





# “ Introduction

The 49th edition of Cosmetica Italia's Annual Report is fully part of plans to document and celebrate the 50th anniversary of the Association's founding in 1967. It marks an important moment for our organisation as well as an opportunity to reflect on the past and future role of the cosmetics industry in the Italian economy. The Annual Report, as always, presents the figures for the year that has just closed and, on the occasion of the assembly on 28 June, dedicates ample space to figures from the past 50 years and to forecasts for the years to come. These figures are the result of analyses and research carried out by the Statistics Dept. over the past few weeks.

The overall picture for 2016 confirms the inelastic and anti-cyclical nature of the Italian cosmetics sector in the context of the country's manufacturing industry. In what has been another tough year for consumer goods, the cosmetics industry turnover has seen an increase of more than five percentage points in comparison to the previous year, for a value exceeding 10.5 billion euro. This is thanks to the strong performance of exports, which have grown by 12.7%, despite persisting sluggish trends in the domestic market. Another important aspect worth remembering is that the trade balance remains largely positive, having reached a record value of just over 2,300 million euro.

The Italian cosmetics industry has therefore demonstrated greater robustness compared to other sectors within the Made in Italy system, including in financial terms, as confirmed by the new project for the analysis of the sector's financial statements. A comparison of average financial statement figures confirms a high level of capitalisation (31%) - in other words the ability to self-finance without having to rely on third parties - that surpassed the eyewear sector (28%), the wine-producing sector (26%), the clothing sector (25%) and the footwear sector (24%). The financial and operational values in particular have been highlighted, and in general terms, these enable the sector to face a political and economic scenario which remains very uncertain: indeed, in recent decades the cosmetics sector turnover has grown by 30%, while exports have more than doubled. These figures are impressive considering the decline in GDP, which has shrunk by more than two percentage points over the past decade. The growth rate of the cosmetics sector in comparison to other contiguous sectors, has seen performance figures that are twice as high as those recorded in the jewellery sector and six times higher than the wine-producing sector. This demonstrates the good state of health of our cosmetics businesses, calling for cautious optimism in the medium term, strengthened by the fact that the "long" supply chain of the Italian cosmetics industry demonstrates an exclusive dynamics, thanks to manufacturers both upstream and downstream, and companies in direct contact with the consumer - all of which serve to reiterate the competitiveness and excellence of "Made in Italy" cosmetics. The celebration of Cosmetica Italia's 50th anniversary is part of a process of building on our sector's reputation, looking towards the future, overseeing internal and international market developments, monitoring the ever-changing purchasing habits of consumers, looking at how to redefine distribution channels and not forgetting the focus on the technical and regulatory evolution of production systems. We are strengthened in these endeavours by a history that has many important chapters yet to be written.

Fabio Rossello

*- President of Cosmetica Italia -  
National Association of cosmetics companies*







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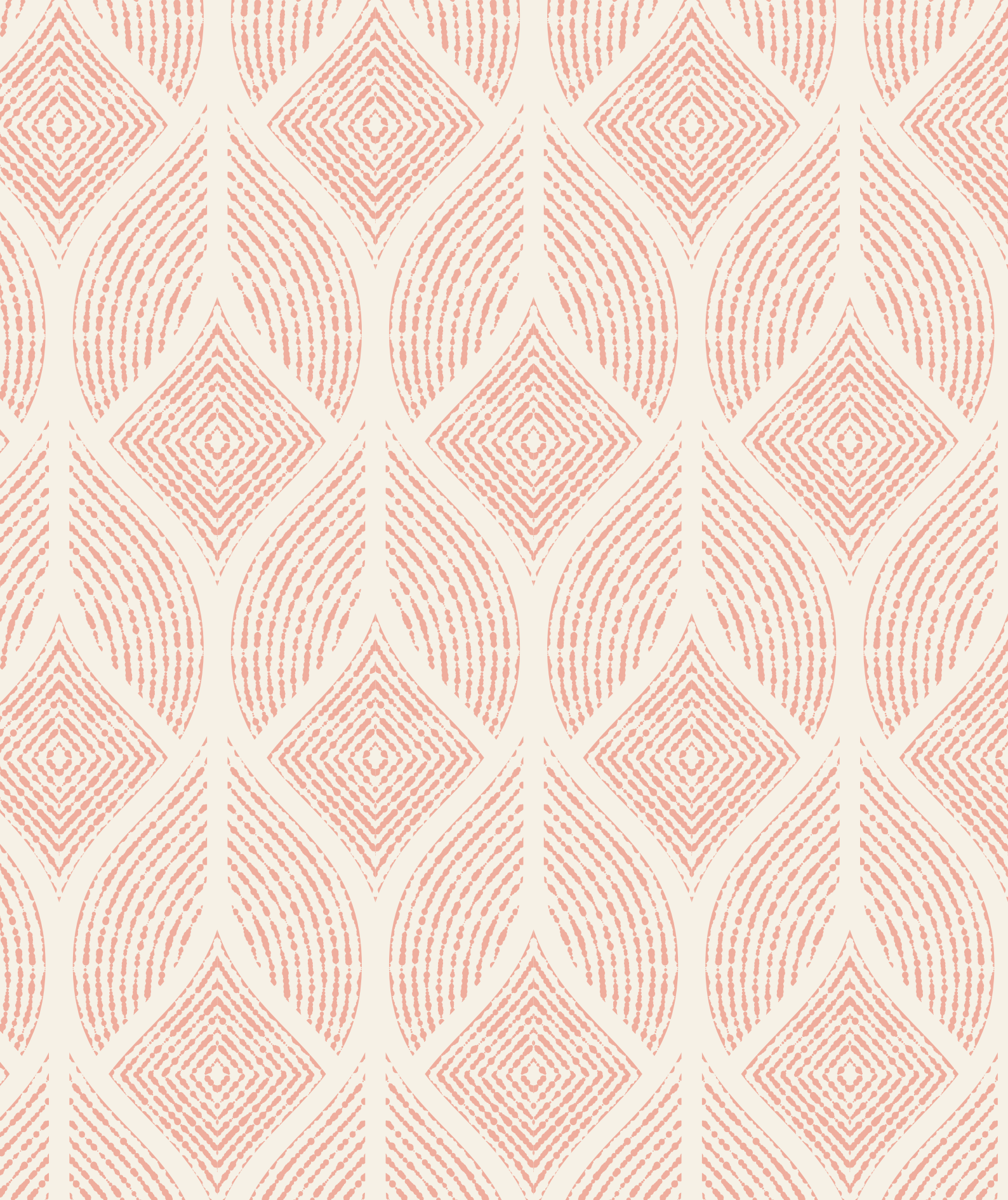
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# 1 Scenarios in the cosmetics industry

In 2016 the Italian cosmetic industry once again confirms the inelastic and anti-cyclical nature of the Italian cosmetics sector in the context of the country's manufacturing industry. Indeed, in what has been another tough year for consumer goods, the cosmetics industry turnover, the value of production in other words, has seen an increase of 5.3% in comparison to the previous year, for a value exceeding 10,502 million euro. This is despite persisting sluggish trends in the domestic market. The cosmetics industry therefore demonstrates greater robustness compared to other sectors within the Made in Italy system, including in financial terms, as confirmed by the new project for the analysis of the sector's financial statements: the financial and operational values in particular have been highlighted, and in general terms, these enable the sector to face a political and economic scenario which remains very uncertain.

Sales channels are undergoing a slow yet inexorable transformation, already experienced abroad but which is now being felt in Italy too. For this reason, domestic demand has had a mildly positive impact on production volumes, with growth of 0.7%, equivalent to 6,209 million euro. The domestic market no longer appears to be conditioned by consumer purchasing behaviours. Despite paying closer attention to the purchases they make than they once did, consumers nonetheless refuse to make sacrifices with regard to cosmetics and personal care, instead graduating towards new distribution methods and more advanced product types, whilst keeping a closer eye on prices.

A breakdown of sales on the domestic market shows positive trends in direct sales, above all thanks to e-commerce - indeed, this sector has grown by 7.8%, while others channels struggle to recover: sell-ins have witnessed a slow increase, equivalent to +0.9% in perfume shops, while pharmacies (-0.1%) and organised mass market retailers (-0.8%) seem to be struggling the most in light of changes in consumer trends.

A study of the domestic market as a lever on turnover, highlights the growth trend in professional channels, which have experienced an increase of 1.3%, with a sell-in value of 669 million euro. Indeed, in 2016 visits to beauty and hairdressing salons picked up again, having suffered the most as a result of the economic crisis which exploded in 2008. Influenced by a general economic recovery that is still slow, the domestic consumption of cosmetics has breathed a faint breath of life into the turnover of domestic companies, which, along with the strong levels of performance achieved by exports, has generated a significant recovery in terms of profitability. Indeed, sales abroad increased by 12.7%, accounting for 4,293 million euro. Whilst rates were somewhat slower, the trend regarding imports was also positive, growing by 9.2%, confirming the slow recovery of domestic demand, which is still focused on products offering the best price-quality ratio. As a result of these trends, the trade balance remains largely positive, with a record value of just over 2,300 million euro. The analysis of turnover percentages for the leading end market highlights interesting developments: mass market retailers still recorded a slight decrease, from 28.7% to 27% of the market, no longer mitigated by the incorporation of herbalist shops, which has seen a significant growth slowdown. However, export figures continue to rise, accounting for 40.9% of turnover and direct sales (6.6%). There has been a reduction in the importance of the pharmacy sector which previously accounted for 11.5% while now it has reached 8.2%. The same scenario applies to perfume shops: their share has dropped from 12.4% to 11% although they remain an industry mainstay. In the face of an economic landscape that remains uncertain, sales trends reflect the health and competitiveness of the industrial cosmetic system and the effectiveness of the strategy which sees ongoing efforts in the field of research and innovation on the part of companies within the industry, who have been making industrial investments that are well above average.

It is perhaps useful to recall that on the occasion of Cosmoprof Bologna 2017, the Statistics Dept. launched an analysis which has been extended to cover the cosmetics supply chain, with a view to proposing, with the necessary adjustments, an extended measurement framework which offers a dynamic and rational overview of the phenomena which affect the

chain at various levels, upstream and downstream. From cosmetic ingredients to production machinery, packaging and the finished product, the intention is to provide an overview of the "long" supply chain of the Italian cosmetics industry. The value of the total industry turnover exceeds 15,000 million euro, with a positive trend in 2016, showing a recovery of more than five percentage points, which has been further reinforced by forecasts for 2017. The year is expected to close positively, with a growth of more than 4%.

From raw materials, which recorded a turnover of approximately 950 million euro, to machinery, with over 300 million and packaging, which has reached the figure of 3,300 million euro, the cosmetics supply chain demonstrates various distinctive characteristics specific to the sector. The upstream supply chain, for example, clearly leans towards exports, and in the case of machinery, the export-production ratio even reaches 74%, while ample room for improvement is expected for the finished product segment. Constant investment in research and innovation is common to all "links" within the supply chain, as is the difficulty of predicting scheduled, ongoing orders, a sign of prudence and uncertainty which continues to affect markets.

Thus the Italian cosmetics industry's "long" supply chain demonstrates unique dynamics, thanks to manufacturers both upstream and downstream, and companies in direct contact with the customer - all of which serve to reiterate the competitiveness and excellence of "Made in Italy" cosmetics. These companies, more than those in other sectors, have responded quickly, implementing - among other things - adequate internationalisation activities and strategies, with significant positive trends in exports. The Italian cosmetics industry is recognised worldwide for its innovative formulations and the dynamic service of its manufacturers; added to this is the continuous study of consumer trends, which is essential for establishing itself in the counselling field. These characteristic elements have enabled the Italian cosmetics industry to make a name for itself on both traditional and emerging markets.

## Turnover of the cosmetics industry by distribution channel

*Values in millions of euro*

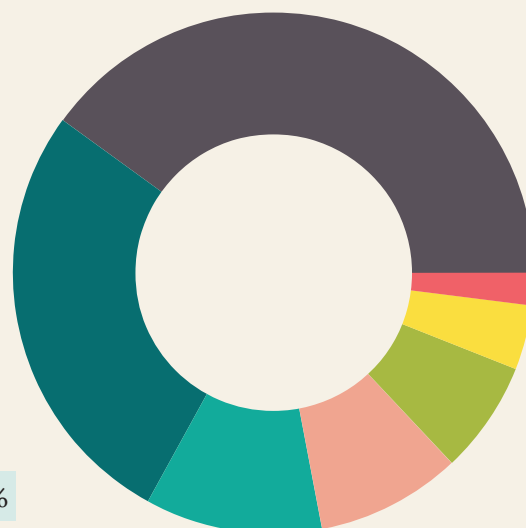
	2015		2016	
	Value	Var. %	Value	Var. %
<b>Turnover Italian market</b>	<b>6,164</b>	<b>1.5</b>	<b>6,208</b>	<b>0.7</b>
<b>Total - traditional channels:</b>	<b>5,503</b>	<b>2.0</b>	<b>5,539</b>	<b>0.7</b>
• Pharmacies	859	1.5	858	-0.1
• Perfume shops	1,148	0.9	1,158	0.9
• Mass market and other channels (*)	2,855	1.3	2,832	-0.8
• Door-to-door and mail order sales	641	8.1	691	7.8
<b>Total - professional channels</b>	<b>661</b>	<b>-2.4</b>	<b>669</b>	<b>1.3</b>
• Beauticians	172	-3.2	176	2.1
• Hairdressing	488	-2.2	493	1.0
<b>Exports</b>	<b>3,807</b>	<b>14.3</b>	<b>4,293</b>	<b>12.7</b>
<b>Global turnover of the cosmetics industry</b>	<b>9,971</b>	<b>6.0</b>	<b>10,502</b>	<b>5.3</b>

(\*) includes Herbalist and Single-Brand stores



## Breakdown of sales for each destination channel

- Exports 40.9%
- Mass market and other channels 27.0%
- Perfume shops 11.0%
- Pharmacies 8.2%
- Door-to-door & mail order sales & e-commerce 6.6%
- Hairdressing 4.7%
- Beauticians 1.4%



40.9%	46.2%	6.6%	6.4%
Exports	Traditional channels	Direct sales	Professional channels

## Structure of the cosmetic supply chain

Values in millions of euro

	Industry	Raw materials	Machinery	Packaging	Total
<b>Turnover 2015</b>	<b>9,971</b>	<b>895</b>	<b>300</b>	<b>3,140</b>	<b>14,306</b>
(var. % '15/'14)	+6.0	+3.0	+2.0	+5.0	+5.5
<b>Turnover 2016</b>	<b>10,502</b>	<b>945</b>	<b>306</b>	<b>3,300</b>	<b>15,053</b>
(var. % '16/'15)	+5.3	+5.6	+2.0	+5.1	+5.2
Forecast % '17/'16	+5.0	+5.0	+2.5	+4.0	+4.5
<b>Exports 2016</b>	<b>4,293</b>	<b>315</b>	<b>225</b>	<b>1,650</b>	<b>6,483</b>
(var. % '16/'15)	+12.7	+3.2	-0.2	+10.0	+10.7
<b>Exports/turnover 2016</b>	<b>41%</b>	<b>33%</b>	<b>74%</b>	<b>50%</b>	<b>43%</b>

# ○ The Italian territory

The north of Italy has always been home to the largest concentration of cosmetic companies, with a weight of just over 81% on the geographical framework; that's practically the same percentage as last year.

Lombardy is once again the region with the highest density of cosmetic companies - more than 50% - followed by Emilia Romagna, which comes in at 10.2%, the Veneto region with 8.2%, and Piedmont with 6.6 % (down from the previously recorded figure of 7.3%). No industrial sites are registered in Basilicata, Sardinia, Molise and the Aosta Valley, while with around 1.8% of the national total, Liguria provides confirmation of a decrease in the number of cosmetic companies in the region recorded by previous ISTAT findings.

For the past year or so, perfume shops have been the retail channel that has been gaining most ground. With 5,000 sales points in Italy, they play an important role within the cosmetics sector with regard to distribution. In recent years, consumption in this traditional channel has been impacted the most as a result of the economic crisis. According to data provided by Fenapro, Federazione Nazionale Profumieri (The National Federation of Perfumers) the top three areas with regard to concentration of Italian perfume shops are Lombardy (16.5%), Lazio (11.9%) and Emilia Romagna (9.1%). In terms of Nielsen areas, the data also confirms the close proximity of area 1 (28.7% of the total) and area 4 (27.1% of the total).

With regard to distribution of Italian perfume chains, the Beauty and Business data confirms that the regions occupying the top two positions have swapped places, with Lombardy still in first place with 18.1% of the total sales points, while Lazio takes the place of Emilia Romagna, with 11.9%. Emilia Romagna takes third place, with 10.4% of the total. A study of the Nielsen areas confirms that 29.2% of Italian sales points are located in area 1, the North-West, followed by area 3, the Centre, with 28.8%, area 2, the North-East, with 24% and finally, area 4, the South, which has risen to 17.9%. The trend for southern Italy continues - although dynamics have improved - with this region rooted in a less evolved distributive layout, confirming the discrepancy between the market penetration of "traditional" perfume shops and those belonging to organised chains.

## Geographical distribution of companies in 2016

Percentage breakdown

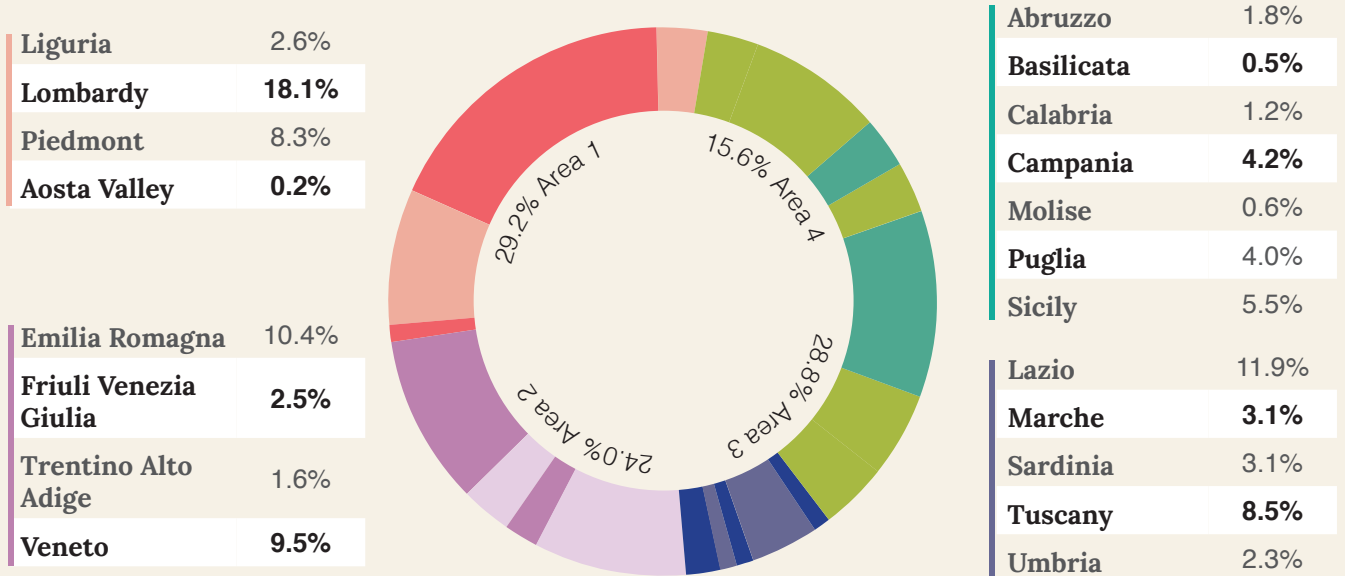
<b>Abruzzo</b>	<b>0.8%</b>	<b>Marche</b>	<b>1.6%</b>
<b>Calabria</b>	<b>0.2%</b>	<b>Piedmont</b>	<b>6.6%</b>
<b>Campania</b>	<b>1.6%</b>	<b>Puglia</b>	<b>1.0%</b>
<b>Emilia Romagna</b>	<b>10.2%</b>	<b>Sicily</b>	<b>1.0%</b>
<b>Friuli Venezia Giulia</b>	<b>1.2%</b>	<b>Tuscany</b>	<b>5.7%</b>
<b>Lazio</b>	<b>6.6%</b>	<b>Trentino Alto Adige</b>	<b>1.4%</b>
<b>Liguria</b>	<b>1.8%</b>	<b>Umbria</b>	<b>1.0%</b>
<b>Lombardy</b>	<b>50.8%</b>	<b>Veneto</b>	<b>8.2%</b>

## Top 3

<b>Lombardy</b>	<b>1</b>
<b>Emilia Romagna</b>	<b>2</b>
<b>Veneto</b>	<b>3</b>

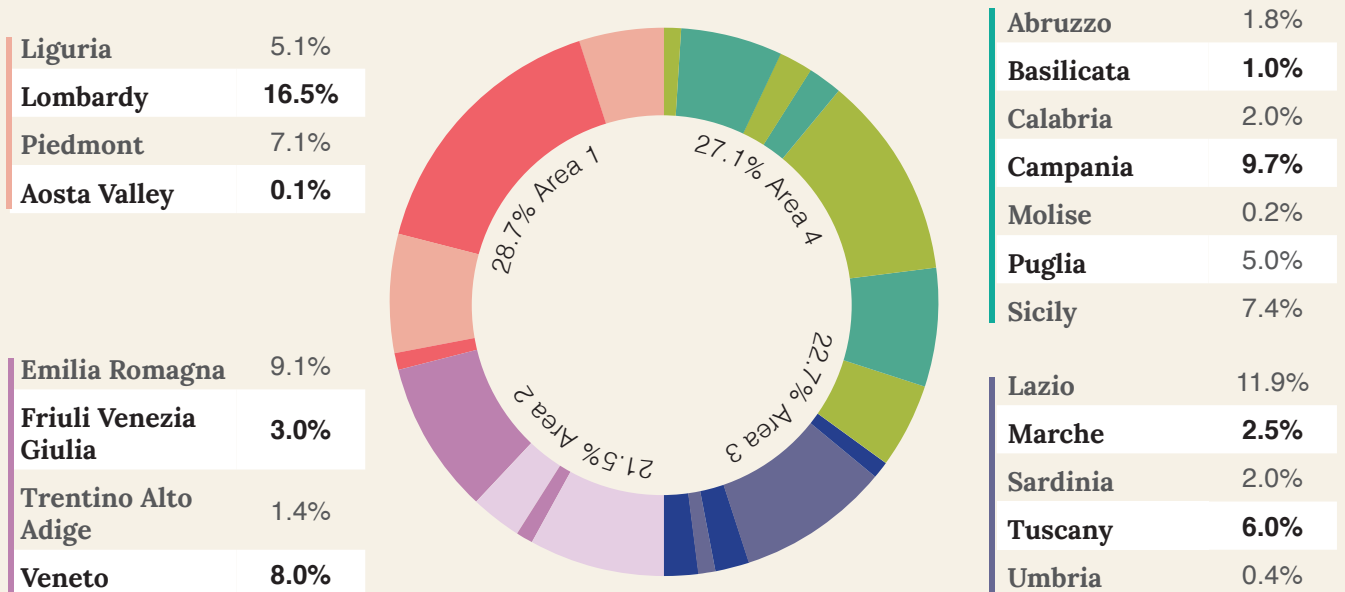
## Distribution of Italian perfume shop chains

Source: Beauty and Business data (2016) processed by Cosmetica Italia, broken down into DMAs (Nielsen)



## Distribution of Italian perfume shops

Source: FENAPRO data processed by Cosmetica Italia, broken down into DMAs (Nielsen)



# ○ Distribution channels

The value of cosmetics consumed in Italy in 2016 reached the 9,900 million euro mark, a 0.5% increase on the previous year. This is a very modest growth rate but nevertheless important for the stability of figures, considering the effects that the global crisis in the autumn of 2008 has continued to have on purchasing propensity, with a significant influence on Italian consumers in the subsequent period. The consumption of cosmetics in Italy has long been considered essential, to the point that the negative economic situation of recent years has had a marginal effect on purchases in terms of volume, but it has certainly not affected quantities. The shift in consumption choices towards opposite ends of the price spectrum, the so-called "hourglass effect", leads to a weakening in the mid-price range, generating growth in the number of items sold while value trends have slowed significantly - they are definitely growing but still at a very slow rate. A reduction in the negative effects of the economic crisis on purchasing propensity has led to a review of choices within traditional channels, while a recovery is being witnessed in the use of professional channels. A decline - albeit slight - is seen in all the traditional channels, especially in the pharmacy and mass market sectors, while herbalist stores and perfume shops remain strong and positive trends in direct sales continue. Within the last category, online sales are still very much the major phenomenon of recent years, with strong growth (+35%) to the tune of around 230 million euro at the end of 2016. Given the difficulty in collecting data for online sales, the statistical basis is currently being reviewed and revised upwards. Despite the slowdown in door-to-door sales, direct sales as a whole have enjoyed above-average growth, thanks largely to the growth of the e-commerce dynamics, both as a new sales channel and as a means of strengthening distribution.

Although calculated as part of the mass market and single-brand aggregate, consumption in the herbalist channel has grown by more than one percentage point, preceded by direct sales at 21% - the best performance ever seen in this category.

The decline in figures for perfume shops seems to have halted, and this channel appears to be clawing back consumption values, curbing the involution and the downsizing of the channel, despite the transformations in selective distribution methods. These transformations are generating a growing divide: on the one hand this bears witness to the reduction in numbers and weight of consumption in traditional perfume shops, while on the other, the prominence of specialised chains is confirmed, as these are becoming more attentive to customer service and the new requirements of consumers.

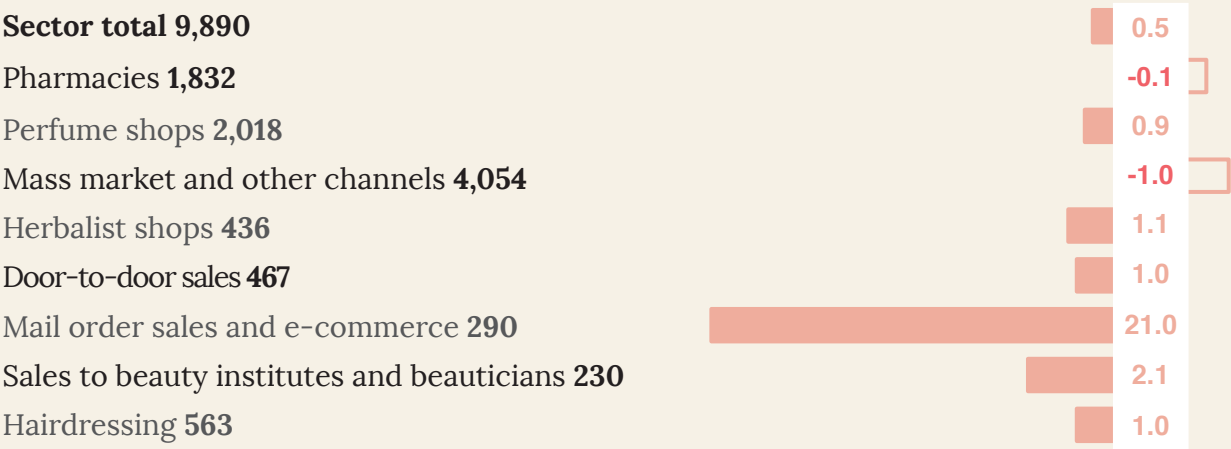
Furthermore, in 2016, growth is seen in the absolute value of professional channels: consumption in hairdressing and beauty salons has increased by 1% and 2.1% respectively.

In 2016, prices remained substantially stable; this stability is linked to uneven recovery trends; of all the various channels, perfume shops have seen the most pronounced change (+7%), due to reshaping and new products, while the others are substantially holding firm, with the exception of the mass market where supermarkets and hypermarkets are which have recording significant price increases. Marginality manifests itself once again in the professional channels. 2016 saw the evolution of new channels and the radical domestic transformation of traditional sales channels, affected by the new consumer tendencies, with buyers seeking a balance between their financial resources and the need to take care of themselves. Having adopted new approaches to spending and new tendencies in terms of pre-purchase information seeking methods, consumers are remaining loyal to more economical price categories and channels, as well as continuing to purchase premium products, leading to the marginalisation of the mid-price range. While it is true that the cosmetics industry has only marginally felt the crisis, having long established itself as a category which is

characterised by "physiological" consumption of goods, and one which is largely indifferent to economic downturns, it is also true that buying habits have changed radically at all product and channel levels, highlighting the increasingly widespread phenomenon of cross-channel purchasing.

### Total cosmetic products market in 2016

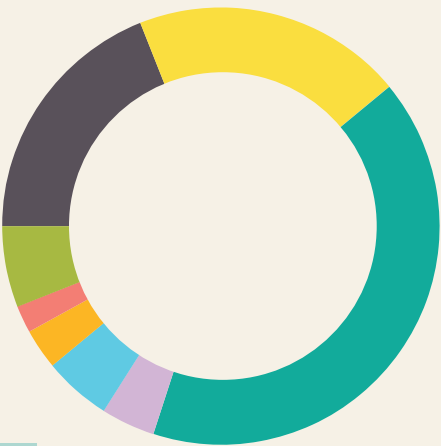
Retail prices VAT included, consumption in millions of euro - Var. % 2016/2015



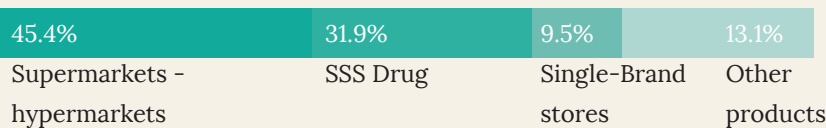
(\*) includes single brand stores

### Percentage breakdown of consumption by distribution channel in 2016

- Pharmacies 18.5%
- Perfume shops 20.4%
- Mass market and other channels\* 41.0%
- Herbalist shops 4.4%
- Door-to-door sales 4.7%
- Mail order sales 2.9%
- Sales to beauty institutes and beauticians 2.3%
- Hairdressing 5.7%



Mass market retail and other channels



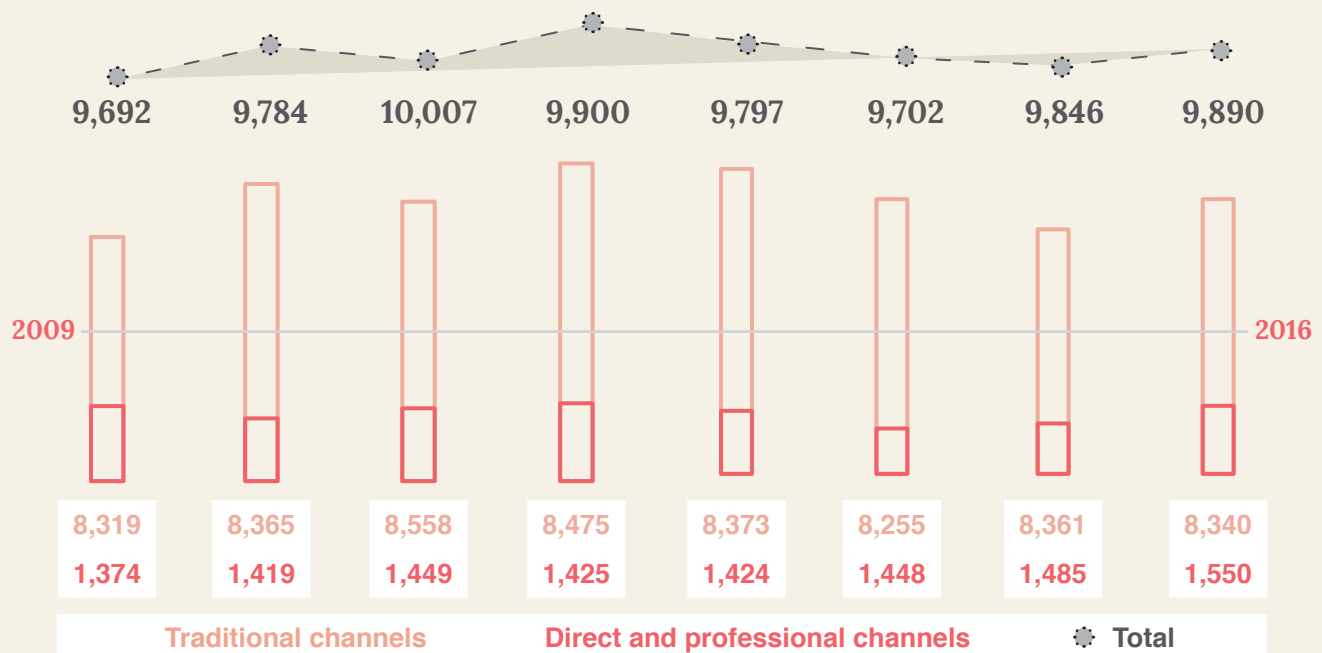
## Trends in distribution channels

Channel	Consumption	Quantity	Prices
Pharmacies	-0.1	-0.1	-0.3
Perfume shops	0.9	-6.0	7.0
Mass market and other channels*	-1.0	-0.5	-0.8
of which supermarkets and hypermarkets	-3.4	-1.6	1.7
Herbalist shops	1.1	1.1	0.2
<b>Total - traditional channels</b>	<b>-0.2</b>	<b>-2.1</b>	<b>3.0</b>
Door-to-door sales	1.0	1.0	0.3
Mail order sales	21.0	22.0	0.0
Sales to beauty institutes and beauticians	2.1	1.5	1.0
Hairdressing	1.0	0.5	0.5
<b>General total</b>	<b>0.5</b>	<b>-0.7</b>	<b>0.9</b>

(\*) includes single brand stores

## Developments in consumption of cosmetics 2009-2016

Retail prices VAT included, consumption in millions of euro





# ○ Pharmacies

In 2016 sales in the pharmacy channel exceeded 1,800 million euro witnessing no major changes and a general decline. After years of positive trends, exceeding the sector average, the consumption of cosmetics sold in pharmacies has, in recent quarters, shown signs of difficulty, which are certainly linked to the reshaping of purchasing options and structural uncertainties conditioning distribution. The cosmetics sold in this channel represent 18.5% of the total volume, a significant proportion that has been growing steadily over the last thirty years, proving that consumers place a great deal of trust in pharmacies as sales outlets, relying on a degree of specialisation and service that is perceived more strongly here than in other distribution points. Indeed, numerous pharmacies invest, more than any other sales channel, in cosmetic products and a specialist sales staff, with promotions and offers creating a new impact. In addition to this, there is an increasingly close relationship between companies and pharmacists, who are working together to invest in the identity of the pharmacy and its position within the market, as well as turning their focus to customers. The pharmacy channel has also been affected by the phenomenon of polarisation: indeed, consumers are opting for products with a better price-quality ratio without making any major sacrifices, thanks to the fact that cosmetics in pharmacies have acquired an increasingly important role, often as the commercial element used to offset the drop in demand. In addition to this, more than in other channels, pharmacies operate policies that promote customer service and reward consumer loyalty, helping to build a steadier relationship. In relation to this, it should be remembered that there is ample room for improvement with a view to extending the clientèle; more work needs to be done in various clusters, especially in the over-50 age band, for example.

Analyses and research carried out for the channel on an ad hoc basis, have highlighted some distinctive characteristics with regard to the consumption of cosmetics in pharmacies: the consumer is driven to choose pharmacies over perfume shops, for example, for direct and pragmatic reasons, although, when we imagine the future sales environment we see a crossover between the purely pharmaceutical area and more attractive areas dedicated to beauty products.

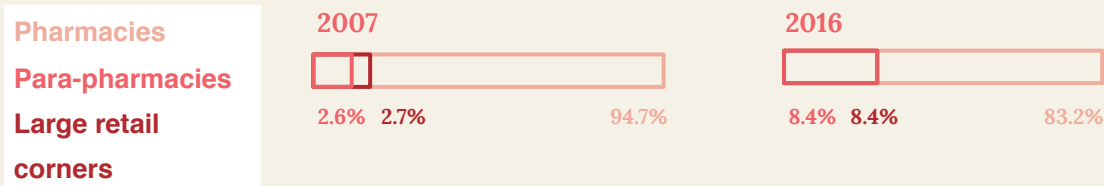
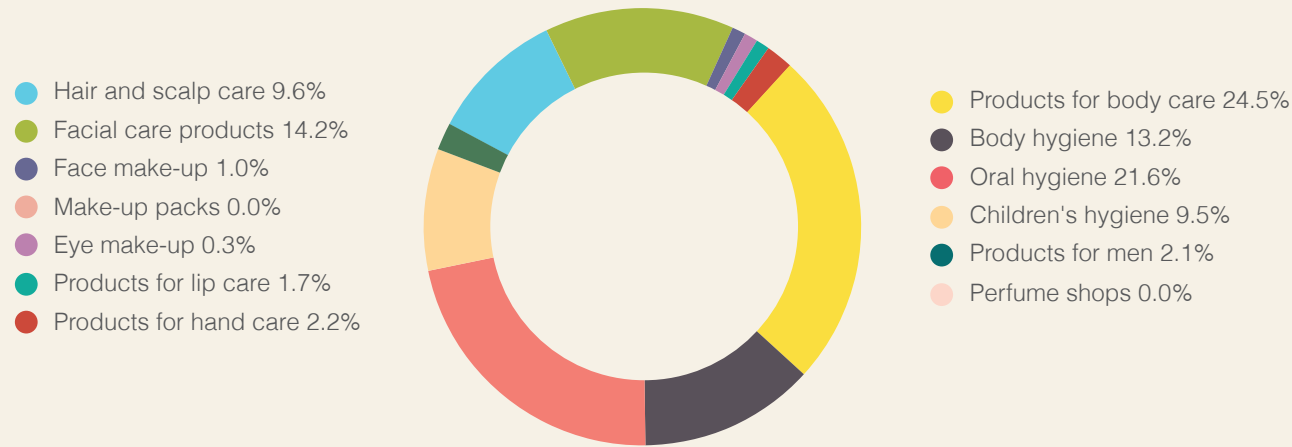
The statistics also contain detailed findings relating to the cosmetics sales of large retail corners and in para-pharmacies given the need to understand how developments in distribution have unfolded: suffice it to say that these sales accounted for 5.4% of the total channel in 2007, while today they account for 16.8% despite the recent measures concerning economic policy. In recent quarters, however, the figures for corners and para-pharmacies appear to be slowing down somewhat, partly due to the transformation of large retail outlets. However, the composition of sales split into corners and para-pharmacies in IMS data, highlights some interesting findings: in para-pharmacies, sales of facial and body care products represent nearly 53% of sales, while in corners, the composition is somewhat less concentrated, with products for body care (24.5%) just pipping oral hygiene products (21.6%) and body hygiene products (13.2%) to the post.

The development of the channel is also influenced by external factors such as the new competition decree, an expression of the institutional drive to liberalise distribution, which will influence the reinforcement of the supply chain and constant contact between industry and distribution. Both are currently working together to invest in the identity of the pharmacy and its position within the market, as well as on profiling customers, in the future the situation could change significantly.

Percentage composition of sales in para-pharmacies



Percentage composition of sales in corners



## ○ Perfume shops

More than other traditional channels, perfume shops have undergone a major transformation during the course of the last decade, aided by the change in consumer habits and the introduction of new types of distribution that have called into question the values embraced by the channel since the beginning of the post-war period. In 2016, the consumption of cosmetics sold in perfume shops witnessed a slow-down caused by the economic involution and the downsizing of the channel; tensions in some types of retail outlet gave way to an albeit slow growth in consumption, which increased by a percentage point, with a sales value of 2,018 million euro, or 20.4% of total consumption in Italy - the second biggest channel after mass market retailers. The percentage of total sales has nonetheless dropped compared to previous figures, partly as a result of the statistical review, which served to shed more light on the phenomenon of e-commerce.

Despite support actions such as new launches, stock reduction and dynamic pricing policies, some independent retail outlets are still in difficulty. Indeed, there is still a clear dichotomy between the static nature of many traditional or neighbourhood perfume shops and the dynamics of success which characterise both chain stores and small distribution companies that wisely invested in new distribution strategies and in the selective nature of the channel.

As in previous years, price increases - the highest in the sector - have essentially supported volumes, with repercussions on the average purchase value and inevitably on quantities purchased. Consumers, who have been further put to the test by an economic situation that has put the brakes on their propensity to buy, and who are alert to the new forms of distribution offered (single-brand stores in the first instance), are moving towards new and diversified distribution levels.

The concept of selectivity is proving to be a winning recipe for those who weathered the transformation of recent years. For many sales points, this concept is a mission, although in many cases it fails to capture consumers looking for a broader "shopping experience", the expression of a new shopping concept.

As such, it is becoming increasingly necessary to develop innovative strategies to enhance the selectivity of the channel and certainly to encourage partnerships within the industry in order to accommodate new consumer tastes. Hence, companies are insisting on the diversification of their positioning and product investment. While it is true that large swathes of consumers do not stray from their usual points of purchase, it is important to note that, more so than before, they expect a level of service and quality that matches product price levels. This is creating uneven situations across the channel.

## ○ Mass market and other channels

The consumption of cosmetics sold on the mass market represents 41% of the total Italian cosmetics market, with a value of 4,000 million euro in 2016, down by one percentage point compared to the previous year. The new consumption flows that are following new forms of distribution which are often difficult to classify, certainly have an impact on the channel and its structural complexity. In 2016 again, companies working within the mass market made significant investments in products in this category, and have attempted to optimise price positioning. For years now, there has been a profound transformation process underway, regarding strategies designed to adapt to the new purchasing options available. This has given rise to uneven trends across the various types of distribution outlets: on the one hand, we note the success of the specialised mass market sector - i.e. chains dedicated to personal care and home, also referred to as "the home & personal care sector" (or "modern channel" as some research institutions have called them),

which have seen growth figures of over 4%, partly due to new businesses opening across the country, with a value of almost 1,300 million euro, 35.2% of the entire channel. On the other hand, trends show that sales have slowed across large retail outlets, falling by 3.4%, for a value of less than 1,900 million euro. Discount stores have witnessed a major recovery with a significant growth figure of +9.3%, albeit with volumes that are still marginal, totalling 127 million euro. The three percentage point growth and the dynamic impact of new single-brand stores is stable but significant in terms of numbers, reaching 390 million euro in 2016.

Although there are still uneven dynamics observed within the various commercial outlets, the mass market in general is currently experiencing a difficult economic situation and tension at the various price levels. This is despite its recognised ability to offer products with a high quality-price ratio. In mass-market channels too, the "hourglass"/polarisation phenomenon is being witnessed, with consumers consequently being steered towards niche products, as well as items offering a high price-quality ratio.

A study of sales in large retail channels over the last four years, right in the midst of the crisis, confirms the transformation and developments that have gone on within, highlighting some extremely diverse retailers, not just in terms of sales surface characteristics. The total value of this category as a result of the separation of the value represented by herbalist shops and single-brand stores slightly exceeded the 3,660 million euro mark in 2016 (this figure was 3,840 millions in 2013). Over these four years, trends have seen a decline of more than three percentage points, which is the sign of a physiological involution. Among the various different types of store, the average trends over the last four years have revealed a couple of exceptions to the rule, with Discount stores achieving a value of 127 million euro in 2016, compared to 118 million euro in 2013, and the previously mentioned SSS Drug stores (i.e. shops selling household and bathroom goods) going from 1,105 to 1,290 million euro within the same time frame. The Self Service category, which size-wise is third only to SSS Drug stores, super and hypermarkets, is declining at a worrying rate, losing more than 14% in 2016 alone. Likewise, the largest retail outlets, super and hypermarkets, has seen a decline of 3.4%. This category still constitutes Italy's largest drug aggregate group, constituting 50.2% of the total.

The performances by product sold across the different channels show that the most prominent growth rates in percentage terms have been seen in relation to face mask and exfoliating scrub sales in SSS Drug stores and anti-ageing and anti-wrinkle cream sales in Discount stores. This highlights alternative approaches to distribution that were previously only the preserve of selective channels.

### Trends in consumption in mass market channels by type

Hypermarkets	retail outlet covering a sales surface greater than/ equal to 2,500 m2	-3.5%
Supermarkets	retail outlet covering a sales surface between 400 and 2,499 m2	
Self Services	retail outlet covering a sales surface between 100 and 399 m2	-14.5%
Discount	retail outlet characterised by an unbranded inventory	9.3%
Traditional grocery	retail outlet for fast-moving consumer goods covering a sales surface smaller than 100 m2. To be considered as "Self Service", the store must sell at least 3 of the following products: toothpastes, lacquers, soaps, shampoos, shaving products, body deodorants, female sanitary items	3.8%
Self Service Specialist Drug (SSS Drug)	store which sells mainly household and personal care products	4.1%

## Large retail profiles and associated turnover of cosmetic products

Values in millions of euro and variations %

	Value '13	share %	Value '14	share %	Value '15	share %	Value '16	share %	Var. '13/'12	Var. '14/'13	Var. '15/'14	Var. '16/'15
Hypermarkets + supermarkets	2,017	52.5%	1,938	52.8%	1,905	51.3%	1,840	50.2%	-4.4%	-3.9%	-1.7%	-3.4%
Self Services	486	12.6%	410	11.2%	360	9.7%	308	8.4%	-7.9%	-15.6%	-12.1%	-14.5%
Discount	118	3.1%	119	3.2%	116	3.1%	127	3.5%	5.2%	0.8%	-2.1%	9.3%
Traditional grocery	117	3.0%	103	2.8%	95	2.5%	98	2.7%	-9.1%	-11.6%	-8.4%	3.8%
SSS Drug	1,105	28.7%	1,098	29.9%	1,238	33.3%	1,289	35.2%	5.0%	-0.6%	12.8%	4.1%
<b>Total - Italian drug stores</b>	<b>3,843</b>	<b>100.0%</b>	<b>3,668</b>	<b>100.0%</b>	<b>3,714</b>	<b>100.0%</b>	<b>3,662</b>	<b>100.0%</b>	<b>-2.5%</b>	<b>-4.6%</b>	<b>1.3%</b>	<b>-1.4%</b>
Single-Brand stores*	300	7.2%	380	9.4%	381	9.3%	392	9.7%	40.2%	26.8%	0.3%	2.9%
<b>Total OTHER CHANNELS</b>	<b>4,143</b>		<b>4,048</b>		<b>4,095</b>		<b>4,054</b>		<b>0.1%</b>	<b>-2.3%</b>	<b>1.2%</b>	<b>-1.0%</b>

(\*) Cosmetica Italia Statistics Dept. estimate

## Analysis of best performance

Modern distribution (hypermarkets, supermarkets and self service outlets)	Multipurpose body creams	3.1%	Var %'16/'15
Discount	Anti-ageing and anti-wrinkle creams	28.5%	
	Hair sprays	9.2%	
	Deodorants and antiperspirants	4.1%	
Traditional grocery	Face toning lotions	18.5%	
	Fixers and structuring mousses	14.8%	
	Cheek correctors, blushers and bronzing powders	10.1%	
SSS Drug	Face masks and exfoliating scrubs	19.5%	
	Body waters and oils	18.7%	
	Lip liners and pencils	17.2%	

## ○ Herbalist stores

The value of cosmetics sales in herbalist stores (436 million euro, with a growth of one percentage point) confirms the strength of this channel, which represents 4.4% of total Italian consumption. It must be pointed out, however, that herbalist stores are a diverse channel, composed of traditional herbalist stores, single-brand stores and synergic channels that sell "naturally-derived" products. Traditional herbalist stores are at risk, while more positive signs are being sent by the single-brand stores of companies that produce and sell naturally-derived cosmetics which, based on the types of products sold, are considered and referred to as herbalist stores in the statistics. These businesses are more modern, better managed and supported by production companies. They are therefore better equipped to withstand competition from more innovative channels.

While it is still true that consumers are increasingly expressing an interest in the world of "natural and green" products, and are increasingly devoted to "naturally-derived cosmetics", it is also true that the focus is distributed across other channels too, where the range of "green" products on offer is growing. It is important to remember that the aggregate figure takes direct sales in herbalist shops into account, as well as those in specialist single-brand stores.

Like the sales of cosmetics in the pharmacy channel, those in herbalist shops confirm the trend for selective consumption for those customers who prefer stores in which they are assisted and "advised", as evidenced by the recent analyses conducted by Alias and Mintel. From the surveys carried out, it emerges that consumers who graduate towards herbalist shops do not take price or promotion into account - proof of loyalty to this well-rooted channel. Customers of herbalist shops confirmed that their key reasons for spending were the sales staff and their own focus on the ingredients in the products.

## ○ Hairdressing salons

The decrease in visits to salons which has had a negative impact on the professional hairdressing channel for over five years, has now slowed. Indeed, in recent quarters there has been a recovery in levels of consumption, both in terms of services and retail. At the end of 2016, there was an increase of one percentage point, with the value of cosmetics sold in this channel amounting to more than 560 million euro, thanks to clear efforts some hairdressers are now making to boost customer loyalty and reshape services, with a greater focus on retail. The value represents 5.7% of total sales of cosmetics in Italy. Many professionals have tackled this economic downturn with strategies to segment services and treatments. This is the case for the hairdressers who responded to the online survey coordinated by the Camera Italiana dell'Acconciatura (Italian Association of Hairdressers), discussed later on.

The market value includes both products used for services and those sold in salons, as well as products sold and used outside salons: the latter constitutes a weight of about 16% of the aggregate value.

The online survey was sent to a significant number of hairdressers, and the results were compared with a similar exercise conducted in 2015, allowing for key indicators, such as prices in salons, to be updated.

It must be noted that the participants in the survey should be considered as well-qualified, in light of their propensity to use digital technologies; findings show that the average price for hair colouring was quoted as being between 21

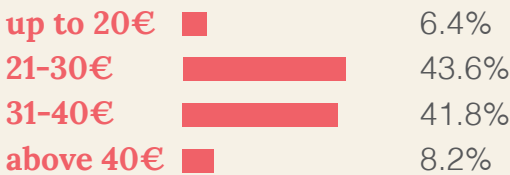


and 30 euro by more than 43% of respondents, while 45% quoted the average price for styling as being between 31 and 40 euro.

Consumption trends differ greatly even within salons: some of them, in fact, have launched major promotional campaigns, managing to attract a clientele that, whilst definitely affected by the downturn, is eager to take advantage of qualified, reliable services. Training, flexibility and targeted promotion are the main strategic initiatives companies in the field invest in.

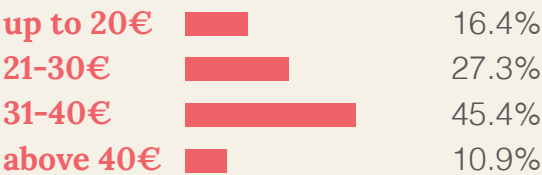
**Price charged for  
full head colour applied  
to medium length hair**

(Online survey results)



**Price charged for perming  
and styling**

(Online survey results)



**Reason for purchase: the evidence for a few channels**

**SALONS**

professional	36.6%
seen in store	8.9%
promotion	6.3%
advert in store	4.8%
new product	3.5%

**PHARMACIES**

pharmacist	22.8%
doctor/dermatologist	14.0%
ingredients	7.8%
sales assistant	6.6%
friends with contacts	3.0%

**PERFUME SHOP CHAINS**

sales assistant	19.0%
new product	4.9%
friends with contacts	4.4%
advert in store	2.5%
free sample	1.2%

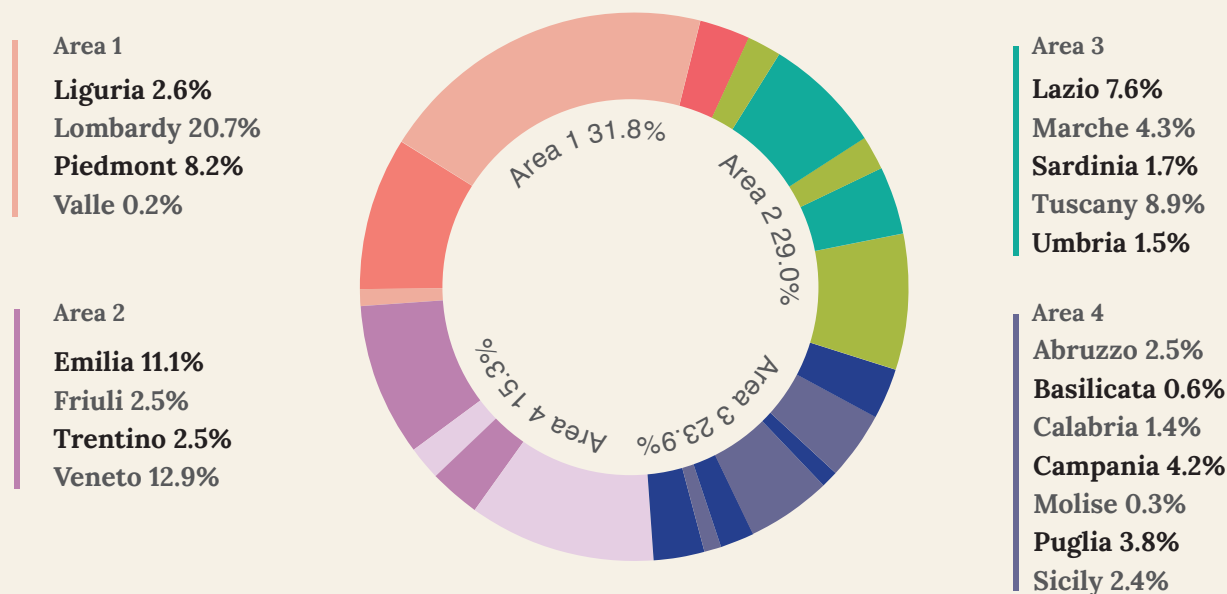
# ○ Beauty salons

Indeed, last year, we saw an increase in visits to beauty salons, and a corresponding growth in consumption, courtesy of an overhaul of the products on offer in salons in addition to new forms of well-being services. As in the case of hairdressing salons, beauty salons also saw a growth in consumption of +2.1%, for a value of 230 million euro. Beauty salons, which account for 2.3% of cosmetics consumption, had suffered the most as a result of an inability to redesign their identity, which, in the eyes of consumers, is increasingly geared towards the qualification of the service, of those who provide it and of the environment in which it is delivered. In 2016 there were evident signs of a positive recovery. The recovery of this channel was also aided by companies that backed significant efforts in innovation and the sale of new products and equipment. In addition, a number of important phenomena are also emerging - spas and wellness centres, which dynamically tend to represent an increasingly large share of consumption of aesthetic/professional products.

Beauty salons were undoubtedly also hit by reduced customer response. In light of the recent crisis, consumers limited their visits to beauty salons, generating a decline in values both with regard to services and treatments, with an obvious impact on the use of cosmetics. The inversion of trends today is geared towards renewed growth and new services, with evident opportunities arising for the revival of the channel.

## Distribution of Italian beauty salons

Source: Marketing and Telematics data (2016) processed by Cosmetica Italia, broken down into DMAs (Nielsen)



## Size of Italian beauty salons

Source: Marketing and Telematics data (2016) processed by Cosmetica Italia, broken down into DMAs (Nielsen)

- Up to 50 square meters 26%
- 50-100 square meters 58%
- 100-200 square meters 14%
- over 200 square meters 2%

Just over 55% of beauty salons in Italy have a surface area of between 50 and 100 square meters; only 3% have a surface area of 200 square meters.

The salons with a smaller surface area are located in Northwest Italy while the larger salons are located in Central and Southern Italy.

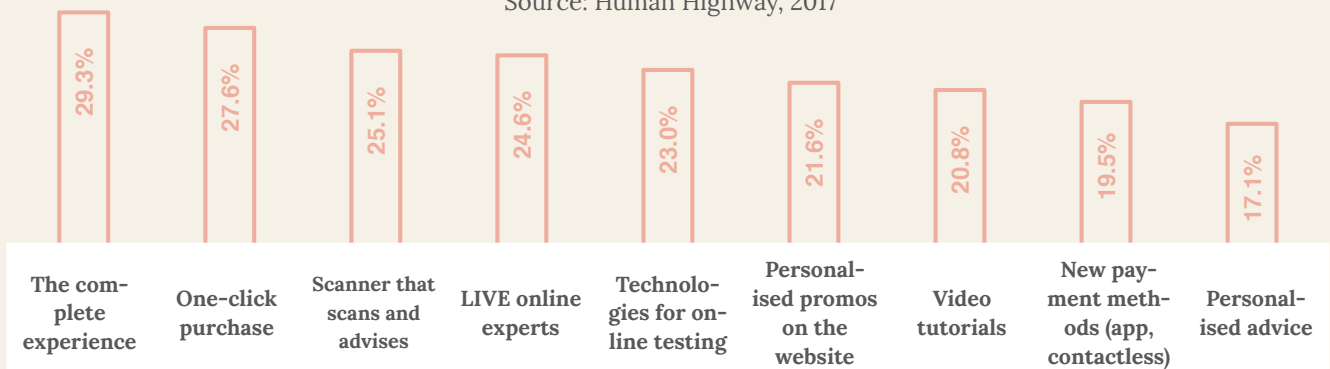


## Direct sales & E-commerce

Direct sales (both door-to-door and mail-order), which account for more than 7.8 % of total cosmetics consumption, continue to score more positive trends than other channels in 2016, mainly due to the impact of online sales: indeed, the growth figures have reached eight percentage points, with a sales volume of more than 750 million euro at year-end. During the crisis years, door-to-door-sales in particular proved to be most able to meet the changing consumption requirements compared to traditional channels, helped by new sales techniques and digital communications, which are becoming increasingly fundamental. The success of this channel is also due to the fact that it offers more accessible price lists and commercial terms, as well as a highly effective launch policy and new collections. Lately, however, we have been witnessing a slowdown in sales volumes, in part due to the difficulties encountered by various operators in this channel. But in recent years, online sales have been the real phenomenon - indeed, the results have been revised and adjusted to place this channel at the top in terms of statistics, with strong growth, to the tune of around 230 million euro at the end of 2016, a figure that is expected to rise to around 300 million euro in 2017.

### The core new features expected for the online store

Source: Human Highway, 2017



The importance of the new channel has triggered recent in-depth analyses. In addition to "one-click" purchasing that is typical of the online channel, the technological innovations consumers expect over the next ten years are linked to the traditional physical buying experience which is to be emulated online.

The industry is investing in giving consumers a purchasing experience that resembles real-life in-store shopping as closely as possible, using completely different resources to traditional/conventional ones.

The homepage becomes the store entrance, a personalised display window that remembers previous clicks, presenting each visitor with tailored offers and discounts.

The payment process, which poses another major barrier to online shopping, is simplified thanks to smartphone applications that mimic real stores through contactless technology.

Using digital dialogue tools, the sales assistant guides potential buyers virtually, breaking down the mental barrier of physical exploration we are accustomed to.

Developments over the coming years will blur the boundaries between online and offline environments, two worlds that have the potential to mutually fuel sales through an increase in repeat purchases with separate and dedicated collections and promotions. An "inter-channel" transformation is also inevitable with new multi-stores gaining ground on traditional channels.

## ○ Consumer spending on personal care by region

ISTAT's figures for cosmetics consumption by geographical area show that this is mainly concentrated in the North of Italy, where over 51% of personal care products are sold, in addition to around 52% of cosmetic products used and sold in professional channels.

The region with the highest consumption of personal care products is Lombardy (19.4%), followed by Lazio (11.2%), Emilia Romagna (8.6%) and the Veneto (8.1%).

In 2015 too, consumption levels in the South and the islands (over 25%) were far higher than other categories of goods. This shows that consumption is evenly distributed not only across different sections of the population but also across the country. The figure relating to consumption in the professional channels is just as significant, with the South accounting for just over 25% of the total.

# Total consumption per region

Distribution in percentage terms

	Personal care products	Hairdressing and beauty salons
Abruzzo	2.0	2.2
Basilicata	0.7	0.8
Calabria	2.3	2.5
Campania	7.2	7.9
Emilia-Romagna	8.7	8.7
Friuli-Venezia Giulia	2.1	2.1
Lazio	10.6	9.4
Liguria	2.7	2.7
Lombardy	20.1	20.1
Marche	2.3	2.0
Molise	0.5	0.5
Piedmont	7.9	7.9
Puglia	5.5	6.1
Sardinia	2.5	2.7
Sicily	6.1	6.7
Tuscany	7.0	6.2
Trentino-Alto Adige	2.0	2.0
Umbria	1.4	1.2
Aosta Valley	0.3	0.3
Veneto	8.1	8.1
Total	100.0	100.0

ISTAT data, processed by the Statistics and Business Culture departments

# ○ Cosmetics in Europe

In 2016 too, the statistics published by Cosmetics Europe, the European Cosmetics Industry representative, show Germany in the lead with regard to consumption, with nearly 13,600 million euro, followed by the UK with over 11,400 million euro. France's performance was static compared to last year. It came third place with sales amounting to around 11,400 million euro. Italy confirms its position in fourth place with regard to European consumption, followed by Spain in fifth place with 6,660 million euro and a trend in line with the values recorded last year. The concentration index confirms that the top five countries account for nearly 68% of the European market, which in 2016 topped 77,000 million euro overall - a static, largely flat performance.

In the European cosmetics sales ranking which refers to figures from 2015, skincare products took first place, representing 25.8% of the total, followed by toiletries. With over 77,000 million euro in sales, Europe confirmed its position as number one in the world for consumption, followed by the US (64,000), China (41,000), Brazil (24,000) and Japan, with 22,000 million euro.

## Composition of European consumption by macro-category

Source: Cosmetics Europe, 2015

Category	2015	Values %
Skin care	19,915	25.8
Toiletries	19,355	25.1
Products for hair care	14,957	19.4
Alcohol-based perfume products	12,106	15.7
Make-up	10,734	13.9
	77,067	100.0

## A comparison of the biggest markets

Source: Cosmetics Europe, on the basis of data provided by Euromonitor, consumption in 2016 in millions of euro

Europe	77,000
EU 28	73,000
USA	64,000
China	41,000
Brazil	24,000
Japan	22,000
India	10,000
South Korea	9,000



## European consumption

Source: Cosmetics Europe - Values in millions of euro, retail prices and % var.

	2016	comp. % 2016
Germany	13603	17.6%
United Kingdom	11445	14.8%
France	11,392	14.8%
Italy	9,890	12.8%
Spain	6,657	8.6%
Poland	3,306	4.3%
Netherlands	2,783	3.6%
Switzerland	2,134	2.8%
Belgium/Luxembourg	2,080	2.7%
Sweden	1,900	2.7%
Austria	1,376	2.5%
Portugal	1,322	1.8%
Norway	1,215	1.7%
Romania	1,213	1.6%
Denmark	1,059	1.6%
Finland	907	1.4%
Greece	862	1.2%
Ireland	798	1.1%
Czech Republic	777	1.0%
Hungary	715	1.0%
Slovakia	706	0.9%
Bulgaria	368	0.5%
Lithuania	236	0.3%
Slovenia	163	0.2%
Latvia	160	0.2%
Estonia	120	0.2%
Total - EU	77,187	100.0%



## 2 Trends in cosmetics consumption

The closing values for 2016 show a positive trend, as was the case the previous year: cosmetics consumption in Italy proved to be on the up, increasing by +0.5% to 9,890 million euro, however, growth rates were less encouraging than in 2015.

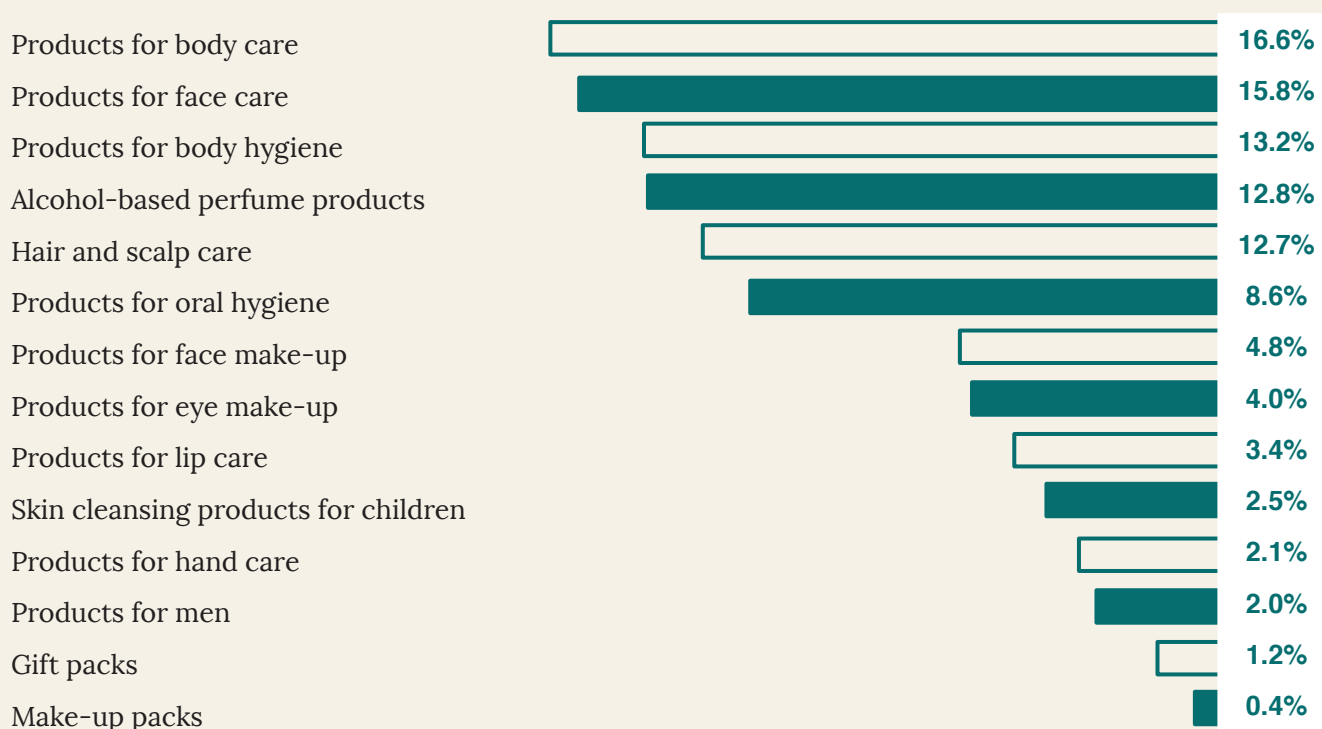
Of the total cosmetics sales, 8,340 million euro are sold in retail channels, which have also seen an overall decrease of -0.2%, partly due to the decline in pharmacy sales and the crisis faced by large mass market retailers.

The trend for herbalist shops was also positive overall in the year 2016, which continues to grow at a rate of +1.1%; perfume shops are also doing well (+0.9%) continuing a recovery that began in 2015.

The real news comes from the professional channels, which unlike in the previous year, have resumed a positive trend. As in 2015, the domestic market has seen excellent performance with regard to exports, which are up +12.7%, confirming the increasing capacity of Italian cosmetics companies to adapt to the new characteristics of expanding markets and to the wide range of purchasing options now available for consumers. 2016 saw the so-called "omni-channel" approach come into play, in other words a purchasing behaviour that looks beyond the definition of channel given by the industry but is dictated by new distribution companies that have been establishing themselves in recent years.

### Breakdown of consumption by macro-categories - traditional channels in 2016

Percentage weight



## Total retail consumption of products - traditional channels in 2016

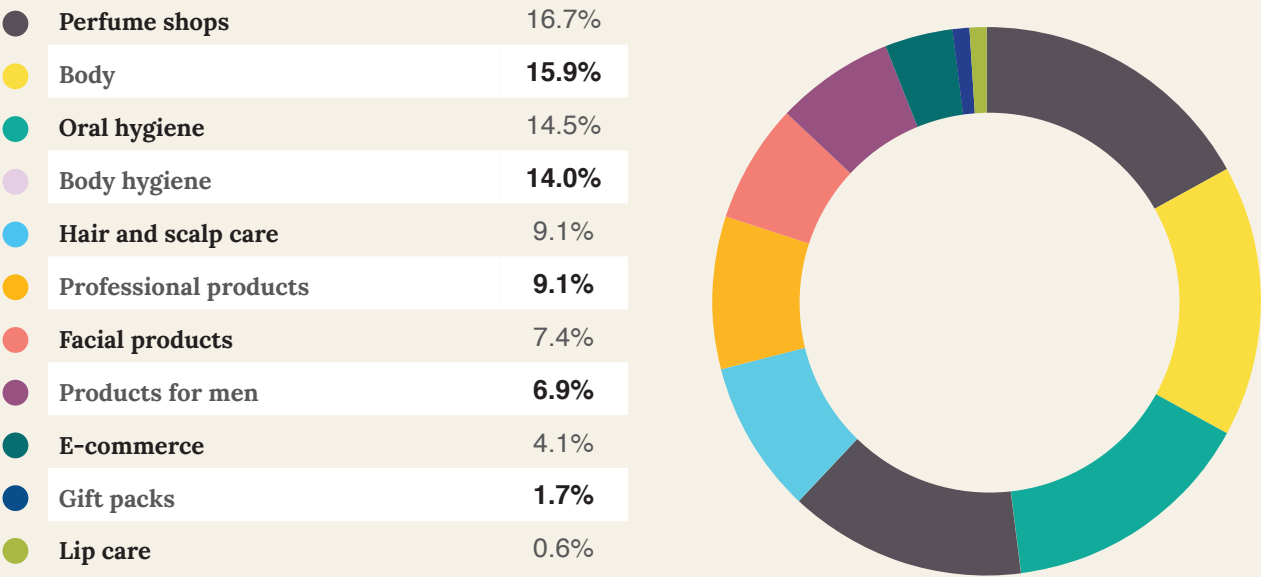
Retail prices VAT included - figures in millions of euro

	Total	Pharmacies	Perfume shops	Mass market and other channels	Total var %	Pharmacies var %	Perfume shops var %	Other channels var %
	<b>8,340.0</b>	<b>1,831.6</b>	<b>2,018.4</b>	<b>4,490.1</b>	<b>-0.2</b>	<b>-0.1</b>	<b>0.9</b>	<b>-0.8</b>
Hair and scalp care	<b>1,063.1</b>	185.5	42.0	835.7	<b>-4.1</b>	<b>-0.4</b>	<b>-7.1</b>	<b>-4.7</b>
Products for face care	<b>1,313.7</b>	499.4	401.4	413.0	<b>1.2</b>	2.3	2.4	<b>-1.1</b>
Products for face make-up	<b>403.9</b>	56.8	179.7	167.5	<b>4.5</b>	<b>-2.2</b>	2.8	9.1
Make-up packs	<b>30.1</b>	0.1	28.4	1.6	<b>2.0</b>	<b>-51.7</b>	1.2	23.8
Products for eye make-up	<b>333.0</b>	29.7	132.1	171.2	<b>0.7</b>	<b>-9.1</b>	<b>-1.5</b>	4.4
Products for lip care	<b>280.9</b>	45.2	95.6	140.1	<b>6.8</b>	3.6	9.0	7.1
Products for hand care	<b>177.9</b>	37.0	29.5	111.4	<b>-5.0</b>	<b>-2.1</b>	<b>-11.5</b>	<b>-4.1</b>
Products for body care	<b>1,383.1</b>	447.2	132.1	803.8	<b>-2.1</b>	<b>-2.1</b>	<b>-4.8</b>	<b>-1.7</b>
Products for body hygiene	<b>1,102.1</b>	272.6	28.8	800.7	<b>-1.1</b>	0.9	<b>-7.5</b>	<b>-1.6</b>
Products for oral hygiene	<b>714.4</b>	145.0	4.4	565.1	<b>0.1</b>	<b>-0.8</b>	0.0	0.3
Skin cleansing products for children	<b>205.4</b>	90.7	-	114.7	<b>-2.0</b>	<b>-0.9</b>	-	<b>-2.9</b>
Products for men	<b>165.9</b>	10.8	38.4	116.7	<b>-1.7</b>	<b>-0.9</b>	<b>-1.8</b>	<b>-1.8</b>
Alcohol-based perfume products	<b>1,064.2</b>	11.8	808.1	244.2	<b>2.5</b>	2.1	1.4	5.5
Gift packs	<b>102.3</b>	-	97.9	4.4	<b>3.0</b>	-	3.2	<b>-1.1</b>

Estimation of the composition of consumption of cosmetic products for women



Estimation of the composition of consumption of cosmetic products for men (24% total)



# ○ In depth

## Analysis of cosmetics industry financial statements

A study of the key financial indicators for groups of similar businesses was presented in the first few months of 2017. The aim of the study was to: highlight characteristic aspects of this sector; analyse their economics; analyse different clusters in terms of their business and scale; draw comparisons with contiguous sectors (e.g. clothing, footwear, eyewear, etc.); and finally, carry out a focused analysis of the sector.

The project sets out to analyse the aggregate financial statement items of the cosmetic industry, providing assessments for groups of relatively similar businesses to enable comparisons through key performance indicators (KPIs). The cosmetic industry stands out for its high level capitalisation, in other words the ability of companies to finance themselves rather than being funded by third parties: the pharmacy sector alone recorded a higher index (41), followed by the cosmetics (31) and jewellery (32) sectors which are essentially on a par.

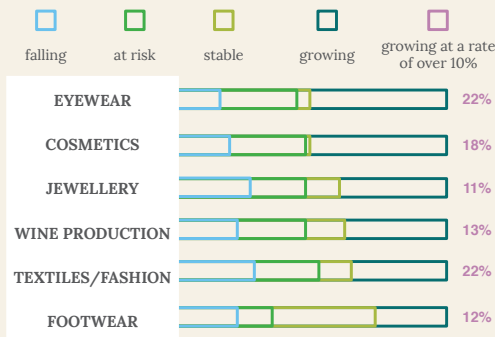
However, the latter sector witnessed a growth rate half that of the cosmetics sector (2.27% compared to 5.05%) and profit margins were about half a percentage point lower.

The cosmetics sector is also ahead of the game in terms of sales trends: together with eyewear, it demonstrates the highest levels of performance in terms of numbers of businesses with growing sales figures and as many as 18% of businesses with a turnover that has grown by more than ten percentage points.

This indicates that the sector's finances are solid and demonstrate no critical issues, while at the same time allowing a reflection on profitability: it is the ability of Italian cosmetics businesses to constantly improve (both in terms of speed and resources invested) that sets them apart and gives them a competitive edge.

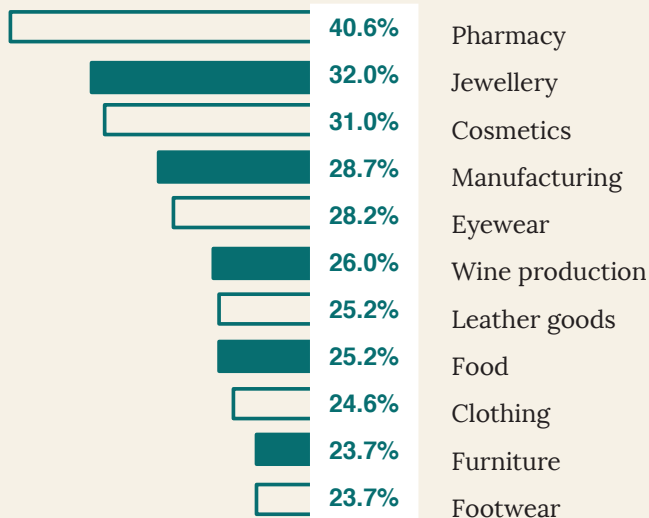
### Sales trends in 2015

Distribution of businesses in percentage terms



### Level of capitalisation: Net assets

as % of assets for 2015 (median values)



### The sector's growth rate in percentage terms





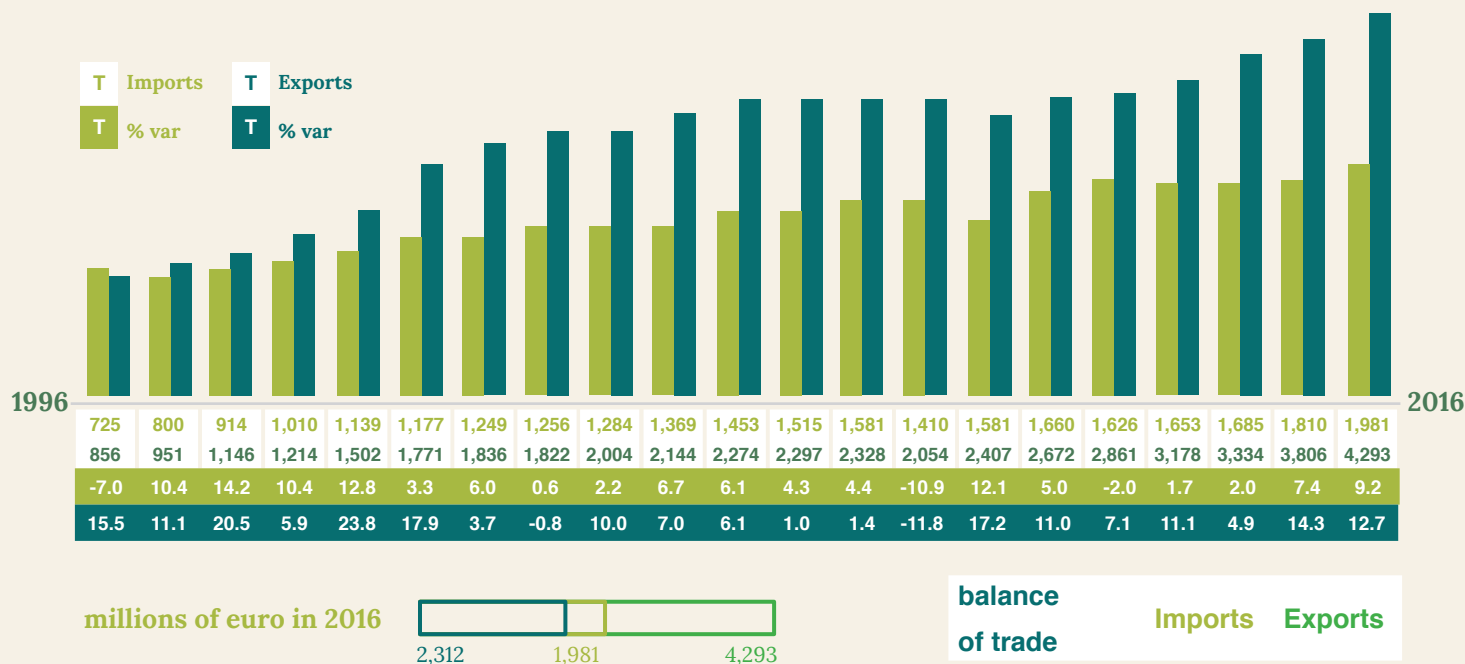


## 3 Imports and exports

For some time, the analysis of foreign trade data has been based on the statistics that are processed by the Statistics Dept. using data provided by ISTAT. Periodically, when applying the corrections which present themselves during the survey period, the Italian Institute of Statistics carries out a review of data from previous years: clearly, then, the statistics processed by Cosmetica Italia adapt the values relating to the financial years in question. With the exception of very rare occasions, however, deviations in figures are always marginal. For the seventh consecutive year, exports recorded a substantial increase, easily surpassing the threshold value of four billion euro. Indeed, exports of Italian cosmetics reached 4,293 million, an increase of 12.7%. The overall value relating to this data is also significant: the growth of 8.0% serves as confirmation that the drive towards internationalisation is increasingly powerful, and is not only manifested marginally. The growth of imports was much more dynamic compared to previous years, reaching a total of 1,981 million euro, a +9.2% increase on 2015 figures. This was further offset by an increase in quantity, exceeding ten percentage points. The consolidated recovery of foreign markets has had a positive effect on the trade balance of the cosmetic industry, which has confirmed the upward trend that began in 1996, when the value of cosmetic exports exceeded that of imports. In 2016 the credit balance totalled more than 2,300 million euro, well above many contiguous market categories, confirming the status of Italian cosmetics as a key element in the country's economic system. The full recovery of some historical foreign markets, along with the evolution of new areas of consumption, has certainly contributed to the performance of Italian sales abroad, which are still increasing sharply after the physiological decline of 2008-2009. But it is the exports to "new" destinations - highly sought-after throughout the Italian business world - which have had the greatest impact.

### Trends in the trade balance

ISTAT data, processed by the Statistics and Business Culture depts., values in millions of euro



The safety of formulations, along with constant product innovation, have contributed to the maintenance of trade figures on individual markets and have prompted growth in new areas of excellence, confirming the quality of the Italian cosmetics industry.

Exports constituted 41% of total turnover in 2016, the highest value seen in the last decade, which has certainly been helped by the improved performance of the major European markets and the rapid development of those in the Middle East and Asia. While this value is still too low to be able to hail the successful launch of the internationalisation process of the Italian cosmetics industry, it remains positive in terms of new development opportunities in foreign markets.

With regard to specific products, lip make-up (+52.3%, with a value of 258 million euro) and toothpastes (+44.1%, or 49.8 million) achieved particularly good results. Other make-up products have also done extremely well: eye make-up closed 2016 with a growth of +16.3% (411 million euro) and powders and compact powders were up 21.9% (153 million euro).

The first category of Italian cosmetics exports, including creams and other products, also did remarkably well, increasing by 20.5%, with a value of over 815 million euro.

Meanwhile, exports of hair care products are down: Shampoos are stable at +1.3% with a value of almost 193 million euro, while negative results were recorded for hair sprays (with a value of over 25 million euro and a variation of -15.7%) and hair preparations (- 9.1%, with a current value of just over 7 million euro). By contrast, the combined category covering hair lotions and other hair care products, is fairing well, exceeding 578 million euro, with a 9.7% growth.

Bath preparations witnessed a recovery compared to 2015 (+28.1% with a value of almost 91 million euro); the same is true for beard care products (+9.5% with a value of 45 million euro).

In 2016 too, flows in foreign trade have served to consolidate the drop in tensions in the economies of individual countries, which are united by their ability to look beyond the financial crisis of recent years with remarkable dynamism.

As for imports, creams remain the products of greatest value, with an increase of 11.1% and a value of over 654 million euro, along with toilet waters and eau de cologne, up by +6.9% with a value of 253 million euro. The only (very marginal) declines were seen in imports of nailcare products (-1.9%).

Europe confirms its position as the primary destination for cosmetics exports, to the tune of 2,763 million euro, thanks to a strong recovery in demand from historically important countries, such as Germany, France and the United Kingdom.

The growth in exports to Germany has picked up the pace, up by +25.6% with a value of 529 million euro, and in the United States, up by +24.4% with a value of over 406 million euro: the volumes of these countries - always significant - are supplemented by double-digit growth rates recorded also in the United Arab Emirates, the Netherlands, Russia and Belgium, with a view to policies for the internationalisation of companies in the sector. The first ten export destinations for Italian cosmetics account for over 64% of total exports.

For a while now, we have been witnessing an evenly-distributed expansion in export values of Italian cosmetic products: Asia, with a value of 739 million euro, has recorded an increase of 4.8% (it was at 18.9% in 2015); America recorded an increase of 16.5%, with a value of over 541 million euro, while Africa's figures remain low, with a decline recorded in its preference for Italian products (-9.6% accounting for a value of just over 71 million euro). Strong intercontinental growth was also recorded for Oceania (+68.7%), for a total value of 67 million euro.

The 10-year comparison of the major destinations within Asia as part of the Association's internationalisation plan is also of major interest: the total value of exports to China, Singapore and Hong Kong has jumped from 89 million euro in 2005 to 246 million last year; an increase of 175% in ten years if we analyse the entire ASWAN region.

## Export of finished and semi-finished products

Surveys from January to December

	QUANTITIES (tons)			VALUE (thousands of euro)		
	2015	2016	var. %	2015	2016	var. %
Shampoos	94,197	98,013	4.1%	190,514	192,972	1.3%
Hair preparations	1,583	1,496	-5.5%	7,929	7,206	-9.1%
Hair sprays	10,135	8,622	-14.9%	30,646	25,828	-15.7%
Hair lotions and other products for hair care	94,725	118,528	25.1%	527,181	578,276	9.7%
Powders and compact powders	5,072	5,435	7.2%	125,556	153,002	21.9%
Creams and other products	44,171	52,007	17.7%	676,264	815,012	21%
Lip make-up products	3,481	4,972	42.8%	169,693	258,378	52.3%
Products for eye make-up	9,997	10,914	9.2%	353,185	410,801	16.3%
Nailcare products	3,914	3,877	-1.0%	56,223	50,945	-9.4%
Toilet soaps	160,875	143,749	-10.6%	242,337	226,524	-6.5%
Bath preparations	33,359	54,371	63.0%	70,840	90,776	28.1%
Body deodorants	19,302	19,917	3.2%	96,585	103,877	7.6%
Toothpastes	4,777	5,811	21.6%	35,316	49,824	41.1%
Other preparations for oral hygiene	74,755	76,854	2.8%	138,169	140,530	1.7%
Shaving, pre-shave and after shave products	12,967	14,111	8.8%	41,601	45,536	9.5%
Perfumes and eau de parfum	10,853	10,765	-0.8%	292,718	334,857	14.4%
Toilet waters and eau de colognes	21,053	23,824	13.2%	619,685	663,455	7.1%
Other perfume and toiletry products	25,093	27,191	8.4%	135,145	145,620	7.8%
Total - exports	630,310	680,456	8.0%	3,809,585	4,293,418	12.7%

## Import of finished and semi-finished products

Surveys from January to December

	QUANTITIES (tons)			VALUE (thousands of euro)		
	2015	2016	var %	2015	2016	var %
Shampoos	46,924	49,056	4.5%	86,465	91,810.1	6.2%
Hair preparations	424	514	21.2%	2,706	3,199.3	18.2%
Hair sprays	1,503	1,470	-2.2%	6,910	7,212.5	4.4%
Hair lotions and other products for hair care	33,399	32,085	-3.9%	131,797	131,772.5	-0.0%
Powders and compact powders	1,635	1,489	-8.9%	29,137	32,146.7	10.3%
Creams and other products	46,085	55,152	19.7%	589,315	654,738.4	11.1%
Lip make-up products	1,421	1,793	26.2%	56,136	72,970.8	30.0%
Products for eye make-up	2,573	2,706	5.2%	117,371	122,178.2	4.1%
Nailcare products	4,048	3,990	-1.4%	68,469	67,142.4	-1.9%
Toilet soaps	26,305	28,664	9.0%	53,197	59,590.0	12.0%
Bath preparations	11,948	17,163	43.7%	27,933	38,223.3	36.8%
Body deodorants	9,040	10,178	12.6%	59,238	61,519.6	3.9%
Toothpastes	31,322	31,278	-0.1%	91,189	94,924.0	4.1%
Other preparations for oral hygiene	10,739	11,938	11.2%	40,668	41,345.8	1.7%
Shaving, pre-shave and after shave products	4,080	9,808	140.4%	21,264	21,373.6	0.5%
Perfumes and eau de parfum	9,443	11,467	21.4%	155,900	185,970.9	19.3%
Toilet waters and eau de colognes	11,743	10,962	-6.6%	236,736	253,124.3	6.9%
Other perfume and toiletry products	5,747	5,932	3.2%	39,140	41,837.7	6.9%
<b>Total imports</b>	<b>258,378</b>	<b>285,648</b>	<b>10.6%</b>	<b>1,813,568</b>	<b>1,981,080</b>	<b>9.2%</b>

ISTAT data, processed by the Statistics and Business Culture departments

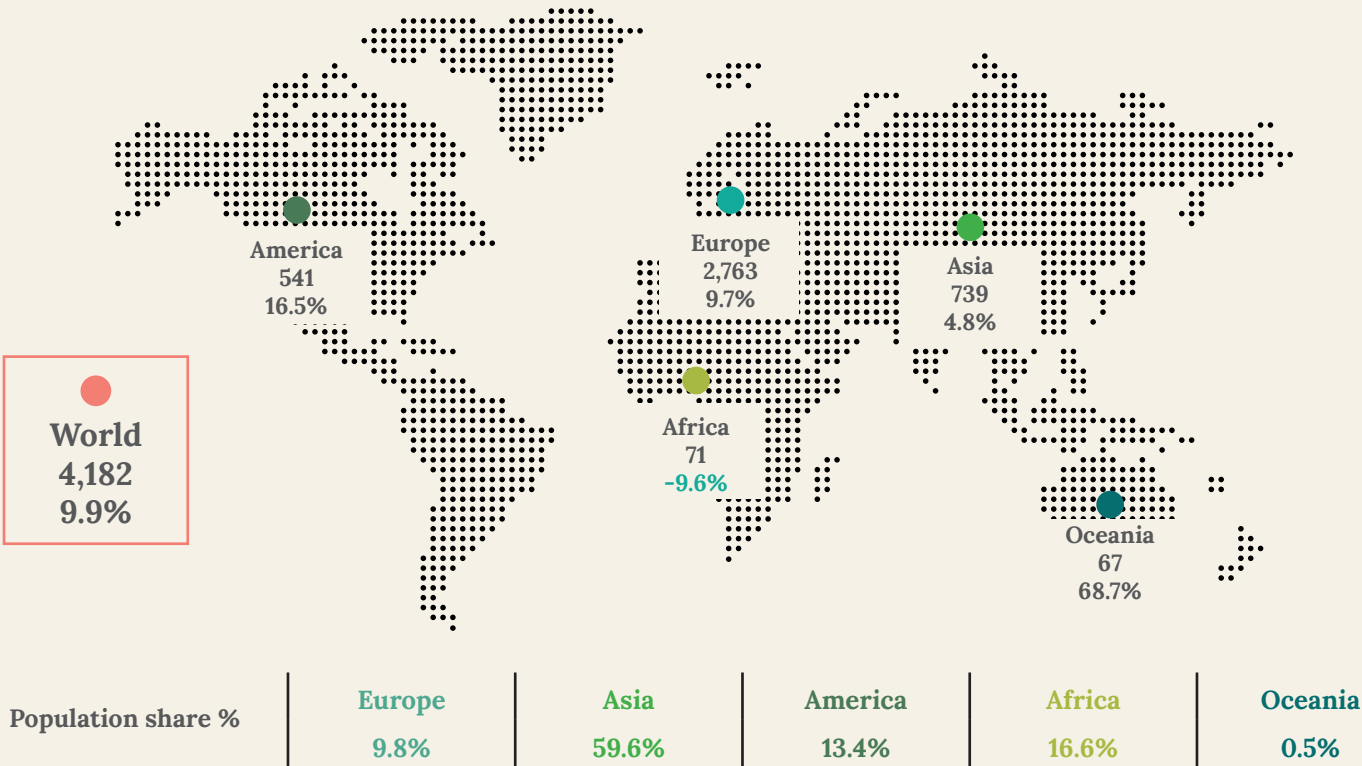
# Italian cosmetics industry exports - top 10

Value of exports in millions of euro

	Export 2015	Exports 2016	var %'16/'15	Weight % on export total for 2016
Germany	421	529	25.6%	12.3%
France	438	463	5.9%	10.8%
United States	326	406	24.4%	9.4%
United Kingdom	318	332	4.5%	7.7%
Spain	263	280	6.3%	6.5%
Hong Kong	148	157	6.2%	3.7%
United Arab Emirates	135	152	12.7%	3.5%
Netherlands	130	151	16.7%	3.5%
Russia	120	141	16.9%	3.3%
Belgium	90	140	55.7%	3.3%

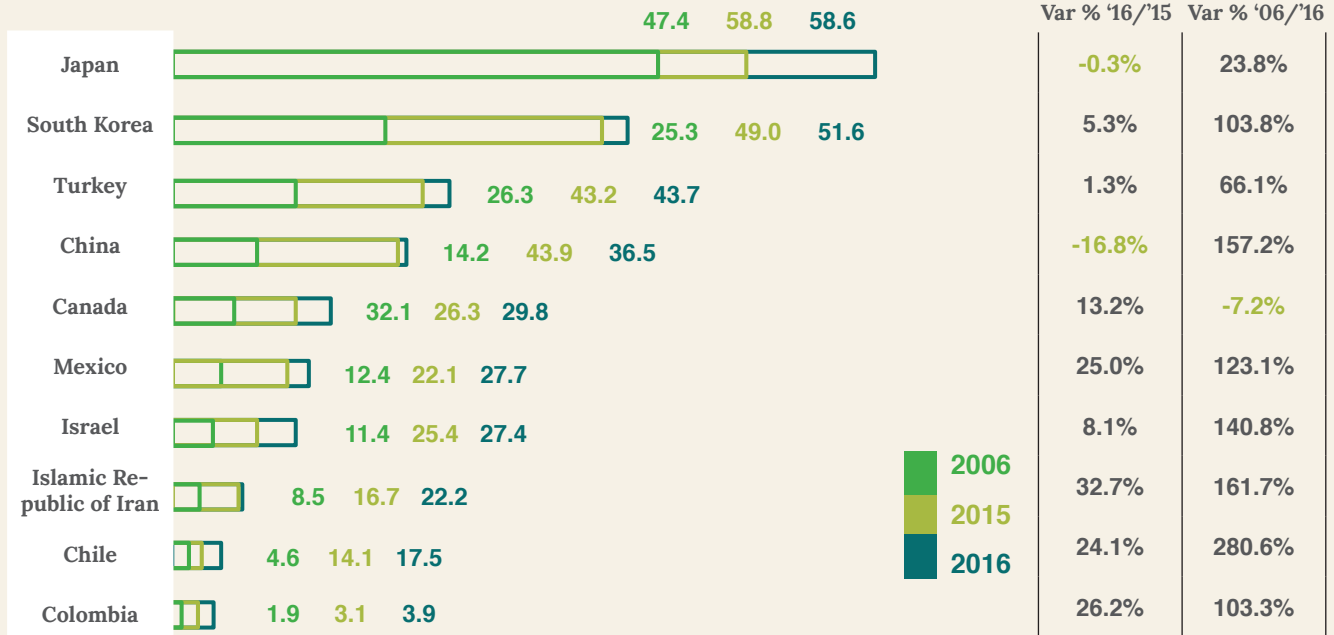
## International flows

Exports- values in millions of euro and percentage variations 2016/2015



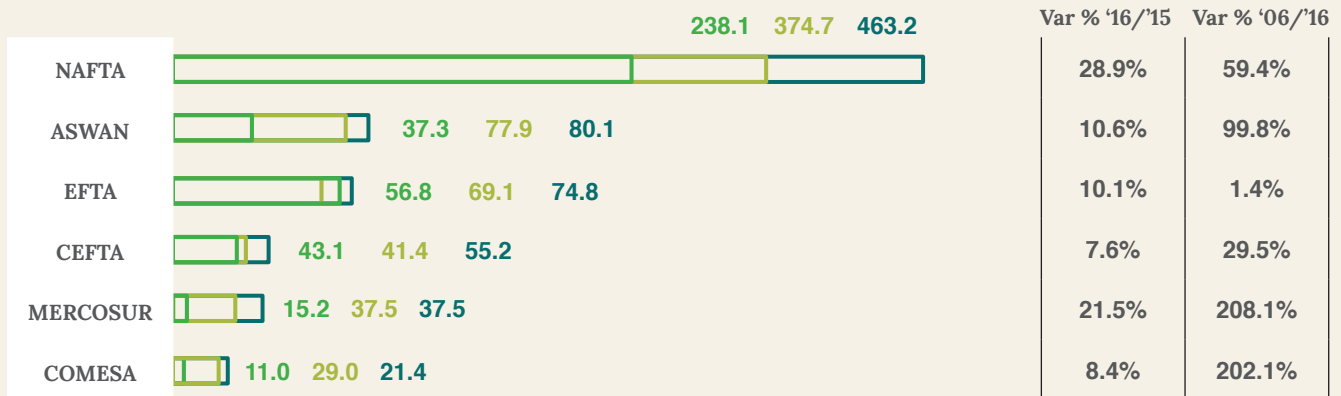
## Countries in the internationalisation plan 2016

Value of exports in millions of euro



## Geo-economic areas

Value of exports in millions of euro



1. NAFTA comprises: Canada, Mexico, US

2. ASWAN comprises: Burma, Brunei, Cambodia, Philippines, Indonesia, Laos, Malaysia, Singapore, Thailand, Vietnam

3. EFTA comprises: Iceland, Liechtenstein, Norway, Switzerland

4. CEFTA comprises: Croatia, Macedonia, Moldova, Serbia, Bosnia and Herzegovina, Montenegro, Albania, Kosovo

5. MERCOSUR comprises: Argentina, Brazil, Paraguay, Uruguay

6. COMESA comprises: Burundi, Comoros, Congo, Egypt, Eritrea, Ethiopia, Djibouti, Kenya, Libya, Madagascar, Malawi, Mauritius, Rwanda, Seychelles, Sudan, Swaziland, Uganda, Zambia, Zimbabwe

## Leading importers by macro-category

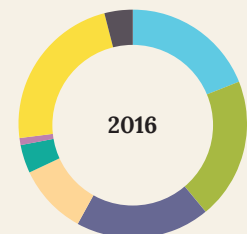
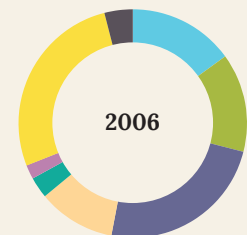
Italian exports in 2016 - values in millions of euro

Products for hair care		Products for make-up		Products for body care		Personal cleansing	
United States	87.7	France	163.4	United States	95.5	France	79.9
Spain	71.3	Germany	127.0	Germany	81.0	United Kingdom	51.5
Germany	63.1	United States	106.6	Hong Kong	78.2	Germany	45.5
France	61.4	Belgium	79.8	France	73.5	Spain	39.6
United Kingdom	48.8	United Kingdom	79.1	Spain	56.3	Poland	19.7
Oral hygiene		Products for men		Alcohol-based perfume products		Other products	
United Kingdom	40.6	Germany	14.2	Germany	156.2	Netherlands	29.5
Germany	32.6	Netherlands	4.9	United States	96.9	France	16.2
France	18.4	France	2.3	United Arab Emirates	75.8	Russia	11.2
Poland	10.3	Spain	2.2	Hong Kong	61.8	Spain	10.1
Spain	9.6	United States	2.1	United Kingdom	58.6	Germany	9.2

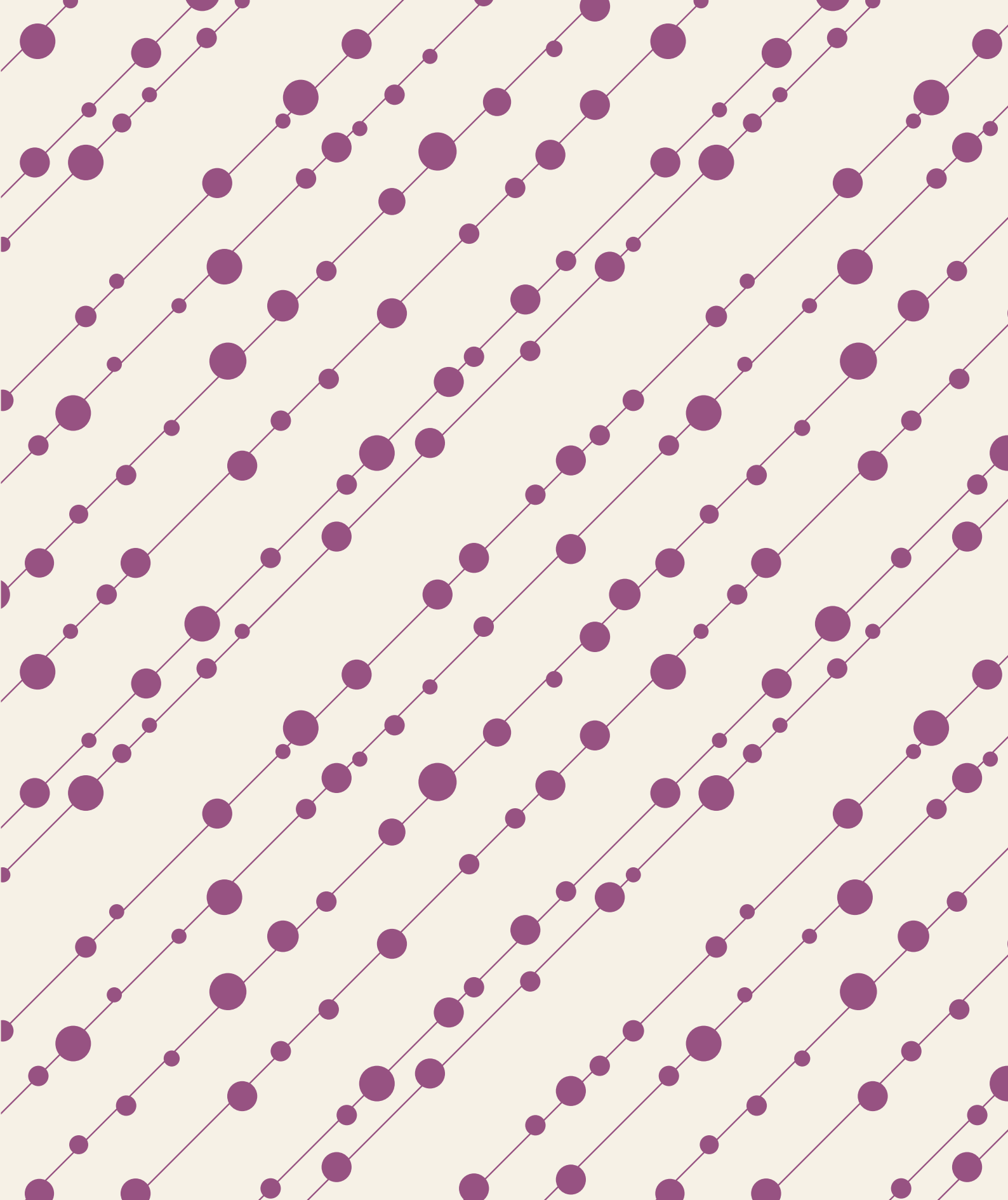
## Breakdown of exports by macro category

Italian exports in 2006-2016, values in millions of euro

	2006	weight % '06 on total export	2016	weight % '16 on total export	Var % '16/'15
Products for hair care	332	14.6%	804	18.7%	6.3%
Products for make-up	324	14.2%	873	20.3%	24.0%
Products for body care	542	23.8%	815	19.0%	21.3%
Personal cleansing	253	11.1%	421	9.8%	2.7%
Oral hygiene	64	2.8%	190	4.4%	9.7%
Products for men	38	1.7%	46	1.1%	9.5%
Alcohol-based perfume products	627	27.6%	998	23.3%	9.3%
Other products	94	4.1%	146	3.4%	7.7%
	2,274	100.0%	4,293	100.0%	12.7%







# 4 Celebrating Cosmetica Italia's 50th anniversary

## A glance at the past while looking toward the future

When you pass a milestone it's time to take stock, a chance to look back at the past with satisfaction and draw stimulation for the future.

Hence the association has decided to celebrate its 50th anniversary by presenting a snapshot of past consumption trends as well as points for a reflection on what is to come. This was made possible thanks to internal data processing by Mintel (GNPD database) and research into future trends carried out by Human Highway, from the point of view of consumers and industry.

### ○ The past

#### A comparison between the past and present

Values in millions of euro

	1967	1976	1986	1996	2006	2016
Turnover	110	2,162	4,325	4,435	8,093	10,502
Exports	25	416	831	856	2,274	4,293
Imports	30	348	695	725	1,453	1,981
Market	135	460	2,715	5,674	9,290	9,890
Personnel employed in the sector	2,100	8,225	16,450	24,675	32,900	35,000
Member companies	20	115	290	490	501	492

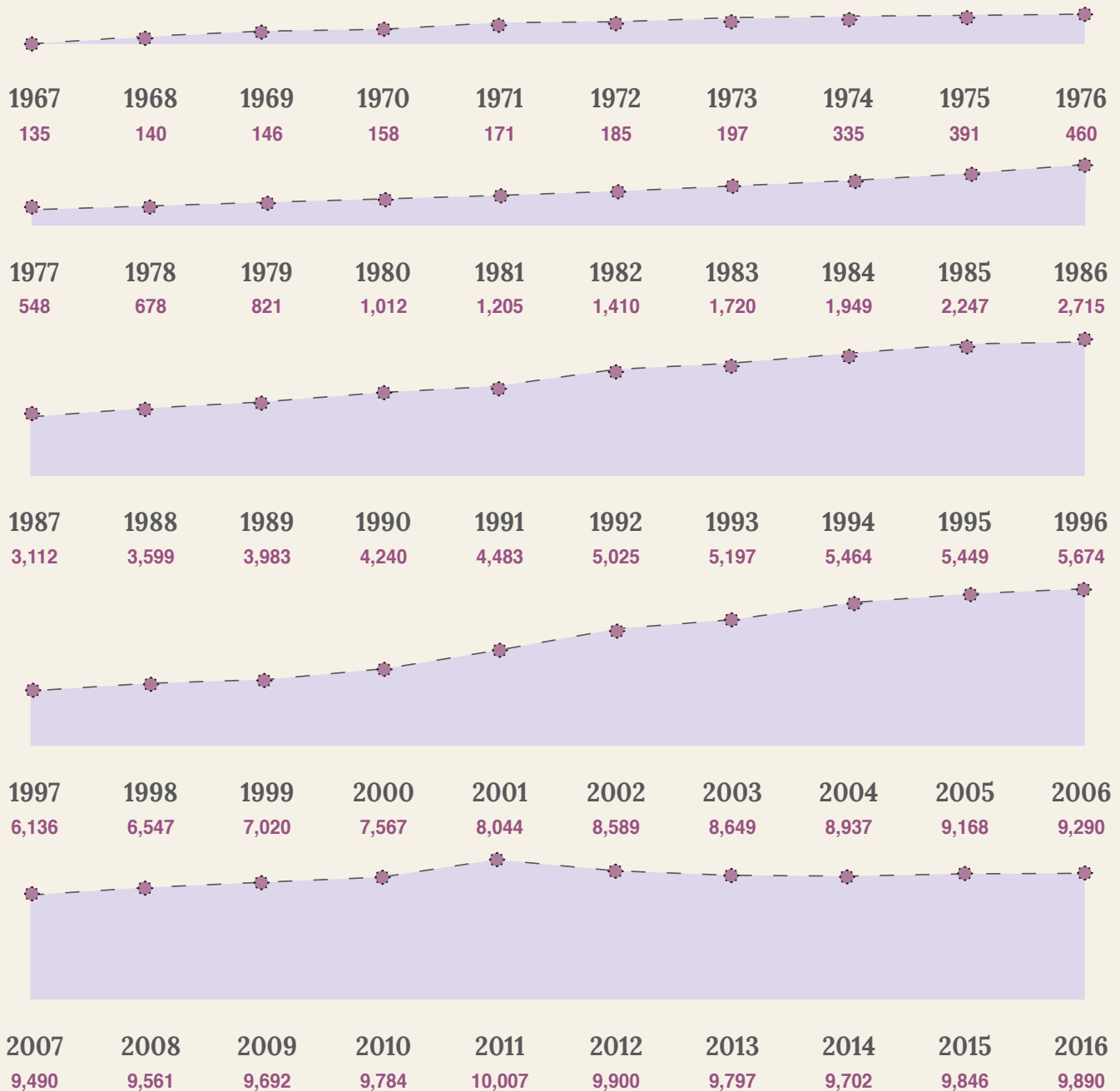
Data processed by the Statistics and Business Culture departments

These past figures show a significant boom: within the space of five decades, the cosmetic sector's turnover has grown hundredfold. The trade balance, which originally recorded import values that were higher than export values, is now one of the highest when compared to contiguous industrial sectors that have a stronger appeal abroad.

The domestic market has also changed radically as a result of cultural changes and an approach to cosmetics that has inevitably influenced consumption from 1967 to today.

## 50 years of cosmetics consumption

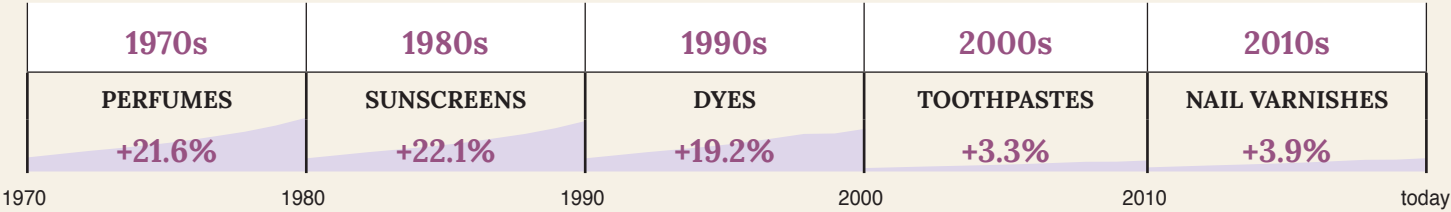
Values in thousands of euro, data: Nielsen



Product families have also experienced a reshaping, with every decade seeing one category take centre stage. This is due to the establishment of an identity or social movement that has set our country apart.

# 50 years of cosmetics consumption: evolution by decade

Emblematic products over the years

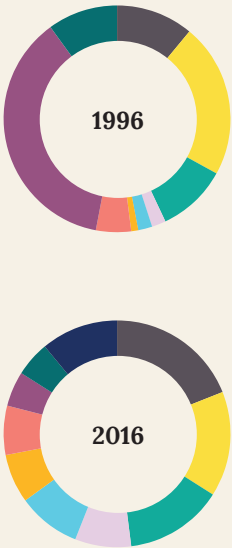


Data processed by the Statistics and Business Culture departments

The Italian cosmetics industry has consistently managed to take on board and respond to current trends, offering the market all the latest in cosmetic products with due attention to claims used in product communications. In 20 years of cosmetics production, there has been an increase in claims aimed at enhancing beauty (+7.4%), at natural products (+3.5%), at innovation in products or packaging (+6.0%), at safety linked to product testing (+6.1%) and to ethical and environmental aspects (+7.5%). By contrast, functionality-related claims have fallen in number, although these are expected to make a strong comeback over the next five years, that will replace the overused “green” concept. There has also been a wane in communications regarding demographic segmentation: cosmetic products are no longer intended for either men or women as demonstrated by the strong growth in unisex fragrances, for example. The emblematic growth in “Does not contain...” claims instead of “Contains...” claims is due to an increasingly sophisticated range of cosmetic products - which does not need to be expanded further - but also demonstrates a focus on consumer safety.

## Worldwide evolution of the top 10 Claims in cosmetic products

	1996	2016
Beauty enhancing	11.1%	18.5%
Functional	22.0%	15.1%
Natural	10.3%	13.8%
Tested product	2.1%	8.2%
Ethical & environmentally friendly	1.5%	9.0%
New/innovative product or packaging	0.5%	6.5%
Does not contain...	4.6%	7.3%
Demographically targeted (according to sex, age etc.)	37.7%	5.1%
Contains...	10.0%	4.5%
Other, non-comparable	0.2%	12.0%



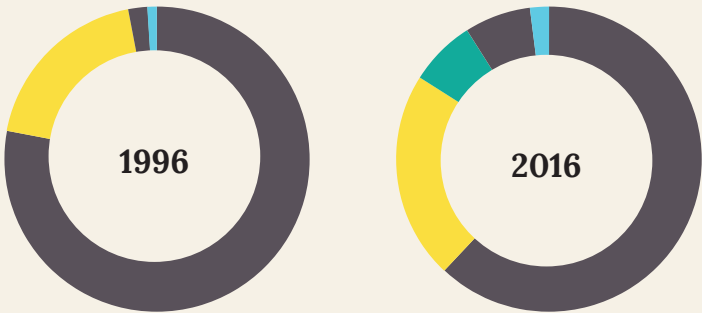
Source: Mintel

Over 146,000 cosmetic products were released onto the market in 2016; as many as 63% of these were new products. Looking over the past 20 years, compared to 1996, cosmetics released placed a greater focus on new packaging (+7%), on relaunching previously released products (+5%) and on the variety and extension of product ranges (+3%).

Worldwide evolution of types of launch for cosmetic products

	1996	2016
New product	78%	63%
New Variety/Extensions to existing ranges	19%	22%
New packaging	0%	6%
Relaunches	2%	7%
New formulations	1%	2%

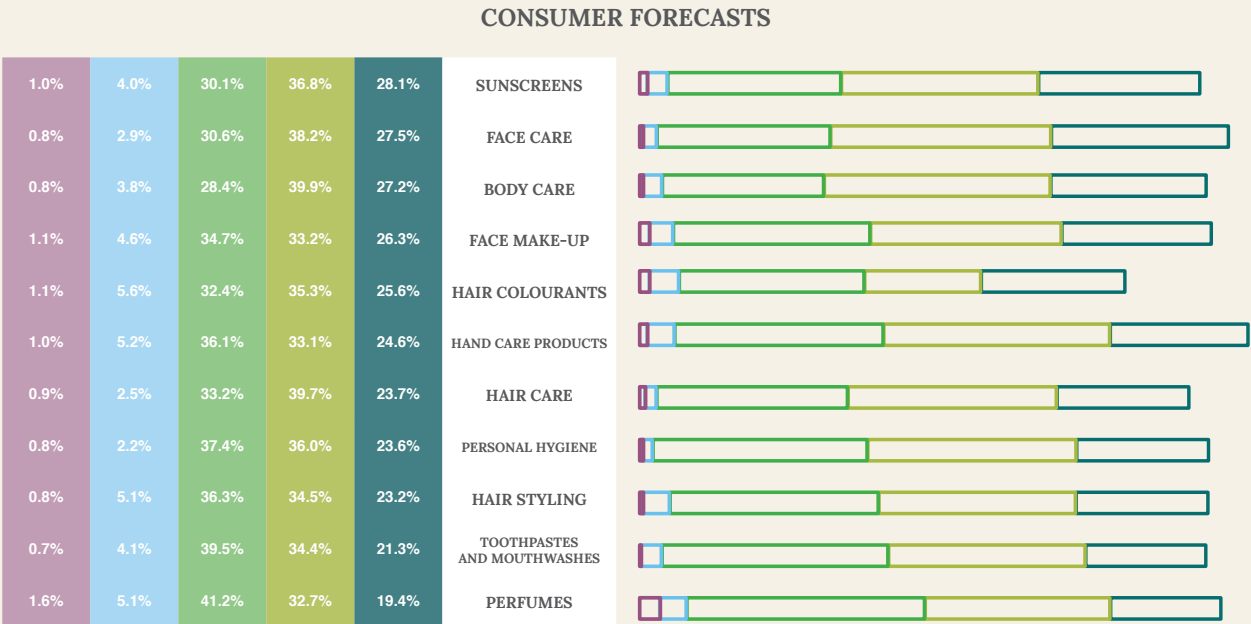
Source: Mintel



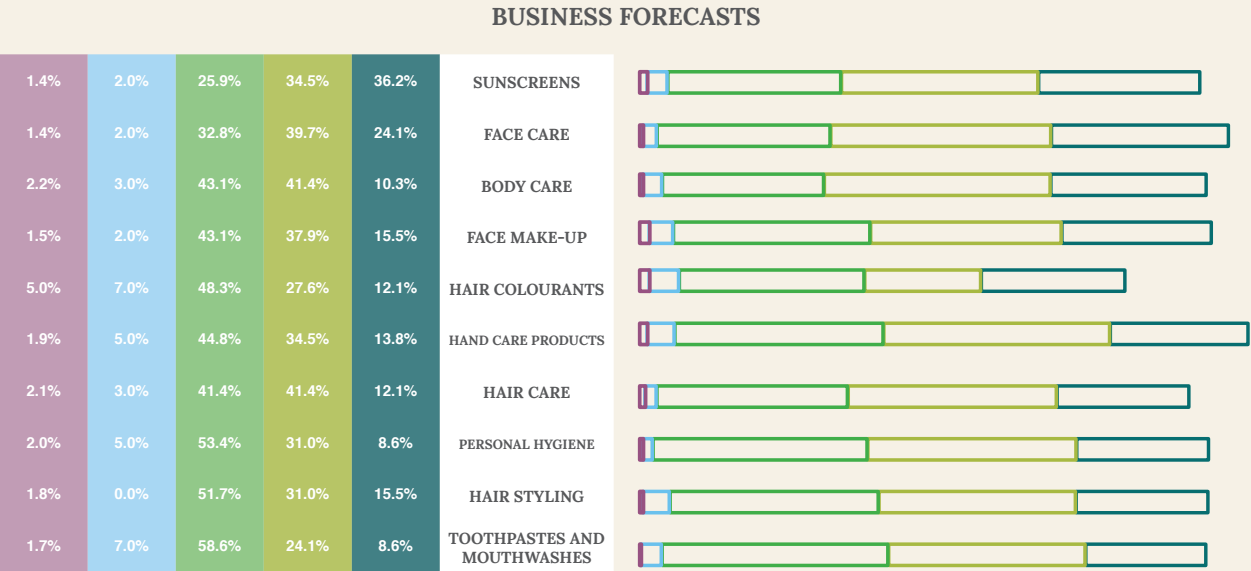
The future

Thanks to Human Highway's input, an analysis was carried out, to project the current situation into the future and try to imagine what the sector could look like in 2027. Indeed, ten years is a sufficient length of time for an imagination exercise and for outlining the macro-trends that will steer the sector's development towards the company and consumer spheres. Sunscreens, body moisturisers and face creams: these are the product areas in which consumers expect to see the highest increase over the coming years. This increase, however, will be less sharp in the perfume sector. The only product category businesses are more optimistic about than consumers is "Sunscreen". When it comes to all other categories, businesses are more cautious about growth than consumers are.

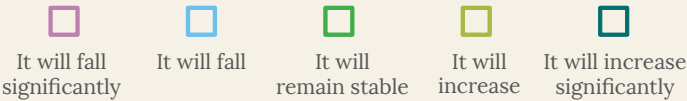
# Cosmetics consumption trends in 2027 10-year forecast for individual categories



Source: Human Highway, 2017. Sample size: Total buyers 1,597



Source: Human Highway, 2017. Sample size: Total industry operators, 58 cases.



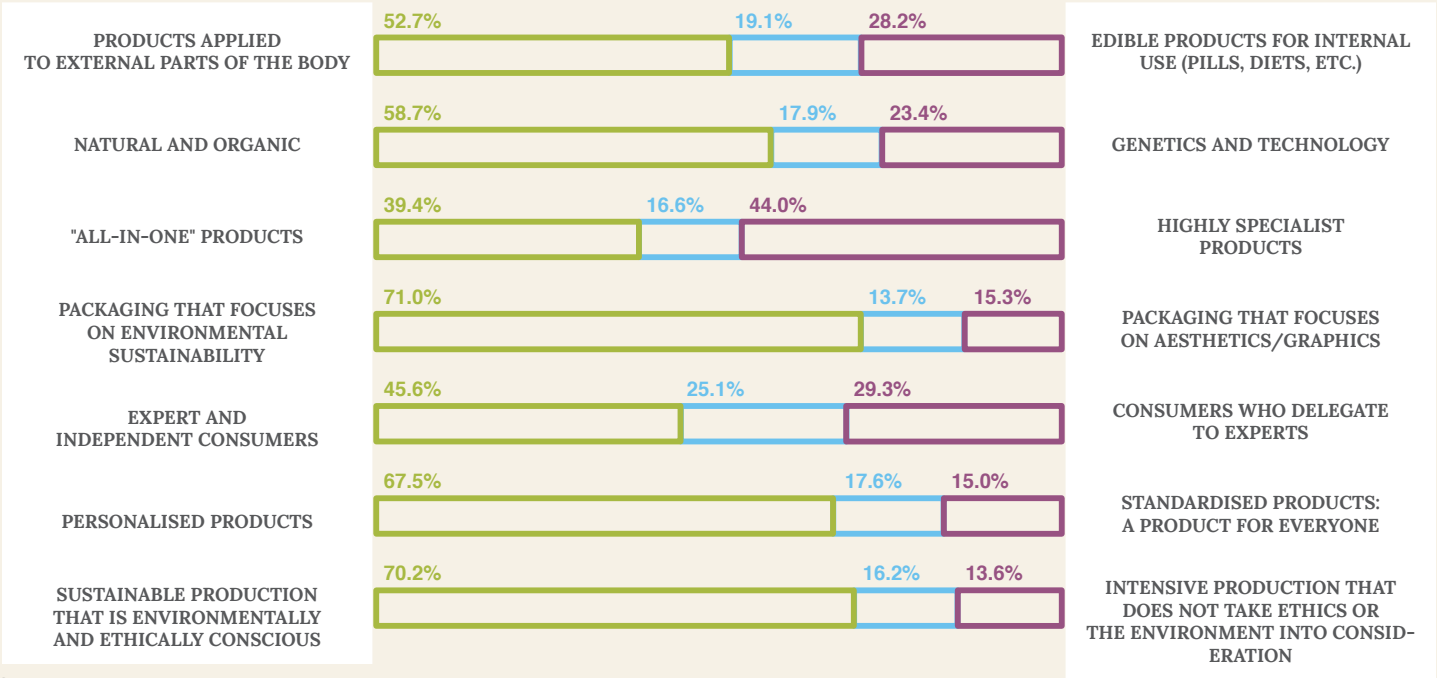
Some consumer forecasts regarding the development of the cosmetics industry, unanimously agree that:

- sustainable production will prevail over intensive production;
- respect for the environment must take priority over aesthetically appealing packaging;
- personalisation is preferred over mass products.

In other cases, such as all-in-one or specialist products, there is no clear and shared opinion.

## The development of the cosmetics industry

Macrotrends 10-year forecasts



Source: Human Highway, 2017.

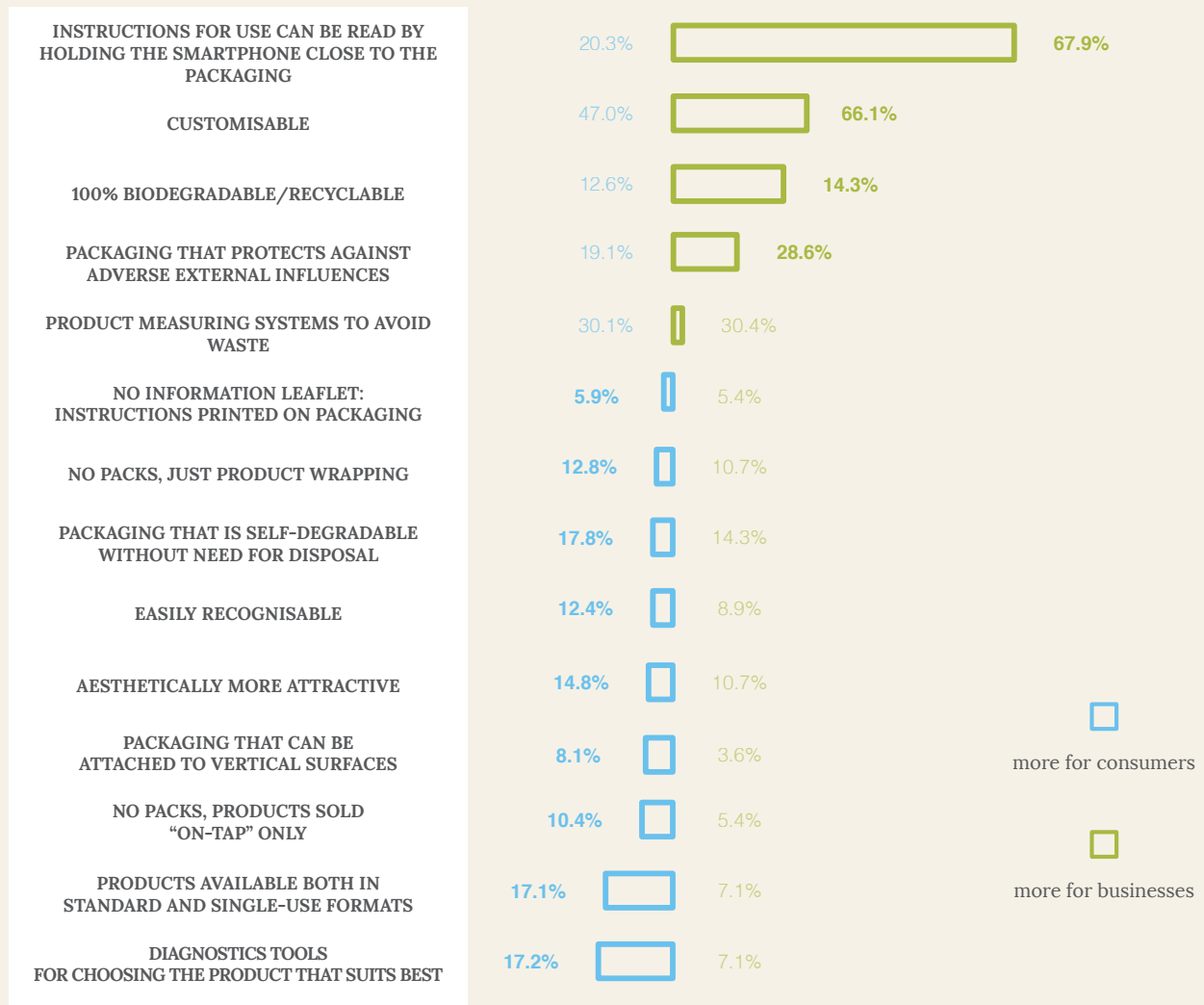
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Businesses believe in innovations in packaging technology (integrated QR codes) and materials that are increasingly able to preserve contents and 100% biodegradable. Indeed, according to industry professionals, when it comes to packaging, technological innovation and the environmental factor go hand in hand and will be the two leading trends that are going to dictate developments in cosmetic packaging over the next 10 years.

For their part, consumers would like to always be able to purchase products in both standard and single-use formats and packaging with incorporated diagnostic tools.

# The evolution of packaging over the next 10 years.

Comparison between consumers and businesses



Source: Human Highway, 2017.

In sum, what emerges from the comparison between consumers and industry is the following:

- the consumption of cosmetic products in Italy will gradually increase over the next years;
- innovation focuses on natural products and efficiency;
- bio-degradable packaging, more content, less packaging;
- the stores of the future are not only online but digital;
- digital touchpoints will become increasingly important, especially social networks;
- what cosmetic products will look like in 2027: they will be eco&bio-friendly, ethical and personalised;
- major focus will be given to respect and sustainability;
- the "Made in Italy" sector is a precious asset in the context of globalisation: it's here to stay.



**Attached statistics**

## Total cosmetic products on traditional channels - Historical values and annual percentage changes

Retail prices VAT included - figures in millions of euro

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Cosmetic products - total	8,483.5	8,485.4	8,488.9	8,491.1	8,356.6	8,550.1	8,467.4	8,368.6	8,251.5	8,360.9	8,340.0
	-1.1%	2.2%	4.1%	2.6%	-1.6%	2.3%	-1.0%	-1.2%	-1.4%	1.3%	-0.2%
Hair and scalp care	1,175.7	1,175.6	1,175.6	1,175.7	1,153.8	1,176.2	1,165.4	1,155.4	1,121.1	1,108.5	1,063.1
	-1.2%	-1.3%	0.2%	1.4%	-1.9%	1.9%	-0.9%	-0.9%	-3.0%	-1.1%	-4.1%
Products for face care	1,301.3	1,301.8	1,302.3	1,302.4	1,280.6	1,304.1	1,294.8	1,295.1	1,289.0	1,297.7	1,313.7
	2.0%	4.0%	3.8%	0.7%	-1.7%	1.8%	-0.7%	0.0%	-0.5%	0.7%	1.2%
Products for make-up	369.7	369.8	369.9	370.3	362.0	387.0	392.4	376.4	375.9	386.3	403.9
	-0.9%	3.3%	2.9%	9.5%	-2.2%	6.9%	1.4%	-4.1%	-0.1%	2.8%	4.5%
Make-up packs	27.0	27.0	27.0	27.0	26.9	27.7	27.0	28.8	29.4	29.5	30.1
	13.2%	2.6%	-24.9%	5.3%	-0.5%	3.3%	-2.5%	6.5%	2.1%	0.4%	2.0%
Products for eyes	290.2	290.2	290.3	290.5	294.3	302.5	309.1	304.5	309.4	330.8	333.0
	-2.5%	2.0%	0.8%	7.8%	1.3%	2.8%	2.2%	-1.5%	1.6%	6.9%	0.7%
Products for lip care	269.0	268.9	268.8	268.8	267.7	278.6	273.4	258.7	251.2	263.0	280.9
	-5.3%	-3.1%	-2.3%	-1.5%	-0.4%	4.1%	-1.8%	-5.4%	-2.9%	4.7%	6.8%
Products for hand care	207.3	207.3	207.5	207.7	206.9	213.5	210.6	200.9	190.5	187.3	177.9
	-5.5%	1.0%	9.2%	10.0%	-0.4%	3.2%	-1.4%	-4.6%	-5.2%	-1.7%	-5.0%
Products for body care	1,451.7	1,452.3	1,453.3	1,453.9	1,428.2	1,455.8	1,444.0	1,426.8	1,383.8	1,413.2	1,383.1
	-3.6%	4.0%	6.6%	4.1%	-1.8%	1.9%	-0.8%	-1.2%	-3.0%	2.1%	-2.1%
Products for body hygiene	1,151.9	1,152.0	1,152.3	1,152.4	1,124.3	1,144.9	1,132.0	1,117.5	1,102.6	1,114.5	1,102.1
	-1.9%	1.0%	2.9%	0.8%	-2.4%	1.8%	-1.1%	-1.3%	-1.3%	1.1%	-1.1%
Products for oral hygiene	678.0	678.3	678.7	679.0	677.9	693.2	690.7	699.8	704.1	713.9	714.4
	-0.9%	4.4%	6.6%	3.7%	-0.2%	2.2%	-0.4%	1.3%	0.6%	1.4%	0.1%
Skin cleansing products for children	229.3	229.4	229.7	230.0	233.5	239.4	234.1	223.2	214.9	209.6	205.4
	4.2%	4.3%	13.6%	13.4%	1.5%	2.5%	-2.2%	-4.6%	-3.7%	-2.5%	-2.0%
Products for men	203.2	203.2	203.3	203.3	199.1	201.3	191.9	183.0	173.7	168.8	165.9
	-20.4%	0.7%	3.0%	0.1%	-2.1%	1.1%	-4.7%	-4.6%	-5.1%	-2.8%	-1.7%
Alcohol-based perfume products	1,038.4	1,038.8	1,039.5	1,039.6	1,008.3	1,027.8	1,006.9	998.2	1,011.7	1,038.5	1,064.2
	-2.9%	3.3%	6.8%	0.8%	-3.0%	1.9%	-2.0%	-0.9%	1.3%	2.7%	2.5%
Gift packs	90.4	90.5	90.7	90.7	93.1	98.2	94.9	100.1	94.1	99.3	102.3
	1.7%	12.3%	18.0%	1.6%	2.7%	5.4%	-3.3%	5.5%	-6.0%	5.5%	3.0%

## DIRECT AND PROFESSIONAL CHANNELS - Historical values and annual percentage changes

Retail prices VAT included - figures in millions of euro

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total - direct sales	<b>407.3</b>	<b>410.3</b>	<b>436.7</b>	<b>447.0</b>	<b>482.8</b>	<b>517.7</b>	<b>544.0</b>	<b>600.3</b>	<b>649.5</b>	<b>701.8</b>	<b>756.8</b>
	1.9%	0.7%	6.4%	2.4%	8.0%	7.2%	5.1%	10.3%	8.2%	8.1%	7.8%
Door-to-door sales	333.4	355.4	376.7	390.6	413.3	428.3	437.0	456.7	469.5	462.4	467.0
	5.5%	6.6%	6.0%	3.7%	5.8%	3.6%	2.0%	4.5%	2.8%	-1.5%	1.0%
Mail order sales and e-commerce	73.9	54.9	60.0	56.4	69.5	89.4	107.0	143.6	180.0	239.4	289.7
	-11.5%	-25.7%	9.3%	-6.0%	23.2%	28.7%	19.7%	34.2%	25.3%	33.0%	21.0%

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total - professional channels	<b>1,025.3</b>	<b>1,038.4</b>	<b>1,003.8</b>	<b>954.2</b>	<b>962.4</b>	<b>956.0</b>	<b>901.0</b>	<b>833.0</b>	<b>803.0</b>	<b>783.1</b>	<b>793.4</b>
	2.0%	1.3%	-3.3%	-4.9%	0.9%	-0.7%	-5.8%	-7.5%	-3.6%	-2.5%	1.3%
Sales to beauty institutes and beauticians	272.6	278.3	273.3	261.0	265.7	270.0	256.0	242.0	233.0	225.5	230.3
	3.5%	2.1%	-1.8%	-4.5%	1.8%	1.6%	-5.2%	-5.5%	-3.7%	-3.2%	2.1%
Hairdressing	752.7	760.1	730.5	693.2	696.7	686.0	645.0	591.0	570.0	557.6	563.2
	1.5%	1.0%	-3.9%	-5.1%	0.5%	-1.5%	-6.0%	-8.4%	-3.6%	-2.2%	1.0%

## DIRECT AND PROFESSIONAL CHANNELS - Actual values and annual percentage changes

Retail prices VAT included - figures in millions of euro

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total - direct sales	<b>468.8</b>	<b>463.6</b>	<b>478.2</b>	<b>485.9</b>	<b>516.6</b>	<b>539.4</b>	<b>550.0</b>	<b>600.3</b>	<b>648.2</b>	<b>701.1</b>	<b>756.8</b>
	-0.2%	-0.9%	3.1%	1.6%	6.3%	4.4%	2.0%	9.1%	8.0%	8.2%	7.9%
Door-to-door sales	383.1	401.6	412.5	424.6	442.3	446.2	441.8	456.7	468.5	461.9	467.0
	3.3%	4.8%	2.7%	2.9%	4.2%	0.9%	-1.0%	3.4%	2.6%	-1.4%	1.1%
Mail order sales and e-commerce	84.9	62.0	65.7	61.3	74.3	93.2	108.2	143.6	179.6	239.2	289.7
	-13.3%	-27.0%	5.9%	-6.7%	21.3%	25.3%	16.1%	32.7%	25.1%	33.2%	21.1%

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total - professional channels	<b>1,178.1</b>	<b>1,173.4</b>	<b>1,099.1</b>	<b>1,037.3</b>	<b>1,029.8</b>	<b>996.2</b>	<b>910.9</b>	<b>833.0</b>	<b>801.4</b>	<b>782.3</b>	<b>793.4</b>
	-0.1%	-0.4%	-6.3%	-5.6%	-0.7%	-3.3%	-8.6%	-8.6%	-3.8%	-2.4%	1.4%
Sales to beauty institutes and beauticians	313.2	314.5	299.3	283.7	284.3	281.3	258.8	242.0	232.5	225.3	230.3
	1.3%	0.4%	-4.8%	-5.2%	0.2%	-1.0%	-8.0%	-6.5%	-3.9%	-3.1%	2.2%
Hairdressing	864.9	858.9	799.9	753.6	745.5	714.8	652.1	591.0	568.9	557.0	563.2
	-0.6%	-0.7%	-6.9%	-5.8%	-1.1%	-4.1%	-8.8%	-9.4%	-3.7%	-2.1%	1.1%

## DEVELOPMENTS IN EXPORTS OF ITALIAN COSMETICS THROUGHOUT THE WORLD

Historical values and annual percentage changes – Values in millions of euro, data from ISTAT

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total – exports	<b>2,274</b>	<b>2,297</b>	<b>2,328</b>	<b>2,054</b>	<b>2,403</b>	<b>2,671</b>	<b>2,861</b>	<b>3,178</b>	<b>3,331</b>	<b>3,806</b>	<b>4,293</b>
	6.1%	1.0%	1.4%	-11.8%	17.0%	11.1%	7.1%	11.1%	4.8%	14.3%	12.7%
Products for hair care	332	365	401	396	467	532	587	627	667	757	804
	12.8%	9.8%	9.8%	-1.4%	18.1%	13.9%	10.4%	6.7%	6.5%	13.4%	6.3%
Products for make-up	324	350	397	319	365	408	481	531	597	704	873
	4.7%	8.3%	13.2%	-19.6%	14.4%	11.7%	17.9%	10.4%	12.5%	17.9%	23.9%
Products for body care	542	516	469	423	493	523	540	565	570	672	815
	7.3%	-4.7%	-9.2%	-9.8%	16.5%	6.1%	3.2%	4.7%	0.9%	17.8%	20.5%
Personal cleansing	253	262	271	247	243	262	263	337	356	410	421
	21.3%	3.5%	3.7%	-8.8%	-1.5%	7.6%	0.4%	28.3%	5.4%	15.3%	2.8%
Oral hygiene	64	54	47	91	99	113	117	149	162	173	190
	1.0%	-15.5%	-13.8%	95.2%	7.9%	14.9%	3.0%	27.9%	8.6%	6.9%	9.7%
Products for men	38	41	42	41	45	49	48	40	45	41	46
	5.9%	6.5%	3.7%	-2.4%	8.6%	10.3%	-3.7%	-15.6%	12.9%	-8.6%	9.5%
Alcohol-based perfume products	627	612	604	456	605	693	734	821	817	913	998
	-1.5%	-2.5%	-1.3%	-24.4%	32.5%	14.6%	5.9%	11.8%	-0.5%	11.8%	9.4%
Other products	94	97	98	81	87	91	92	108	117	135	146
	3.9%	3.2%	1.4%	-17.6%	7.9%	4.8%	1.2%	17.3%	8.4%	15.1%	7.8%

## DEVELOPMENTS IN IMPORTS OF ITALIAN COSMETICS THROUGHOUT THE WORLD

Historical values and annual percentage changes – Values in millions of euro, data from ISTAT

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total imports	<b>1,453</b>	<b>1,515</b>	<b>1,581</b>	<b>1,409</b>	<b>1,577</b>	<b>1,660</b>	<b>1,626</b>	<b>1,653</b>	<b>1,685</b>	<b>1,814</b>	<b>1,981</b>
	6.1%	4.3%	4.4%	-10.9%	11.9%	5.3%	-2.0%	1.6%	1.9%	7.6%	9.2%
Products for hair care	241	230	235	220	216	237	220	219	225	228	234
	10.9%	-4.3%	1.8%	-6.1%	-1.9%	9.6%	-7.1%	-0.4%	2.7%	1.2%	2.7%
Products for make-up	148	155	144	144	173	196	219	218	223	271	294
	2.0%	5.2%	-7.2%	0.1%	20.1%	13.1%	11.8%	-0.6%	2.4%	21.6%	8.6%
Products for body care	465	504	537	470	518	529	523	543	552	589	655
	8.0%	8.4%	6.6%	-12.6%	10.2%	2.3%	-1.2%	3.9%	1.7%	6.7%	11.1%
Personal cleansing	128	132	144	120	122	130	124	130	126	140	159
	15.3%	3.6%	8.5%	-16.8%	1.6%	6.7%	-4.1%	4.9%	-3.1%	11.1%	13.5%
Oral hygiene	94	97	120	109	115	130	127	146	126	132	136
	6.2%	3.1%	23.9%	-9.3%	6.1%	12.9%	-2.8%	15.3%	-13.8%	4.7%	3.3%
Products for men	28	31	26	23	23	23	22	19	20	21	21
	-10.5%	10.1%	-16.6%	-9.0%	-0.2%	-2.6%	-3.6%	-14.1%	8.6%	3.7%	0.5%
Alcohol-based perfume products	300	311	329	279	359	374	350	336	372	393	439
	3.0%	3.6%	5.7%	-15.2%	29.0%	4.2%	-6.5%	-3.9%	10.8%	5.5%	11.8%
Other products	50	54	47	45	50	41	41	41	39	39	42
	-10.1%	8.5%	-12.3%	-5.1%	11.9%	-19.0%	1.8%	-0.9%	-4.3%	-0.4%	6.9%



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