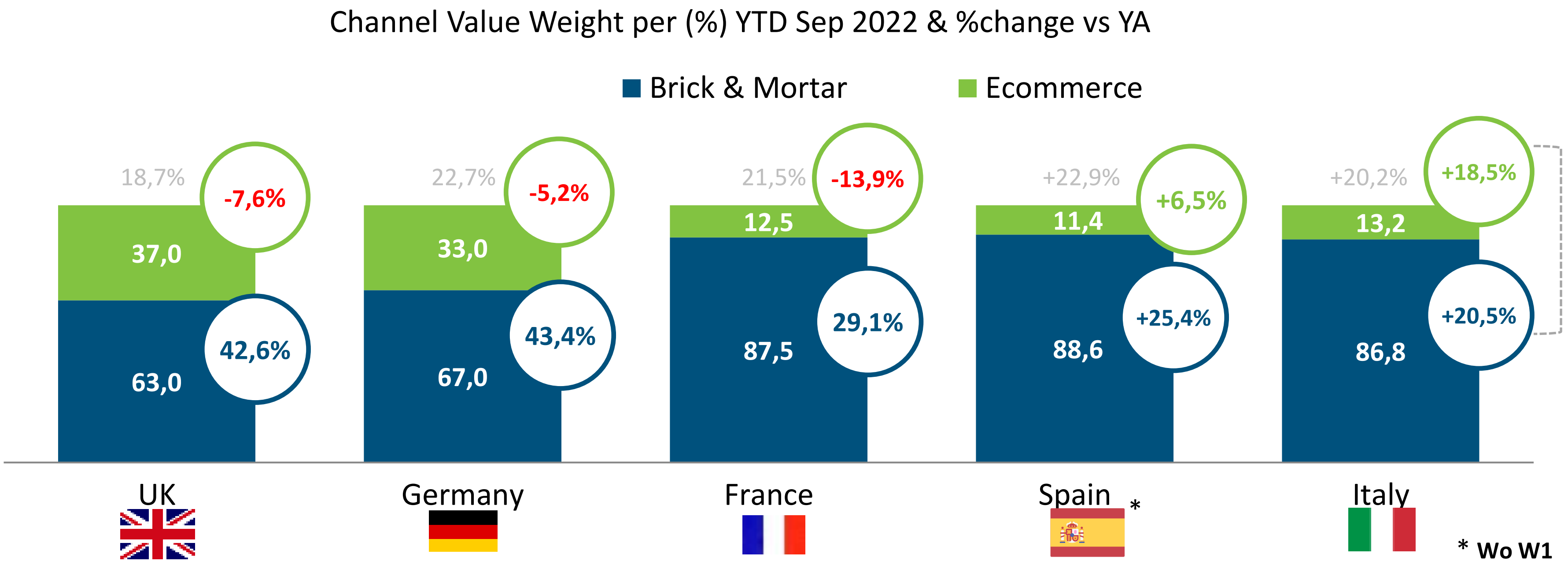
YTD Sept 2022 – Prestige performance

Value % chge vs LY



L'anno del B&M revamp

L' 80% dei guadagni del mercato sono guidati dal B&M a livello Europa, nonostante il canale sia ancora sotto i livelli precovid.



Source: Prestige Markets (Brick & Mortar+e-commerce), U.K , France, Italy, Spain, Germany (Prestige + mass brands sold in selective beauty distribution) – NPD Beauty Trends 2022
*Conversion rate £1=1,17€. *Prestige Markets*

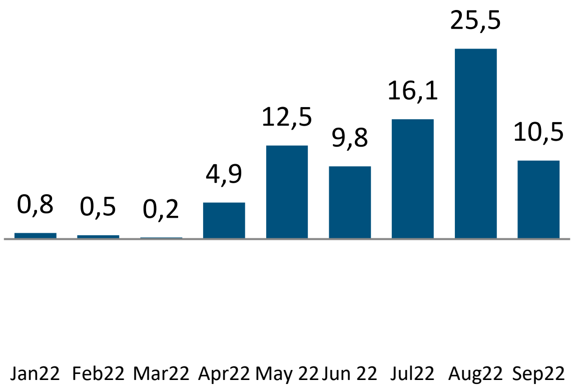
ITALY OVERVIEW

Il mercato ha superato i livelli precovid in euro grazie alla crescita dei prezzi medi per un effetto mix e rialzo dei listini.

Beauty | Euro Chg% 2022 vs 2019

+8.6%

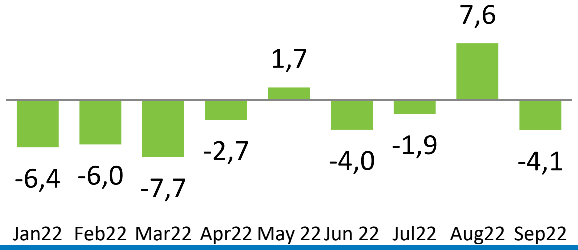
+20.1% vs 2021



Beauty | Unit Chg% 2022 vs 2019

-2.9%

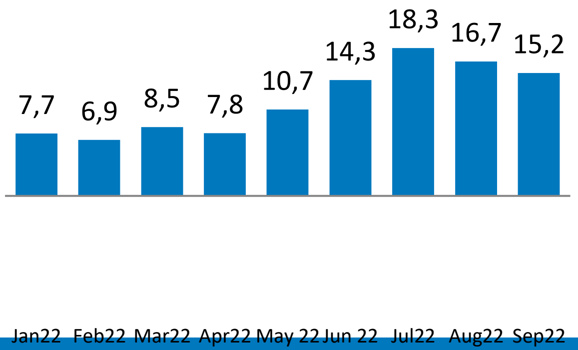
+15,9% vs 2021



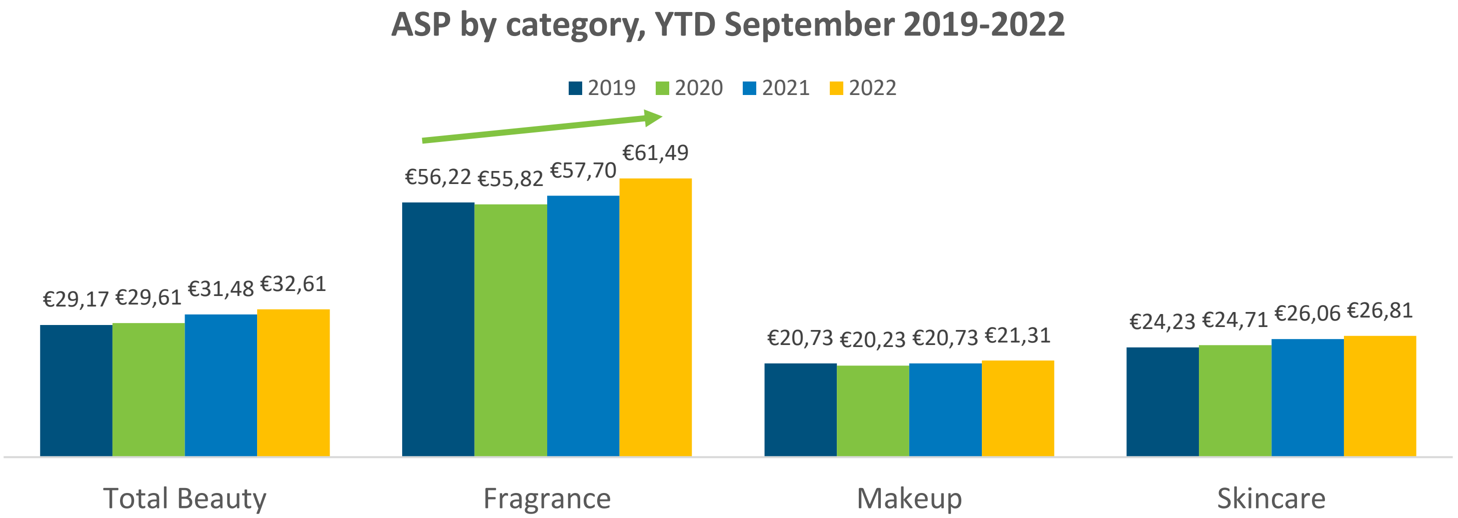
Beauty ASP Chg% 2022 vs 2019

+11.8%

+3,6% vs 2021



Il Prezzo medio è cresciuto soprattutto nella categoria delle Fragranze, grazie all’effetto premiumization (edp, parfum, elixir…), mentre per Make up e Skincare si osserva un maggior orientamento Mid range che limita la crescita del Prezzo medio.

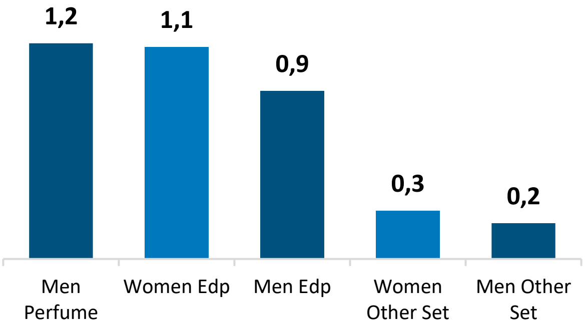


% Chg vs 2021	3,6	6,6	2,8	2,9

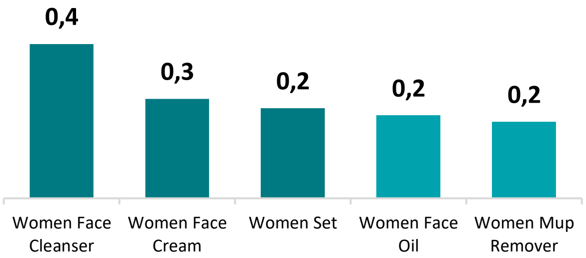
La crescita del Beauty è stata guidata dalle alte concentrazioni nelle Fragranze, dalla rinascita del Make up soprattutto dei Rossetti, dalle creme viso e dai cleanser nello Skincare

Winning Top 5 Subsegment per category (MS pts Chg vs YA)

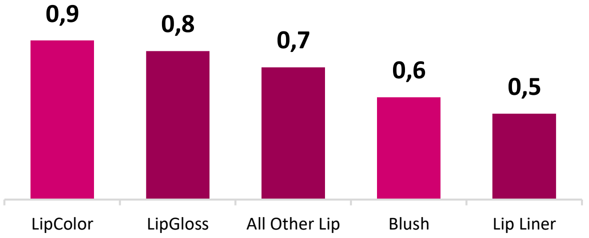
Fragrances +21,8%



Skincare +11,3%



Makeup +28%



Quali sono stati i driver del mercato nel 2022?

Rise of Beauty Supplements
From Inside Out

Makeup Freedom
Makeup as a self expression

Glow Booming
Not cover but Glow effect

More Celebrity Skin Brands

Fragrance Inno
Genderless, mood-boosting; digital space

Ingredients
New driver of purchase

Sustainability
Natural, circular beauty

Refillable
Responsable packaging model

Fragrance Green
Production process &pack

Il contesto macro economico sta cambiando le abitudini di acquisto dei consumatori. Come impatterà sulla categoria Beauty Prestige?

Inflation increase

October 22 inflation rate (Istat preliminary data) shows an increase from 8,9% in Sept to **11,9%** in Oct vs YA.

+8% on annual average.

Consumer confidence fall

In Oct22, consumer confidence climate index decrease again for the 4th consecutive month from **94,8 a 90,1**, **reaching its minimum since May 2020 in full pandemic crisis**

Purchasing Power decrease

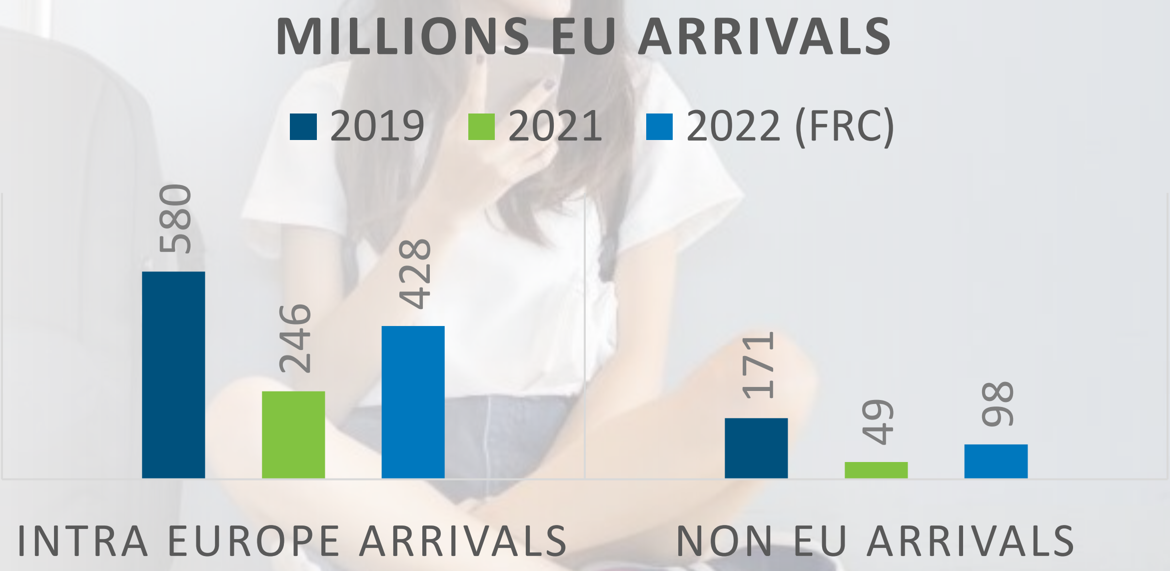
The **purchasing power of salaries will drop by 5%** due to increasing energy bills, mortgages, rising cost of living. In Italy there have not been such alarming figures since 1991

Supply chain disruption

Increase in raw material prices and out of stock problems for many cosmetics companies impact negatively in retailer product availability in store.

In Europa si prevede di recuperare entro fine 2022 il 75% del volume dei viaggi, mentre la full recovery è attesa per il 2025

L’Italia a fine giugno era al 72% dei volumi di arrivi 2019



Source: European Travel Commission