Ermeneia
Studi & Strategie di Sistema

Beauty Report 2019

Summary version

COSMETICA ITALIA
the personal care association

“ Introduction

For some years now, the Beauty Report, a report on the value of the cosmetics industry in Italy, edited by Ermeneia, has been presented together with the analysis of the industry and cosmetics consumption, prepared by Cosmetica Italia's research department. The aim is to create a comprehensive publication, capable of combining annual statistical surveys with the analysis of the phenomena that characterise the industrial sector, the strategies and results of cosmetics companies. It is a consolidated work that confirms, through data and considerations, the importance of the cosmetics industry in the panorama of Made in Italy with certain significant values:

- Production, with an increase of more than 2 percentage points, is growing constantly and is nearing €11.4 billion.
- Exports, which are becoming increasingly significant, accounted for over 42% of production, with a value close to €4.8 billion, up almost 4 percentage points on the previous year.
- The trade balance, stable in its positive trend, reached €2.75 billion.
- The domestic market, also currently growing (+1.3%), exceeded €10 billion.

The report by Ermeneia, in the first section of the volume, aims as it does every year to analyse the most interesting and dynamic phenomena from the last year. In this ninth edition, the focus is on two aspects that characterise the practices and approach of companies: digital transformation and disintermediation.

In terms of scenario, the report shows how the cosmetics industry maintains its positive structure, thanks to the acyclical nature that is its hallmark and that has allowed it to tackle the long recession that, in recent years, has been particularly harsh on the domestic market. Cosmetics companies have proven to be responsive, as they are characterised by “a positive compulsion to invest”, which has enabled them to maintain their growth.

Among the elements that have contributed to the development of the industry, we can also see the alliance with the various players in the supply chain, supported by the processes of digitalisation, which are progressively transforming all aspects of business life. The expansion of digital and new telematic technologies, in fact, is not only manifested in the field of e-commerce, marketing or communication, but also in the internal organisation and in relations with suppliers and customers.

At the end of the Ermeneia survey, the contribution of Intesa Sanpaolo's research department is included, which, through the analysis of the balance sheet, proposes a study of the cosmetics industry in comparison with the other manufacturing industries comprising the Made in Italy brand.

The second section of the publication, dedicated to the 51st analysis of the cosmetics industry and consumption by the Cosmetica Italia research department, completes the scenario described in the previous pages, offering a detailed overview of the sector by distribution channels, geographical areas, product categories and trends.

Over the years, the volume as a whole has established itself as a fundamental tool to consolidate the reputation of the industry, explaining the new phenomena and trends that characterise the world of cosmetics with constantly updated studies. The positive figures which we deliver to our stakeholders every year are, in fact, tangible proof of our companies' ability to do business and highlight the characteristics that make the Italian cosmetics industry unique: competitiveness of the supply chain, investment dynamics, resilience and professional qualification.

Renato Ancorotti
- President of Cosmetica Italia -
National Association of cosmetics companies

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Ninth report on the value of the cosmetics industry

Ermeneia
Studi & Strategie di Sistema

Summary of observations

This is the ninth year in which the Beauty Report analyses the performance of the cosmetics industry, a significant component – even if not yet adequately perceived – of Made in Italy. Suffice it to say that the total value of the industry's production in 2018 was €11.4 billion, 42.1% of which was destined for export. The related turnover is generated by 1,300 companies with 35,000 employees in total, including induced industries, but with a very long downstream "supply chain" in which more than 200,000 employees operate, mostly in direct contact with the consumer. They belong to the fields of pharmacies, small pharmacies and herbalist shops, perfume shops, hairdressing salons, beauty salons, beauty centres and spas, single-brand shops and door-to-door and mail-order sales, as well as to the cosmetics industries themselves, which also include the relevant sales forces, demonstrators and promoters.

This Beauty Report gives first of all an account of the results and strategies adopted by cosmetics companies during 2018, making a comparison with what happened in previous years, but takes an in-depth look at two key areas that also closely affect companies in the industry: progressive disintermediation on the sales front and the broader issue of digitalisation. The latter is destined to progressively transform the entire range of company management, from the organisational methods to the profile of human resources, from investments to the business model itself.

In addition, the Report contains a special chapter dedicated to the analysis of the balance sheets of cosmetics companies and comparison with those belonging to other areas of the Made in Italy brand, which is accompanied by a further chapter that reports the traditional annual structural analysis, based on fundamental industry indicators: performance in turnover, exports and trade balance, as well as internal consumption and advertising investments.[2]

The overall interpretation of the performance of the industry and of the behaviour and orientation of the companies, with reference to the two fundamental aspects mentioned above, can be summarised in the following five basic steps.

1. *The first step is torecall that the cosmetics industry is showing a continuous growth trend in production and especially in exports, which has been manifesting itself since 2010, while also supporting domestic consumption, albeit more slowly.*

This is evident first of all from the first three sets of data in Table 1, from which it can be seen that:

a) In 2018, the value of production reached €11,390 billion in turnover, showing stable positive annual increases from 2007 to 2018, with the exception of -2.6% in the most serious year of the recession (2009). Of course, there is a positive dynamic that is nevertheless alternating, given that it is more pronounced in the two-year period 2010-2011 (+5.7% and +4.7%), becomes a little slower in 2012 (+0.9%) while enjoying an uptick of +3.0% in 2013, which however was reduced to +1.0% in 2014, followed by +6.0% in 2015 and +5.3% in 2016. In 2017 the growth trend is still +3.9%, which becomes +2.1% in 2018 (and in the first few months of 2019 this trend seems to hold and indeed rise to around +2.6%).

[1] This analysis was carried out jointly by the research departments of Cosmetica Italia and Intesa Sanpaolo.
[2] The relevant study was carried out directly by Cosmetica Italia's research department.

The dynamics of total industrial manufacturing production in the country and the production of non-durable consumer goods, on the other hand, are quite different and always lower, and often show a negative trend (obviously in 2009, but also in the period 2011–2014) and in any case were slower to recover in the subsequent years compared to what happened for the cosmetics industry (as it seems could even be repeated, according to provisional data, in the first months of 2019).

b) Exports in value reached €4,792 billion in 2018, again with positive annual increases from 2007 onwards (with the exception of the *annus horribilis* 2009, in which it contracted by 11.8%) and often with double-digit increases as occurred in 2010 and 2011 (+17.2% and +11.0%) and also in 2013 (+11.1%) as well as in 2015 and 2016 (+14.3% and +12.7%). However, exports also grew further in 2017, by +7.1%, and by +3.8% in 2018 (and the forecast would allow, in the light of the first months of 2019, to estimate another positive performance of +3.6% on an annual basis).
Moreover, the growing export dynamics of the cosmetics industry are almost always more consistent over the years compared to the export performance of non-durable consumer goods.

c) The consequence, in terms of trade balance, is that cosmetics – with the exception of the three-year period 2007–2009 – has always shown positive and often double-digit increases (also as an "active" reaction to the impact of the recession, starting from 2010 onwards), with values that exceed 20% between 2010 and 2013 and that have still remained robust in the following years (+8.1% in 2014, +21.0% in 2015, +16.0% in 2016, +9.8% in 2017 and +8.1% in 2018). Therefore, the thrust towards exports by cosmetics companies is particularly lively compared to the much slower performance of the domestic market. The value of the trade surplus was in fact equal to €2,749 billion in 2018, as a result of exports that represent 42.1% of the entire cosmetics production, with an increasing impact that was 25.4% in 2009, passed 30% in 2012 (31.6%), reached 38.2% in 2015 and went over 40% in 2018.

Finally, if we take into account the performance of consumption and advertising investment at national level (see the last three data sets in Table 1) we see that:

- Cosmetics consumption reached €10,152 billion in 2018, with annual increases that still maintained the positive sign up to and including 2009 and then decreased slightly in 2010 (-1.0%) before recovering in 2011 (+2.2%), subsequently showing negative, albeit only slightly negative, trends for the following three years (-1.1% in 2012, -1.2% in 2013, -1.1% in 2014), before returning to positive values and mostly above 1% in the last four years.
- Cosmetics consumption even increased during the years of the recession (except in 2010, 2013 and 2014) compared the consumption of non-durable goods. In any case, the former showed more consistent trends in the years 2017 and 2018 (2.5% against 1.7% and 1.8% against 1.3%, respectively).
- The consequence is that advertising investments in the cosmetics industry have inevitably "suffered" during the past economic cycle and this has happened especially in 2009 (as well as in the years 2011–2013 and therefore 2015), except when they recovered, albeit slightly, in the three-year period 2016-2018 (with +0.5%, +1.0% and +1.0%, respectively).

In order to better understand the performance in the domestic cosmetics market that has resumed its positive trend from 2015 onwards, after the contraction of the years preceding the recession, it may be useful to consider the annual increase in sales in the individual channels as it appears from the diagram below.

	Δ 2011	Δ 2012	Δ 2013	Δ 2014	Δ 2015	Δ 2016	Δ 2017	Δ 2018	Sales 2018 (€ millions)*	First half 2019 forecasts
Pharmacies	1.9	-1.4	0.4	1.5	1.5	-0.1	2.0	-0.4	1,878	0.3
Perfume shops	1.0	-3.6	-3.3	-2.4	0.9	0.9	-0.5	1.5	2,019	1.0
Mass market	0.7	-1.9	-2.4	-2.5	1.6	-1.3	1.2	0.9	3,780	1.0
of which:										
- *Supermarkets/hypermarkets*	-0.8	-3.2	-4.4	-4.1	-1.7	-3.4	-1.0	-2.8	1,846	-1.0
Herbalist shops	3.8	5.0	2.8	2.4	2.9	1.1	0.9	0.2	442	0.5
single-brand stores	50.3	26.6	11.9	-3.6	-2.6	2.9	3.5	2.5	402	3.0
Door-to-door sales	3.6	2.0	4.5	2.8	-1.5	1.0	1.0	-2.0	474	-2.0
Mail order sales	3.2	4.2	4.0	3.6	-0.8	1.0	1.0	-2.0	20	-2.0
E-commerce	200.0	55.6	81.0	44.7	66.4	42.1	23.1	22.5	322	10.0
Beauty institutes and beauticians	1.6	-5.2	-5.5	-3.7	-3.2	2.1	2.4	0.5	237	1.0
Hairdressing	-1.5	-6.0	-8.4	-3.6	-2.2	1.0	1.9	0.5	577	0.7
Total	**2.2**	**-1.1**	**-1.2**	**-1.1**	**1.4**	**0.5**	**1.7**	**1.3**	**10,152**	**1.3**

(*) At current retail prices, including VAT.
Source: *Ermeneia for Cosmetica Italia, 2019*

It should be remembered that in 2010 (the year immediately following the particularly difficult year of 2009), annual increases in sales of cosmetic products were still positive for all channels except for supermarkets and hypermarkets, which reported a slight decrease compared to the previous year (-1.9%). This trend was confirmed in 2011, with a further contraction in supermarkets and hypermarkets of 0.8%, plus a 1.5% contraction in the hairdressing salon channel. But it was in the following years that the number of negative signs increased. Specifically:

- In 2012, the decrease in sales related to pharmacies, perfumeries and mass-markets (especially supermarkets and hypermarkets), beauty salons and beauticians, as well as the hairdressing channel. This downward trend was also confirmed in 2013 and 2014, while pharmacies returned to a slight positive sign (+0.4% and +1.5%);
- In 2015, mass-market sales became positive (but not supermarkets and hypermarkets), home and mail-order sales contracted for the first time and beauty and hairdressing salons remained within a downward trend. But on the whole, all the channels returned to an average positive trend (+1.4%), while in the previous three years the negative trend took over.
- Finally, in the following three years, total domestic sales grew (+0.5% in 2016, +1.7% in 2017 and +1.3% in 2018 and, on the basis of forecasts for the first half of 2019, a further +1.3%). However, hairdressing salons and hypermarkets still remain with a negative sign, within the three-year period mentioned, and home and mail-order sales are also repositioned downwards in 2018 (with -2.0% each).

Table 1: Growth in production and exports and the parallel contraction (and slow recovery) of domestic consumption (percentage increases)

Phenomena	Data											
Performance in industrial manufacturing production compared to the previous year (percentage increases)	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
-Total Italy[1]	2.0	-3.5	-19.4	7.1	1.5	-6.9	-2.9	-0.1	1.1	1.9	3.8	0.9
- Italy (non-durable consumer goods) [1]	0.4	-0.3	-4.6	2.4	-1.2	-4.0	-1.6	-0.3	0.2	0.2	2.3	1.5
- Cosmetics industry (including exports)[2]	2.0	1.8	-2.6	5.7	4.7	0.9	3.0	1.0	6.0	5.3	3.9	2.1
Performance of exports over previous year (% Increase)												
- Italy (non-durable goods at current prices) [1]	5.6	-4.4	-22.9	10.8	4.3	2.8	1.9	2.2	4.5	4.1	8.1	3.3
- Cosmetics industry[2]	1.0	1.4	-11.8	17.2	11.0	7.1	11.1	4.9	14.3	12.7	7.1	3.8
- Impact on production value	28,0	28,0	25.4	28.1	29.8	31.6	34.1	35.4	38.2	41.0	42.2	42.1
Trend in the trade balance of the cosmetics industry[2]												
- € millions at current prices	782	747	644	826	1,012	1,235	1,525	1,649	1,996	2,315	2,542	2,749
-% year by year (at current prices)	-4.8	-4.5	-13.7	28.2	22.5	22.0	23.5	8.1	21.0	16.0	9.8	8.1
Trend in consumption of non-durable consumer goods in Italy												
- € millions at current prices[1]	308,671	316,912	305,509	310,793	321,704	325,347	320,170	313,606	315,074	316,244	322,402	328,322
-% year by year (at 2010 linked index prices)	n. a.	2.7	-3.6	1.7	3.5	1.1	-1.6	-2.1	0.5	0.4	2.5	1.8
Trend in cosmetics consumption in Italy[4]												
- € millions at current prices	9,199	9,406	9,637	9,814	10,035	9,923	9,817	9,720	9,873	9,926	10,097	10,152
-% year by year (at current prices)	2.2	2.4	1.8	-1.0	2.2	-1.1	-1.2	-1.1	1.4	0.5	1.7	1.3
Cosmetics industry advertising spending[2]												
- € millions at current prices	566.3	571.8	520.3	568	563.7	496	458	458.5	442.0	444.2	448.7	453,2
-% year by year (at current prices)	1.5	1.0	-9.0	-1.0	-0.8	-12.0	-7.7	0.1	-3.6	0.5	1.0	1.0

(1) Source: Istat, data adjusted for calendar effects.
(2) See 51st analysis of the cosmetics industry and consumption in Italy
Source: *Ermeneia for Cosmetica Italia*, 2019

2. *The second step confirms, including through the statements of entrepreneurs, the exit from the previous economic cycle and reaffirms a stable (positive) reactivity that characterises cosmetics companies and that translates, among other things, into a sort of "continuous compulsion to invest" in any case.*

The data in Table 2 are quite explanatory in this respect, given that:

a) The trend in 2018 was completely positive, compared to the previous year, according to 59.2% of entrepreneurs. A further 31.5% of them say that it was mostly positive even if there were some problems at the beginning or end of the year that were evidently overcome (while the trend is completely negative, it is limited to 9.3% of the total, see the first data set in Table 2). The comparison with previous years shows the cycle oscillating in a "W" that we have known during the recession, which has caused, in the last 12 months, some more concerns even among cosmetics companies due to the technical recession of late 2018 and the uncertainties of the political context.

b) The stated trend for "fundamentals" shows a more decisive hold than the general attitudes shown by entrepreneurs and commented on in the previous point (see second data set in Table 2). In fact, positive valuations are close to 70.0% for both orders and exports (68.8% and 67.1%, respectively), and even higher for turnover (72.5%).

c) These interpretations are significantly supported by the 74.0% of entrepreneurs who in 2018 – albeit with some added prudence compared to the previous 3 years when it had touched 80% or more – stated that "independently of the negative economic cycle, the company is undergoing a continuous and necessary transformation to be able to be permanently competitive" or as "the company has been hardly or not at all affected by the recession" or even "the company is completely outside the wave of the previous recession" (see third data set in Table 2).

d) But the positive and continued reactivity over time is further confirmed by the way in which cosmetics entrepreneurs deal with investments, which takes on the characteristics of a real "positive compulsion" that manifests itself throughout the cycle of the recession as shown by the latest data set in Table 2, which record:
   - First of all, the positive trend ("strong + discreet + constant but consistent growth") of investments in 2018 compared to 2017, which was agreed by 71.0% of those interviewed and this percentage was more or less similar compared to previous years (with relatively limited fluctuations and always close to 70% and in some cases 80%).
   - But also a set of deep-rooted and incisive attitudes that manifest themselves over time and that translate into acyclical behaviour because, as the interviewees say, "within the company, the recession, although noted, has not caused appreciable changes in investment policy," together with the statement that "the company has not noted or has hardly noted the recession and therefore it has not affected these policies at all." 36.1% of entrepreneurs in 2019 are of this opinion, but the value quoted has never fallen below 30% in previous years (between 2014 and 2016) and has sometimes been even higher at around 50% (in 2012 and 2013).
   - Moreover, the acyclical attitude just mentioned can even turn into a counter-cyclical attitude, as occurred not only in 2018 (44.5%) but also in previous years, being based on two basic choices by entrepreneurs. The one that leads "to investing as often as possible, since competition within the industry is very high" and the (counter-intuitive) one that underlines how "the recession has indeed been an opportunity to invest more."

Therefore, for opportunities, needs and culture, entrepreneurs are always and in any case committed to investing. This comes to more than 80% in the best cases (as in 2016 and 2017), but falls only just below 70% even in the worst moments of the economic cycle.

Table 2 – Substantial confirmation of growth, supported by an extraordinary "compulsion" to invest (percentage %)

Phenomena	*Data*						
A recovery consistent with the fluctuations of the cycle	2011	2012	2013	2014	2015	2017	2018
Positive performance ("it went very well or quite well all year")[1]	41.6	39.5	44.4	58.2	48.5	73.8	59.2
The performance was positive although there were some problems at the beginning or at the end of the year[1]	43.1	37.2	30.9	37.3	38.6	18.0	31.5
The performance was negative throughout the year[1]	15.3	23.3	24.7	4.5	12.9	8.2	9.3
The performance of the "fundamentals" was nevertheless positive compared to the previous year[2]:							
• Growth in orders + steady but significant	61.4	44.5	51.8	72.8	60.0	76.6	68.8
• Growth in turnover + steady but significant	59.2	52.2	56.8	74.2	65.7	73.3	72.5
• Growth in exports + steady but significant	63.0	83.3	75.5	50.0	63.0	65.4	67.1
Resilience always reported in any case[3]	2012	2013	2014	2015	2016	2018	2019
"My company is going through a steady transformation which has nothing to do with the current recession and which is necessary for it to be competitive in the long run"	45.8	27.8	29.6	62.6	59.9	37.8	39.7
"My company has hardly been affected by the current recession"	13.9 / 62.5	25.6 / 53.4	21.0 / 54.3	23.9 / 86.5	18.6 / 81,4	32.8 / 80,4	30.6 / 74.0
"My company has now emerged from the recession"	2.8	-	3.7	-	2.9	9.8	3.7
The acyclicality and counter-cyclicality of investments as a distinctive feature	2012–2011	2013–2012	2014–2013	2015–2014	2016–2015	2017–2016	2018–2017
Strong growth + moderate growth + steady but significant in investments[4]	67.1	61.1	67.2	68.5	80.1	81.6	71.0
	2012	2013	2014	2015	2016	2018	2019
"The recession, while noted, has not led to a noticeable change in investment policy in my company"[5]	39.4 / 50.7	34.0 / 45.4	19.8 / 30.9	25.4 / 37.3	24.3 / 32.9	29.4 / 40.9	25.0 / 36.1
"The recession has had little or no impact on my company and therefore has not affected its investment policy"[5]	11.3	11.4	11.1	11.9	8.6	11.5	11.1
"In my company, we continue to invest as often as we can, because the competition within the industry is very high"[5]	16.9 / 32.4	18.2 / 34.1	32.1 / 40.7	29.9 / 50.8	27.1 / 42.8	27.9 / 44.3	26.9 / 44.5
"In my company, the recession represented an opportunity to invest more"[5]	15.5	15.9	8.6	20.9	15.7	16.4	17.6

(1) See Part One of the 2019 Beauty Report, full version/Table 1, p. 27 (Assessments made in the spring in the years following those indicated).
(2) See Part One of the 2019 Beauty Report, full version/ Summary diagram 1, p. 32 (Assessments made in the spring in the years following those indicated).
(3) See Part One of the 2019 Beauty Report, full version/Table 3, p. 29 (Assessments made in the spring in the years indicated).
(4) See Part One of the 2019 Beauty Report, full version/Table 10, p. 39 (Assessments made in the spring in the years indicated).
(5) See Part One of the 2019 Beauty Report, full version/Table 11, p. 40 (Assessments made in the spring in the years indicated).

Source: *Ermeneia for Cosmetica Italia*, 2019

The reactivity of the cosmetics industry is also confirmed by the analysis of the balance sheets of the relevant companies[3], which see this industry occupy third place as an increase in turnover between 2015 and 2017 (after pharmacy and leather goods), second place as a net operating margin on turnover (after pharmacy) and again 3rd place for added value per employee (after pharmacy and wine). Above all, it should be stressed that this position enjoys a significant competitive advantage, from the point of view of companies, thanks to a well integrated supply chain and present in the territory.

3. *The third passage concerns the growing impact of the more general phenomenon of "disintermediation" on cosmetics companies, which register or have already registered a certain disinvestment compared to traditional intermediation, also showing an evolving interest in e-commerce, which is mostly used in "hybrid" form, along with other channels, but with a significant awareness about the strategic and managerial transformations that the tool requires.*
Table 3 summarises the responses of cosmetics companies in terms of "disintermediation" as well as the use of e-commerce, from which it can be seen that:

a) 39.3% of companies use external wholesalers and/or distributors, while 14.3% are currently disinvesting in them, and at the same time 56.0% state that they intend to remain faithful to the methods currently used (see the first data set in Table 3).

b) Overall, 80.9% of companies have already incorporated (wholly or partly) distribution via their own networks for one or more sales channels, networks which sometimes also provide training for channel operators (55.6% of the total), plus another 25.3% of companies which distribute their products directly in multi-brand stores or networks or in a chain of single-brand stores (see second data set in Table 3). But there is also a share of companies (30.3%) that are transferring and/or integrating part of the business through e-commerce and/or are using cybermediaries that contribute to the digital business for specific targets and markets. It is already evident from these data that there are "hybrid" forms in which intermediation and disintermediation are intertwined.

c) The third data set in Table 3 shows how companies that use the intermediation of wholesalers and/or external distributors (which is 39.3% of the total of companies surveyed) simultaneously address e-commerce to the extent of 20.0%. However, this percentage rises to 42.0% if companies are disinvesting compared to traditional intermediaries and are simultaneously engaged in e-commerce. But even companies that use their own sales channels (direct or with their own networks) declare that they use this instrument to the extent of 30.0%.

   Overall, the average incidence of e-commerce use, compared with the sales channels used, was 36.4%. The fact that the basic orientation towards the "hybrid" form is entirely prevalent is confirmed by 74.3% of respondents who say that "e-commerce is a sales channel to be used close to others, in order to sell more but also to become better known as a company: This orientation is strongly increasing compared to 2013, when only 57.1% of the entrepreneurs were in agreement with the above statement (see third and fourth data sets in Table 3).

d) It is therefore undisputed that access to e-commerce has also evolved over time in practice and not only in terms of orientation if we consider the fifth and sixth data sets in Table 3 which highlight that:
   - The intensity of e-commerce use over a longer period (2011-2019), measured year by year on the basis of information collected on the structural data of cosmetics companies, went from 10th place (with 8.9% of declared use) in 2011 to seventh place (20.0%) in 2015 and finally second place (39.8%) in 2019;

[3] See Part Two of the 2019 full version of the Beauty Report, "La cosmetica italiana letta attraverso i dati di bilancio e le relazioni di filiera" ("Italian cosmetics viewed through balance sheet data and supply chain reports"), published by Intesa Sanpaolo's Statistical Research and Studies Department.

- We can also see that we are dealing with a tripartite distribution of cosmetics companies as regards the use of e-commerce. There are those which have simply begun to use the tool or which have already been using it for some time (33.7% in 2019 compared to 27.0% in 2013), there are those which have not yet used it but are preparing an *ad hoc* project or at least plan to use it in the future (33.6% in 2019 compared to 48.7% in 2013, when companies were evidently much more prudent and less prepared to take this step) and finally there are those which have tried to use e-commerce but then have given up or companies that have never used it and are not even thinking of using it in the future (33.7% in 2019 compared to 27.0% in 2013). There is therefore a growth in the positive propensity towards e-commerce (with an emptying of the second category of companies indicated), but it also strengthens the share of those which have passed on it which do not intend to use the tool in question at all.
- Finally, it is worth noting that, to date, the impact of e-commerce on total turnover has begun to become significant (see the seventh data set in Table 3), given that almost two thirds of companies (62.8%) are placed under 5%, while 22.9% of them are already placed on a subsequent step of turnover, between 6% and 10%, while another 11.4% have come to cover the scope 11%-30%, and a smaller group of companies has already gone beyond 70% of turnover, evidently betting on the e-commerce tool as a priority (2.9%).

In conclusion, the specific theme of e-commerce has gradually taken root within cosmetics companies and is often used in "hybrid" form, but the progressive increase in access to this tool over time has been an opportunity for real "learning" by the companies themselves. This has led to the emergence today of three important and shared points of awareness (see the last three data sets in Table 3):

- The first is that of the centrality of customer relations, given that the development and use of social networks is assessed as the first key point to be monitored in absolute terms (with 72.9% agreement), in addition to the centrality of the management of customer feedback (2nd place, with 62.9%);
- The second is to have understood that there is an absolutely central role for communication, which must be rethought and organised with appropriate methods, also using new figures (influencers, bloggers, etc.) as recognised by 79.3% of entrepreneurs, to which is added, with even greater consensus, the need to "become part of the conversation" on the Internet and on social networks if you want to stay on the market properly (85.6% in agreement).
- The third is that e-commerce (73.0% of respondents) has to do with a disintermediation that is "activated", i.e. explored and used as a service rather than simply "experienced passively", while at the same time 71.2% of respondents recognise that experiencing disintermediation through e-commerce means taking a step towards the grand theme of the digitalisation of the company.

Table 3: The phenomenon of "disintermediation" and the use of e-commerce (percentage %)

Phenomena	Data		
Traditional intermediation in movement[1]			
- The company uses intermediation by external wholesalers and/or distributors	39.3		
- The company is disinvesting in traditional intermediaries such as wholesalers and/or external distributors	14.3		
- The company intends to remain faithful to the current forms of intermediation in the coming years	56.0		
A *disintermediation that incorporates intermediaries, but also uses e-commerce*[1]			
- The company uses its own networks for one or more sales channels	37.4		55.6
- The company has its own networks, which also provide training for the channel operators	18.2		
- The company distributes its products directly in multi-brand shops or networks	17.2		25.3
- The company directly distributes its products in single-brand stores	8.1		
- The company is transferring and/or integrating part of the business through e-commerce	21.2		
- The company is investing in *cybermediaries* that contribute to digital business for specific targets or markets	9.1		
E-commerce as a prevalent "hybrid" solution:	2013		2019
- Companies that make use of the intermediation of wholesalers and/or external distributors (39.3% of the companies interviewed who simultaneously address e-commerce[2]	-		20.0
- Companies that are disinvesting from the intermediation of external wholesalers and distributors (equal to 14.3% of companies) that simultaneously target e-commerce[2]	-		42.0
- Companies that already use their own sales channels (with their own networks or directly) and that declare that they also use e-commerce[2]	-		30.0
- Average incidence of e-commerce usage compared to the different channels companies address[3]	-		36.4
- "E-commerce is believed to be a sales channel to be used which is close to others, in order to be able to sell more but also to become better known as a company" [4]	57.1		74.3
E-commerce is growing over time	2011	2015	2019
- Intensity of use of the e-commerce channel as one of the different channels to which companies interviewed in the Beauty Reports in 2011, 2013 and 2015[5] have declared to use	10th (8.9)	7th (20.0)	2nd (39.8)
- A tripartite distribution in evolution of companies with respect to the use of e-commerce:[6]	2013		2019
• The company has started to use e-commerce + The company has been using e-commerce for some time now	27.0		33.7
• The company has not used e-commerce so far but is preparing an *ad hoc* project + Intends to use it in the future	48.7		33.6
• The company tried to use e-commerce but then gave up + It has not used nor intends to use e-commerce in the future	24.3		32.7
- The impact of e-commerce on total turnover, which is beginning to gain significance[7]:			2019
• Less than 5%			62.8
• 6%-10%			22.9
• 11%-30%			11.4
• More than 70%			2.9

(Continued) Table 3 – The phenomenon of “disintermediation” and the use of e-commerce (percentage %)

Phenomena	*Data*	
Three significantly shared points of awareness		
- The essential value of the relationship with customers (first two key points to watch over for the success of e-commerce:[8]		
• The development and use of *social networks* (comments and suggestions from customers also addressed to other friends and/or other customers	First place	(72.9)
• Management of customer feedback	Second place	(62.9)
- The central value of communication (Responses “Strongly agree + Somewhat agree”):[9]		
• “It’s a fundamental tool that needs to be rethought and organised in an appropriate way, using influencers, bloggers, etc."		79.3
• “You have to be part of a conversation on the Internet and in social networks if you want to be in the marketplace.”		85.6
- E-commerce as a component of the company’s more complex digitalisation process (Responses “Strongly agree + Somewhat agree”):[9]		
• “It is necessary to pass from the disintermediation “experienced passively” to the “active” disintermediation that is explored and used where and as needed”		73.0
• “Experiencing disintermediation through e-commerce means taking a step towards the grand issue of digitalising the business”		71.2

(1) See Part One of the 2019 Beauty Report Full Version/Table 16, p. 51
(2) See paragraph 2.2. of the Beauty Report 2019 Full Version
(3) See diagram showing the impact of the use of e-commerce for each channel in paragraph 2.3 of the Beauty Report 2019, Full Version
(4) See Part One of the 2019 Beauty Report, Full Version/Table 19, p. 56 (First absolute reason for companies to use this tool).
(5) See Statistical Annex to the Beauty Report 2019 Full Version/Table 6, p. 81
(6) See Part One of the Beauty Report 2019 Full Version/Table 18, p. 56
(7) See Part One of the Beauty Report 2019 Full Version/Table 20, p. 57
(8) See Part One of the Beauty Report 2019 Full Version/Table 21, p. 57 (multiple choice answers)
(9) See Part One of the Beauty Report 2019 Full Version/Table 23, p. 60

Source: *Ermeneia for Cosmetica Italia*, 2019

4. *The fourth step identifies the positioning of cosmetics companies with respect to the digitalisation process, which appears to be more than moving and indeed – in some respects – is better than the average of Italian companies, even if it continues to weigh a computerisation that has grown by sectors or even by separate segments. Yet, at the same time, there is a high awareness of the importance of the issue of digitalisation and of the need to adequately oversee the process of its completion.*

The data set in Table 4 highlights three macro-aspects of the cosmetics companies interviewed that highlight:[4]

a) A significantly greater use of information and communication technologies, as well as the use of e-commerce, by the cosmetics companies interviewed compared to the average of Italian companies interviewed by Istat in 2018 (on the basis of a series of characteristics prepared by Istat itself). In the first data set in Table 4 it can be seen that 10 out of 12 characteristics possessed by the cosmetics companies interviewed exceed those of Italian companies with 250 employees and more (and not only the average of the total of Italian companies from 10 employees upwards). In particular, 6 characteristics have been chosen out of the 10 mentioned, which position cosmetics companies in such a significant way that they are present in the latter from 1.3 to 2.3 times more than the average of the country's companies with 250 employees and over (see the first data set in Table 4).

   Nevertheless, it is the cosmetics companies themselves that acknowledge that the actual interconnection is still weak today, because "for now the digitalisation process is still in pieces, with separate compartments" (78.4% agree) and also "the same skills of the employees are separated by area and sometimes by individual employee" (73.9% agree), (see second data set in Table 4).

b) And yet there is an ongoing digitalisation process, which is obviously at very different stages (see third data set in Table 4).
   - Around a third of the companies (34.0%) admit that they are in a phase of pre-digitalisation because they have not yet addressed the subject (2.3%) or they have computerised the individual business areas but without an integrated project that covers the entire company (31.7%).
   - 13.7% recognise that we are still in a phase of conceptualisation/design, because we understand that digital is important and we plan to address it (8.0%) to which is added a share of companies that claim to be currently in the design phase of this process (5.7%).
   - Finally, a significant share (52.3%) is self-placed in a phase of actual implementation, albeit in different stages of progress. There are those who claim to be in the initial and/or intermediate phase (26.1%), there are those who are in an advanced and/or very advanced phase (22.8%) and finally there are those who believe they are in the final phase of the process (3.4%).

c) Finally, to the (interesting) situation of movement detected a more than consistent awareness is added of the importance of the issue in question, which is expressed at several levels and that is as follows (see the last three data sets in Table 4).
   - 73.9% of companies admit that "there is still too little talk about the digitalisation of companies" and as many as 88.7% acknowledge that "there is a 'conceptual' problem that concerns precisely the digitalisation which is not reducible to an application of technology to individual business areas (and e-commerce itself is only one component of the process), because it must be taken into account that this process needs a progressive and extended interconnection both inside the company (between plants, people and information) and outside the company;

[4] It is worth remembering that the relative panel includes a quota of companies of medium and/or medium-large size that is much larger than the average of Italian companies and also a little larger than the average of those belonging to the cosmetics industry, which is already characterised by larger dimensions than the average in the Italian corporate fabric. In addition, the number of questionnaires (quite complex) duly completed is more than significant (and exceeds 100), but inevitably has made a slightly 'high' selection of relatively more motivated companies. On the other hand, it should also be noted that this panel includes 25% of companies with between 1 and 9 employees which are probably less involved in the digitalisation process and which were excluded from the Istat survey mentioned in the first data set in Table 4.

- Moreover, 94.3% of the interviewees are well aware that digitalisation is able to make an important contribution to the level of efficiency and competitiveness of the company thanks to the interconnection of plants, people and information and 87.5% are convinced that the internationalisation of the company itself can be improved. Finally, and particularly importantly for all companies and in particular for cosmetics, digitalisation serves to qualify both the upstream supply chain (the industrial part) and the downstream supply chain (that of distribution and customer relations). In this case, the level of consensus is even higher, at 90.9%.
- More than nine out of 10 interviewees confirm that the digitalisation of the company involves promoting a long and complex process of organisational transformation and evolution of the skills of the employees (93.2%) and to do this it also seems necessary to develop technical standards and skills standards for the operators (93.2%). At the same time, there is also an awareness that it is not enough to adopt a strategy linked to the IT and telematic aspects to tackle the process mentioned above (93.2%). In reality, it is necessary to create true "harmony" between different business areas (95.4%). Having said this, we are also aware that each company can and must develop its own independent digitalisation process that needs to take into account the business model, the strategies adopted, the resources that are intended to be invested and the existing level of computerisation (92.1%).

Table 4: A culture of digitalisation already present but still to be completed

Phenomena	*Val. %*			
A more consistent use of information and telematic technologies by the cosmetics companies interviewed compared to Italian companies:	*Italian companies*		Cosmetics companies (c)	(c)/(b)
- 10 out of 12 characteristics possessed by the cosmetics companies interviewed exceed those of Italian companies with 250 employees and over. For example[1]:	10 empl.→ (a)	250 empl.→ (b)		
• Presence of a social media link on the website	36.8	59.2	79.5	1.3
• Purchase medium/high-level cloud computing services	14.7	41.1	60.2	1.5
• Percentage of employees using connected computers higher than 50%	37.6	45.2	78.4	1.7
• Percentage of employees using connected computers higher than 50%	30.7	38.6	68.2	1.8
• Value of online sales at least equal to 1% of turnover	10.0	23.9	34.1	1.4
• Paid forms of Internet advertising are used	20.6	30.1	69.3	2.3
- Recognition by cosmetics companies of the existence of an interconnection that is still weak (Responses "Strongly agree + Somewhat agree")[2]:				
• "For now, the digitalisation of the company is still being done piece by piece, with separate compartments."			78.4	
• "The employees' skills are also separated by area and sometimes by individual employee			73.9	
The existence of a digitalisation process that has begun, although is not widespread:[3]				
- The company is in the pre-digitalisation phase: the subject has not yet been addressed (2.3%) + the individual company areas have been computerised but without the company investing in an integrated project (31.7%)			34.0	
- The company is in the conceptualisation/design phase: it has been understood that the digitalisation of the company is important and it is planned to tackle it (8.0%) + it is in the planning phase (5.7%)			13.7	
- It is under construction (at different phases):				
• Initial phase + intermediate phase			26.1	
• Advanced phase + very advanced phase			22.8	52.3
• Complete or near-complete digitalisation process			3.4	
The presence of a high awareness of the importance of the issue (Responses "Strongly agree + Somewhat agree"):				
- "Too little is being said about the digitalisation of the businesses"[4]			73.9	
- "There is a 'conceptual' problem concerning digitalisation that cannot be reduced only to certain business areas (such as e-commerce, for example)"[4]			88.7	
- "The digitalisation of the company increases efficiency and competitiveness through the interconnection of plants, people and information (inside and outside the company)"[4]			94,3	
- "The digitalisation of the company helps its internationalisation"[4]			87.5	
- "Digitalising the company serves to qualify the upstream supply chain (the industrial part) and the downstream supply chain (that of distribution and the relationship with customers)"[4]			90.9	
- "Digitalising the company means preparing a long and complex process to transform the organisation and the employees' skills"[4]			93.2	
- "In order to deal with the digitalisation of the company, the issue of technical standards and employee skill standards need to be developed"[2]			93.2	
- "We need a strategy that is not just IT-based in order to address the process of digitalisation of the company"[2]			93.2	
- "The process of digitalisation involves creating harmony between different business environments"[2]			95.4	
- "Every company can and must develop its own digitalisation path that takes into account the business model, the strategies adopted, the resources earmarked for investment and the existing computerisation"[4]			92.1	

(1) See Part One of the Beauty Report 2019 Full Version/Table 24, p. 63 (the comparison was made on the Istat survey on "Information and communication technologies in companies", 2018).
(2) See Part One of the Beauty Report 2019 Full Version/Table 27, p. 69
(3) See Part One of the Beauty Report 2019 Full Version/Table 28, p. 72
(4) See Part One of the Beauty Report 2019 Full Version/Table 30, p. 75

Source: *Ermeneia for Cosmetica Italia*, 2019

5. As a conclusion to these Considerations, it is appropriate to reiterate again that:

a) The cosmetics industry as a whole grows, as a rule, on average more than the others when the economic cycle is positive, but manages to grow even when the cycle becomes negative, of course with all the relevant clarifications that have been mentioned throughout the text.

b) The relevant system of companies has an extraordinarily close link with the culture, behaviour, attitudes and even moods of consumers with the consequence of having consolidated a true "mirroring mechanism" that has become a structural element of strength of the industry. The more resilient the customers are (and they have been very resilient during the past negative economic cycle), the more resilient cosmetics companies are, and again, the more customers show an acyclical and not infrequently counter-cyclical propensity in their spending behaviour and the more entrepreneurs appear to be acyclical if not even counter-cyclical in terms of investment. There is therefore a deep and continuous self-regulating harmony between producers and consumers, which is not easily reflected in other industrial sectors.

c) This "mirroring mechanism" applies equally to the multi-channel nature of the supply chain downstream of production. Customers have now become permanent (and shrewd) users of several channels at the same time in the face of cosmetics companies that, in their turn, use a variety of channels, with the great advantage, on the part of the latter, of enjoying a double flow of information that goes, with continuity, from consumers to businesses and that descends, with the same continuity, from businesses to consumers through these channels.

If we take into account the four interpretative steps described above and at the same time what we have just mentioned in terms of the distinctiveness of the industry, it is both legitimate and useful to ask ourselves some questions that juxtapose the characteristics of cosmetics companies with the opportunities that could arise from the process of digitalisation of the latter. Put in simple terms:

1) This process refers to the now well known definition of "Industry 4.0", in whose direction the United States and then Germany were first to move. However, there is still a shared frame of reference, which is based on the objective of creating an "extended" interconnection involving machines, people and information flows, both inside and outside the company. However, it should be remembered that in the case of the United States, the digitalisation process ultimately tends to favour the final consumer, in the sense that the digital revolution aims at the personalisation of goods and services and the collection of all the information feedback that can be derived from it. On the contrary, in the case of Germany, a manufacturing perspective tends to prevail, given the long tradition that has its roots in the industrial culture of the country, which is simultaneously our competitor and customer. How, then, could one best exploit the specificity of cosmetics companies that enjoy a sophisticated industrial culture and, at the same time, an equally sophisticated customer culture, so as to be defined as a consumer-oriented industrial sector as a whole? Could this specific characteristic become an interesting and distinctive opportunity, around which a digitalisation process can be developed that knows how to weave this double value?

2) Cosmetics companies have a "long" supply chain that links production and consumption in an articulated manner through a variety of channels, through which not only the flow of sales and the transmission of knowledge flows, but also – as we have already mentioned – the (return) flow of information on the constantly evolving behaviour and attitudes of customers: what form can (and with what interesting results) the process of digitalisation of companies that can and must have an external projection in the channels, with the consequent more advanced use of the "two-way" information flows that run within them, take?

3) The application of digital technologies to the creation of new businesses in the so-called net economy has so far given its best through initiatives that have become a symbol of this era, taking full advantage of the opportunities offered by the sharing economy. Airbnb and Uber, to mention just two examples, have changed the scope of hospitality services, on the one hand, and transport, on the other. Similarly, Google and Facebook have transformed the flow of information and the flow of relationships between people but also between businesses. However, digital technologies have not yet invested enough in what we could term the traditional industries.

This is the thesis of a recent analysis by the New York Times, which in this regard has classified 50 particularly innovative start-ups for the near future. They all relate to the hard sectors, i.e. the traditional ones. This would suggest that none of the above start-ups is now within the scope of sharing economy. On the contrary, it is expected that there will be a lot of fintech, but accompanied by significant traditional and very important sectors such as medtech and biotech (i.e. medicine and pharmaceuticals), but also agriculture, automotive, retail and of course manufacturing, such as our own Made in Italy brand, including cosmetics. In this regard, it is worth remembering that L'Oréal has built a sort of "new retail" in China, anticipating the distribution of the future, that is, "O + O" or Offline + Online, a combination of the two models thanks to the use of technology that is revolutionising the stores. And the same internet giants started some time ago to buy networks of physical stores that can play not only the specific function of point of sale, but also offer valuable services to the customer, in addition to the function of supporting the home distribution of the online channel. This is the direction in which another giant, Walgreens Boots Alliance (WBA), is moving, which recently announced its massive entry into Italy in the field of pharmacies, declaring that it is pursuing exactly the dual Offline + Online model: How, then, will the Italian cosmetics industry evolve, given that it has a solid productive-industrial structure but is at the same time closely linked to a multiplicity of channels, that is to say, to specific sales areas distributed throughout the territory (with 100,000 small, medium and large shops)? What experimentation could be performed with advanced models of digital interaction inside and outside the company?

4) Moreover, the cosmetics companies interviewed seem to be far from fasting with respect to the digitalisation process, since almost 60% of them claim to be already committed to it: in terms of design as well as actual implementation, albeit with different stages of progress. However, it should be noted that the commitment on the front of what has been defined as "Industry 4.0" implies a real technological evolution. Moving from simple digitalisation (in which each machine is numerically controlled and the latter can also be done remotely) to the actual interconnected factory (when all the machines speak a common language and communicate with each other). This obviously requires an extension of the interconnection beyond the company, that is both upstream of production (in connection with outsourcing) and downstream of it (through the logistics and distribution chain). How will the cosmetics industry be able to evolve if it is able to innervate, through the process of digitalisation, not only the activity of the individual company but also the upstream and downstream supply chains, thus having the opportunity to enhance its dual identity as a productive sector and at the same time as a consumer-oriented sector?

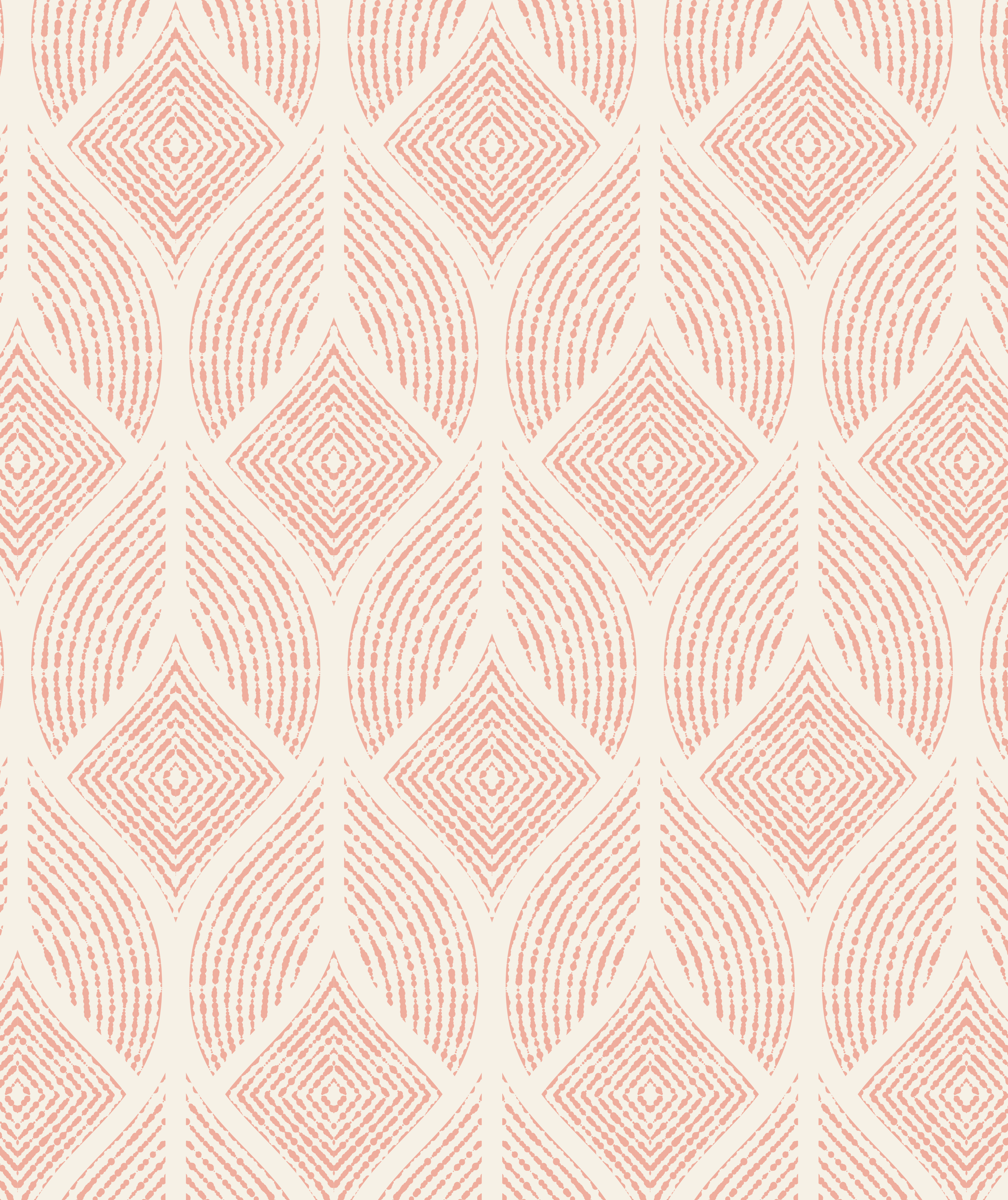
5) Finally, it should be stressed that the process of digitalising the company is inevitably "holistic" or not done at all. In the sense that it must be able to interconnect not only machines and functions, but also different supply chains, projects, people and cultures. This is certainly a long and complex process of organisational transformation and, at the same time, of transformation of the skills and profiles of the employees. It is clear that this entails the need to be able to create a "harmony" that can intelligently incorporate both new technologies and new behaviours, obviously taking into account the specificity of each company interested in taking this path. It must be said that the awareness of what has just been said is absolutely high among the cosmetics companies interviewed, achieving the agreement of more than 9 out of 10 respondents. How can this awareness be invested in order to carry out a digitalisation tailored to the cosmetics system in its "extended" version, made up of companies, production chain, distribution chain and final consumers through an interweaving of offline and online modes?

It seems to be a great opportunity and at the same time a great effort, on which it is necessary to bring together companies and their entrepreneurs, the association system and – possibly – the public sector (perhaps with a significant and well-financed refinancing in favour of "Industry 4.0"). We have a fabric of companies with completely original characteristics and a continuous propensity to invest. It would therefore seem appropriate to promote a kind of systemic digital leverage that interprets and enhances the favourable and distinctive conditions that the industry shows itself to have.

51st analysis of the cosmetics industry and consumption in Italy in 2018

METHODOLOGY

With reference to the section dedicated to industry analysis, it should be noted that the production values, i.e. the total turnover of cosmetics companies, have been drawn up by the research department by analysing the values of the Istat panel, but above all by collecting and reviewing the financial statements of companies. The constant refining of these bases leads to a significant increase in the value of sales, which is revised in previous years to allow comparability over time.
As far as market, distribution and product values are concerned, the research department analyses and revises the data based on the categories of Cosmetica Italia, completing them with the NPD, IQVIA, Nielsen and other surveys, integrating the databases with the references defined with the companies within the individual groups. The research department processes the final data, allowing the comparison and remodulation of the historical bases and verifies the congruity of the trends in the light of the changes in the distribution channels.



1 Scenarios in the cosmetics industry

Also in 2018, despite the political and economic scenario characterised by deep uncertainty, the Italian cosmetics sector recorded a significant growth both in the domestic market and in the values of the industry. Once again, the counter-cyclical nature of the sector is confirmed, with average rates always higher than those of other sectors of domestic consumer goods. Internal consumption of cosmetics, i.e. the value of consumer purchases, exceeds €10.1 billion, for an increase of 1.3%, confirming its resistance to the negative economic situation of the Italian market.

Phenomena such as multi-channel, indifference to channel loyalty and attention to targeted services within the stores, confirm the transformation by large groups of consumers who, urged by the new propensities to purchase, are interested in finding a balance between economic availability and attention to their essential well-being. Consumers are still focused on more economical price categories and channels, as well as continuing purchases of premium products, progressively excluding the mid-price range. In some channels, the selective perfume shop channel in particular, the decline in volumes continues, offset by niche and high-priced purchase options. The turnover of the cosmetics industry rose by 2.1% on the previous year, to €11.39 billion. 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 recent analysis of the industry's financial statements. Economic and managerial values are highlighted which, on average better than other industrial sectors, make it possible to cope with the still very uncertain political and economic situation.

The industry continues to invest in the evolution and differentiation towards new realities of the outlet channels, as already experienced on foreign markets but now also evident in Italy. For this reason, domestic demand, the sell-in, has generated a slightly positive impact on production volumes, with growth of 0.9% and a value of €6.598 billion.

Considering the breakdown of sales by distribution channel on the domestic market, there were positive trends in direct sales, above all thanks to e-commerce, in balancing the contraction in door-to-door and mail-order sales, which together grew by 0.7%, while the other traditional channels, with the exception of pharmacies, recorded satisfactory increases in sell-in, +0.9% for a value of €5.877 billion, despite the changes in consumer trends. The performance of domestic sales as a leverage of revenues also shows the stability of professional channels, which increased by 0.5% with a sell-in value of €721 million. In 2018, visits to beauty and hair salons stabilised at 0.5%, having suffered the most as a result of the economic crisis which exploded in the autumn of 2008.

In line with the trends of the last decade, the turnover of domestic companies is still significantly affected by the performance of exports, which confirm the significant recovery of profitability. Indeed, sales abroad increased by 3.8%, accounting for €4,792 billion. Whilst at somewhat slower rates, the trend regarding imports was also negative, falling by 1.4%, with less impact on the recovery of domestic demand, which is still focused on products offering the best price/quality ratio. The trade balance remains largely positive, having reached a record value of just under €2.8 billion.

An analysis of the percentage breakdown of turnover by destination channel shows interesting developments: The large-scale retail sector still recorded a slight contraction, going from 27% to 26.3% of turnover. However, export figures continue to rise, accounting for 42.1% of turnover and direct sales (6.8%). While the weight of the pharmacy is stabilising, which now reaches 8%, as is that of perfume shops, which confirms its share of 10.5% while confirming its role as the backbone of the entire industry.

The final figures for 2018 confirm the competitive capacity of the cosmetics industrial system and the correctness of the strategy of constant attention to research and innovation of companies in the industry that make above-average industrial investments.

To complete the scenario, the research department has been proposing an analysis which has been extended to cover the cosmetics supply chain as a whole, with a view to proposing a broader metric that offers a dynamic and rational overview (with the necessary adjustments) of the phenomena affecting the chain at various levels, both 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 turnover of the supply chain exceeded €16.2 billion in 2018, with a recovery trend of 2.4%, confirmed by the forecasts for 2019, which should close with a positive rate of over 2.6%. 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. 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 supply chain to make a name for itself on both traditional and emerging markets.

Cosmetics industry turnover

Production values in € millions	2017		2018	
	Value	% var.	Value	% var.
Turnover in Italy	**6,544**	**1.7**	**6,598**	**0.9**
Turnover generated in traditional channels	**5,828**	**1.6**	**5,877**	**0.9**
• of which in pharmacies	910	2.0	910	0.0
• of which in perfume shops	1,183	-0.5	1,197	1.2
• of which in large retail and other channels (*)	2,961	1.4	2,991	1.0
• of which for door-to-door, mail-order and e-commerce sales	773	8.7	779	0.7
Turnover generated in professional channels	**717**	**2.0**	**721**	**0.5**
• of which beauty salons	189	2.4	190	0.5
• of which hairdressing salons	528	1.9	530	0.5
Export (turnover abroad)	**4,615**	**7.1**	**4,792**	**3.8**
Global turnover of the cosmetics industry	**11,151**	**3.9**	**11,390**	**2.1**

(*) includes herbalist shops and single-brand stores

Breakdown of sales for each destination channel in 2018

- **Exports 42.1%**
- **Mass market and other channels* 26.3%**
- **Perfume shops 10.5%**
- **Pharmacies 8.0%**
- **Door-to-door, mail-order and e-commerce sales 6.8%**
- **Hairdressing salons 4.7%**
- **Beauty salons 1.7%**

(*) includes herbalist shops and single-brand stores

Structure of the cosmetics supply chain

Values in € millions

	Industry	Raw materials	Machinery	Packaging	Total
Turnover 2017	**11,151**	**995**	**272**	**3,432**	**15,850**
(% change 2017-16)	3.9	4.8	0.5	4.0	3.9
Turnover 2018	**11,390**	**1,010**	**293**	**3,535**	**16,228**
(% change 2018-17)	2.1	1.5	7.7	3.0	2.4
Forecast % 2019-18	2.6	0.5	7.0	3.0	2.6
Exports 2018	**4,792**	**354**	**215**	**1,853**	**7.215**
(% change 2018-17)	3.8	3.5	7.4	4.0	3.7
Export/turnover 2018	**42**	**35**	**73**	**52**	**44**

The Italian territory

Also in 2018, in preparing the Istat database, the largest concentration of cosmetics companies is confirmed in Northern Italy with a weight on the geographical context of just over 82%, up slightly from the same figure given last year.
Lombardy is once again the region with the highest density of cosmetics companies, with more than 54%, followed by Emilia-Romagna with 10.4%, the Veneto with 8.2%, and Piedmont with 5.6%. In Calabria, Sardinia, Molise and the Aosta Valley, there are no industrial sites, while Liguria, with a share of 1.8%, brings up the rear in the North. It is worth noting that, although the values are not significant, small manufacturing companies are emerging in many regions, often associated with the local area and specific niche products, as in the case in Apulia and Campania.
The geographical distribution of the turnover of cosmetics companies in 2017 confirms the strong concentration in Lombardy (with just under 65% of industry turnover), followed by Lazio (with 10.5% of industry turnover) and Tuscany, which accounts for 6%. Also interesting is the figure for Piedmont of 4.5%.
Traditionally a large part of the concentration in Lombardy is due to subcontracting to numerous production facilities. In this respect, the importance of subcontractors has particular implications for the geographical distribution of turnover.
Indeed, subcontractors generate a total turnover in excess of €1.5 billion, 80.6% of which is concentrated in Lombardy which, with a value of more than €1.23 billion, remains the region with the highest production in the Italian industrial cosmetics industry. The remaining companies are concentrated in the regions of Emilia-Romagna, accounting for 4.8% of turnover, and Friuli, with 4.6%.

Geographical distribution of cosmetics companies in 2018
Percentage breakdown

Abruzzo	0.6%	Molise	0.0%
Calabria	0.0%	Piedmont	5.6%
Campania	1.8%	Apulia	1.0%
Emilia-Romagna	10.4%	Sardinia	0.0%
Friuli-Venezia Giulia	1.0%	Sicily	0.8%
Lazio	4.8%	Tuscany	5.6%
Liguria	1.8%	Trentino-South Tyrol	1.4%
Lombardy	54.2%	Umbria	1.4%
Marche	2.0%	Veneto	7.8%

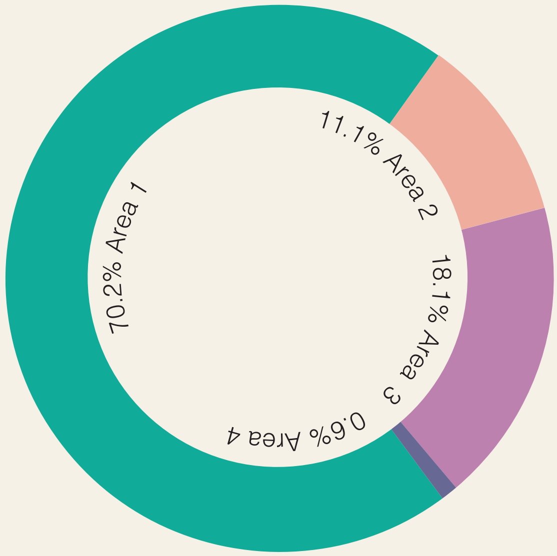
Top 3

Lombardy	1
Emilia-Romagna	2
Veneto	3

Geographical distribution of the turnover of cosmetics companies in 2018

Source: Prepared by Cosmetica Italia from Plimsoll data, subdivided by Nielsen area

Lombardy	65.4%
Liguria	**0.2%**
Piedmont	4.5%



Emilia-Romagna	6.8%
Friuli-Venezia Giulia	**0.4%**
Trentino-South Tyrol	0.2%
Veneto	**3.7%**

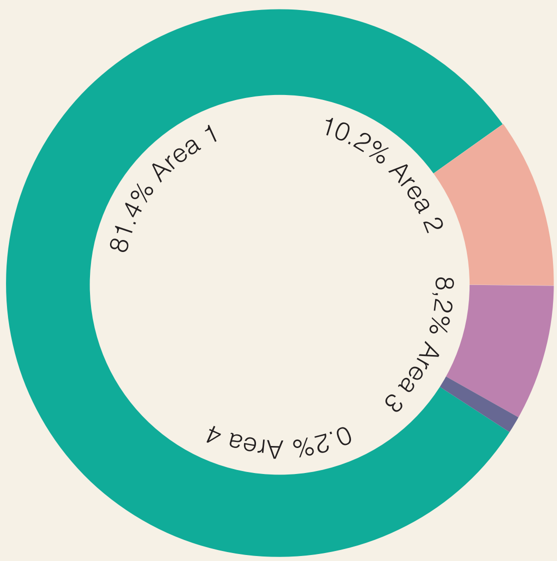
Lazio	10.5%
Marche	**0.9%**
Sardinia	0.0%
Tuscany	**6.0%**
Umbria	0.6%

Abruzzo	0.1%
Calabria	**0.0%**
Campania	0.3%
Molise	**0.0%**
Apulia	0.1%
Sicily	**0.1%**

Geographical distribution of the turnover of cosmetics subcontractors in 2018

Source: Prepared by Cosmetica Italia from Plimsoll data, subdivided by Nielsen area

Lombardy	80.6%
Piedmont	**0.8%**



Emilia-Romagna	4.8%
Friuli-Venezia Giulia	**4.6%**
Veneto	0.7%

Abruzzo	0.1%
Lazio	**3.3%**
Marche	3.8%
Tuscany	**1.1%**

Campania	0.1%
Apulia	**0.1%**

Distribution channels

The change in the competitive system in the cosmetics industry certainly derives from the sudden shifts of consumers in the market which, moreover, has been marginally affected by the recession, establishing cosmetics for some time as a "physiological" consumer good and indifferent to the negative economic situation. The methods of purchase have changed radically at every level of product and channel, highlighting in distribution the increasingly widespread phenomenon of non-channel operation. Thanks to the dynamics and new trends of consumption, the value of domestic consumption of cosmetics in 2018 exceeded €10.15 billion, with a growth of 1.3%. This is a positive trend, after the stability of previous years, and important for the stability of values, considering the conditioning of Italian consumers in the periods following the global crisis beginning in autumn 2008. The essential characteristic of the consumption of cosmetics in Italy has been consolidated, to the point that the negative trends of recent years have affected, albeit marginally, purchases in value, but certainly not those in quantity. 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. The negative effects of the recession on purchasing propensities were felt less than in other sectors, and this has generated changes in choices within the traditional channels, and at the same time the recovery in the attendance of professional channels is confirmed.

The slow but costly recovery in all traditional channels, with the exception of pharmacies and direct sales, continues in 2018. Disaggregated from the latter category, online sales are still very much the major phenomenon of recent years, with strong growth (+22%) to the tune of around €390 million at the end of 2018. Given the difficulty in collecting data for online sales, the statistical basis is currently being reviewed and revised.

Also for this year, the performance of sales in the large-scale retail sector, which grew by 1.1%, was driven by the development of single-brand stores and stores specialising in home and toiletry products.

Consumption in the herbalist shop channel, although included within the aggregate of large retailers, as well as the single-brand stores, grew by less than 1 percentage point.

Signs of growth, although considered in value, come from the perfume shop market, despite the transformations in the methods of selective distribution. These transformations generate a gap which is in continuous evolution. 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. In 2018, the absolute value of the professional channels was also consolidated. Consumption in hairdressing and beauty salons in fact gained 0.5% for both.

Assessing the price trend, which is part of the country's overall inflation, in 2018 substantial stability is repeated, conditioned by uneven recovery trends. Perfume shops, the only exception, mark the most notable variation in prices among the various channels, +5%, due to remodelling and new products, while there is a substantial stability in the others, with the exception of the mass market, in particular the supermarkets and hypermarkets, which recorded a marginal contraction. Even in the professional channels there is a steady marginality.

Despite marginal changes in the cosmetics market scenario, some signs cannot be ignored, such as the evolution of new channels and the internal transformation of traditional sales channels. In fact, in Italy, as is already the case in other countries with a strong propensity to consume, consumers have acquired new approaches to spending and new habits even in the modes of pre-purchase knowledge.

Total cosmetic products market in 2018

Retail prices VAT included, consumption in € millions

Industry total 10,152

Pharmacies **1,854**

Perfume shops **2,037**

Mass market and other channels **4,133**

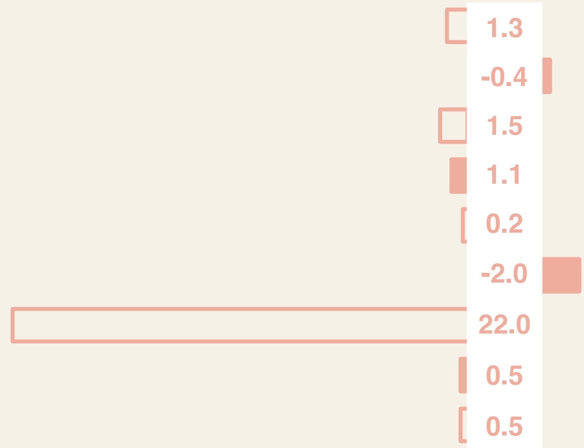
herbalist shops **441**

Direct sales: door-to-door and mail-order sales **482**

E-commerce **391**

Beauty salons **2,367**

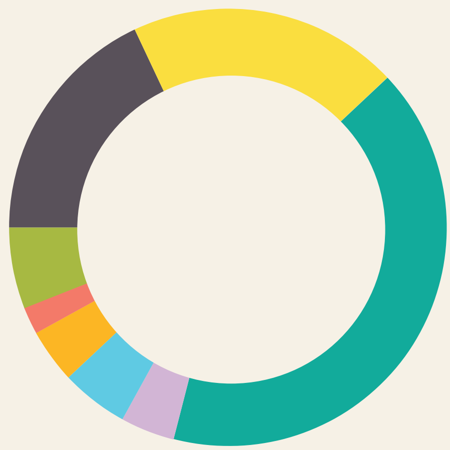
Hairdressing salons **577**



(*) includes single brand stores

Breakdown of consumption by distribution channel in 2018

- Pharmacies 18.3%
- Perfume shops 20.1%
- Mass market and other channels* 40.7%
- herbalist shops 4.3%
- Direct sales: door-to-door and mail-order sales 4.7%
- E-commerce 3.8%
- Beauty salons 2.3%
- Hairdressing 5.7%



Mass market retail and other channels

43.1%	36.0%	9.9%	11.0%
Supermarkets – hypermarkets	Self-service specialist drugs	Single-brand stores	Other products

(*) includes single brand stores

Trends in distribution channels

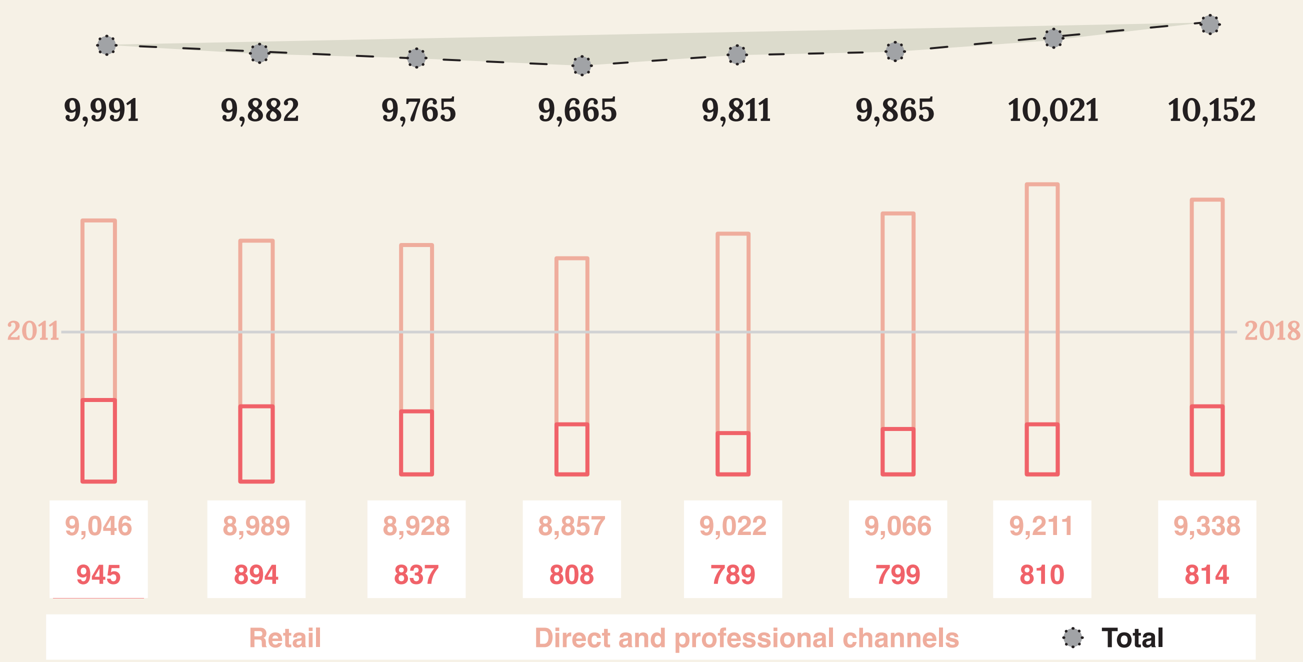
% change 2018–2017

Channel	Consumption	Quantity	Prices
Pharmacies	-0.4	-1.8	1.0
Perfume shops	1.5	-6.2	5.0
Mass market and other channels*	1.1	1.6	-0.5
of which supermarkets and hypermarkets	-2.8	-2.8	0.0
Herbalist shops	0.2	-0.5	1.0
Total traditional channels	**0.8**	**0.0**	**1.2**
Direct sales: door-to-door and mail-order sales	-2.0	-1.0	1.0
E-commerce	22.0	20.0	1.5
Beauty salons	0.5	0.0	1.0
Hairdressing	0.5	0.0	1.0
General total	1.3	1.0	0.9

(*) includes single brand stores

Developments in consumption of cosmetics 2011-2018

Actual values – retail prices including VAT



Pharmacies

Sales of cosmetics in the pharmacy channel recorded a flat performance, slightly down in the second half of 2018, closing with a value of just under €1.9 billion. The cosmetic products sold in this channel represent 18.3% of the total market, a percentage that has grown recently, buoyed up by the trust that consumers place in pharmacies as a retail outlet, particularly with regard to the levels of specialisation and attentive service typical of this channel. This share seems to substantially undermine the second position that perfume shops have held for over 50 years.

The dynamics of the channel follow the changing needs of consumers, the confidence that they recognise in the pharmacy, its levels of trust, specialisation and care of ancillary services, which still explain the general stability of the channel and its potential, apparently still unexpressed.

Specifically, talking about the product, and underlining the increasingly evident expansion of the categories of cosmetics sold, 2018 has been marked by downward trends in sun care products, balanced by the growth in sales of specific dermocosmetics.

In addition, in order to explain the moment of slowdown in the channel, we cannot overlook the effects of the new competition decree that, in addition to allowing the entry of corporations as owners of pharmacies, will force owners to measure themselves against new situations, especially with regard to the evaluation of business performance.

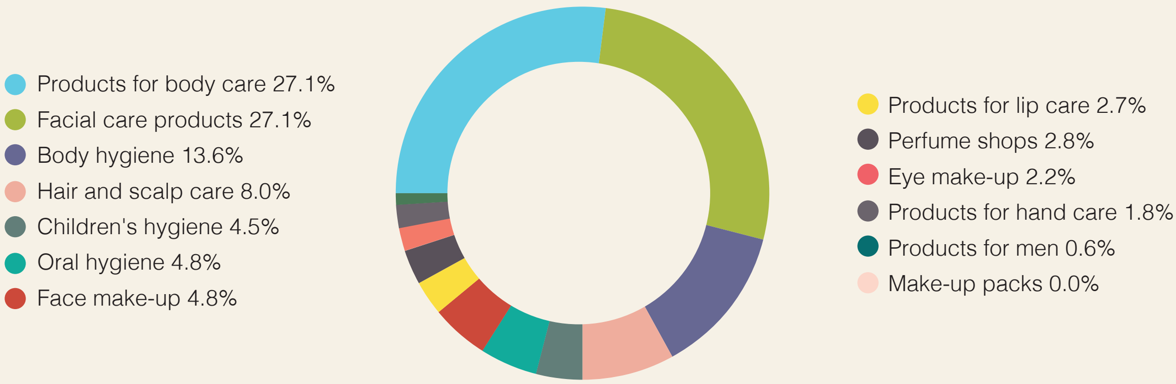
Pharmacies, in recent years, have been strengthening their investment in cosmetic products and in the specialist training of sales staff, with more evidence than other traditional channels, in addition to this there is an increasingly close link between companies and pharmacists who invest synergistically on the identity of the pharmacy, on positioning and on customers. Numerous pharmacies invest, more than any other sales channel, in cosmetic products and specialist sales staff, with promotions and offers creating a new impact, just as the use of e-commerce seems inevitable.

In addition, more than in other channels, pharmacies operate policies that promote customer service and reward consumer loyalty, helping to build a steadier relationship. The various investigations, proposed by the association, have investigated the structural transformation of the channel, characterised and conditioned by the aforementioned competition decree. There is an increase in the density of chains, particularly virtual chains, which is an evolutionary step compared to consortia and purchasing groups. It seems at these times that concerns about the invasion of capital have been excessive, in fact, to date, there are fewer phenomena of concentration than expected. In any case, as studied in other consumer analysis, there is ample room for improvement with a view to expanding the customer base; for example, more work needs to be done in various clusters, especially in the over-50 age group. These *ad hoc* analyses reveals some distinctive features of cosmetics purchases in the pharmacy channel. 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 functional and commercial crossover between the purely pharmaceutical area and more attractive areas dedicated to beauty products.

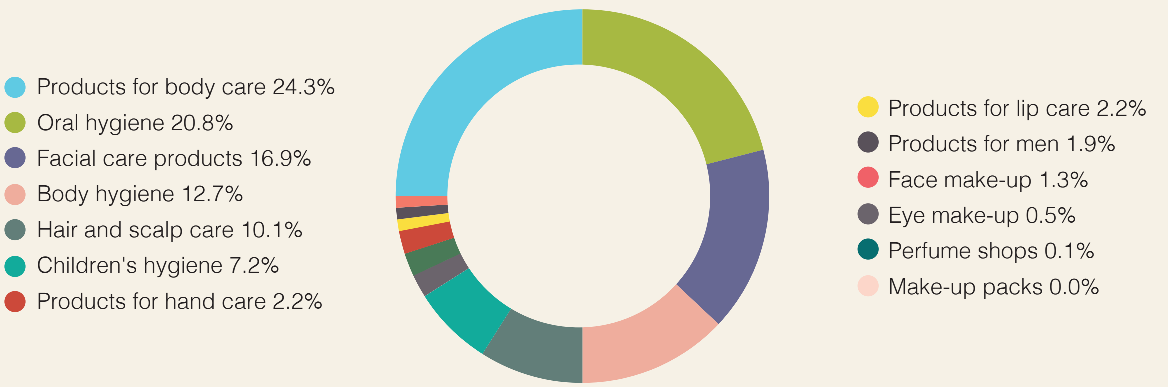
The disaggregated surveys of cosmetics sold in concessions in large retailers and small pharmacies help to understand how the distribution of products destined for the pharmacy channel has evolved. Suffice it to say that these sales accounted for 5.6% of the total channel in 2008, while today they account for 18% despite the recent measures concerning economic policy. In recent quarters, however, the figures for corners and small pharmacies appear to be slowing down somewhat, partly due to the transformation of large retail outlets. However, the sales mix for concessions and small pharmacies in IQVIA data highlights some interesting points: in small pharmacies, sales of facial and body care products represent nearly 54% of sales, while in concessions, the mix is less concentrated, with body care products (24.3%) just pipping oral hygiene products (20.8%) and facial care products (16.9%).

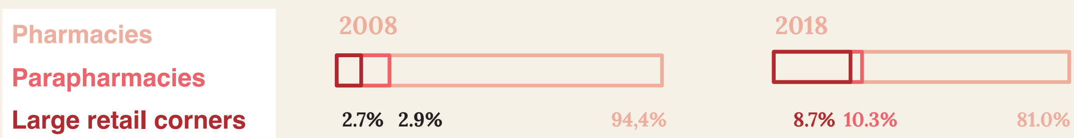
The development of the channel is also influenced by external factors such as the aforementioned competition decree, an expression of the institutional drive to liberalise distribution, which will influence the reinforcement of the supply chain and constant contact between industry and distribution. Last but not least, the phenomenon of digital transformation which, transversal to traditional channels, is also affecting the realities linked to the pharmacy channel. In fact, online cosmetics sales have reached almost €100 million with growth of more than 15% per year.

Percentage composition of sales in small pharmacies



Percentage composition of sales in large retail corners





◯ Perfume shops

At the end of 2018, the perfume shop channel recorded growth of 1.5%, a significant recovery after years of contraction. Forecasts for the first half of 2019 also point to a positive holding of 1 percentage point. As in previous years, it is price increases – the highest in the industry – that have essentially supported volumes, with repercussions on the average purchase value and inevitably on quantities purchased. The total value of the channel at the end of the year was just over €2 billion, which confirms perfume shops in second place, after the large distributors, in sales of cosmetics in Italy, about 20% of the total. It is precisely from the comparison with other channels that we can see the importance of the mix of products distributed. While in terms of weight, for example, the large distribution reaches 60% of value distributed with the first six products, the perfume shop channel covers the same share with two items, perfumes and face creams. The pharmacy channel accounts for a similar share with four different product families. 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. Moreover, for some years, this is the channel which has seen the largest decrease in volumes relative to values.
Despite a range of support initiatives, with new product launches, stock reduction and dynamic pricing policies, the recession continues for many independent retailers, increasing the dichotomy between the static nature of many traditional/local perfume shops and the successful dynamics of the organised chains or indeed of smaller distribution companies, who have shown their skill in capitalising on the concepts of niche products and exclusivity, with new distribution strategies and investments in the selective identity of the channel.
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.
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 transformation of this channel – which, according to the historical records of the research department, accounted for a third of all cosmetics consumption in 1980 – is plain to see. Today, however, it barely reaches 20%. The analysis by type of product sold also explains some of the structural constraints. The top two products sold (perfumes and face care) account for 61% of all perfume shop sales, while facial, body products and body hygiene products make up 60% of sales in the pharmacy channel, which is ranked second in the overall distribution, suggesting that its offering is more fragmented.
To counteract the physiological decline in attendance in traditional perfume shops, or local perfume shops, new distribution projects have arisen related to the selectivity of the product, as in the perfume bars that have appeared in recent months, and the new experience offered to the consumer, as in niche perfumeries that offer so-called designer scents.

◯ Mass market and other channels

More than other channels, the mass market is affected by the transformation of consumer purchasing options. The considerable weight, in terms of volume, more than 40% of the national market, requires companies specialising in large scale distribution, a strategic review of the positioning and marketing activities. In fact, considering that consumption grew by 1.1%, to a value of over €4.13 billion, it is important to observe the internal changes to the different areas.
In fact, there are significant differences in trends, even though in general the companies dedicated to the channel have developed important investments in the assortments and have tried to optimise price positioning. The gap between sales of cosmetics in traditional supermarkets and hypermarkets (which have dropped by more than one percentage point) and sales in specialised

stores – also referred to as “home and toiletry” outlets (or the “modern channel”, as some research institutes call it), which have grown by more than 6% – has become increasingly evident. However, the growth and the dynamic impact of new single-brand stores has not slowed, with a growth of 2.5%. 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.
Although mixed trends are still observed in the various commercial outlets, the mass market in general is facing economic difficulties and pressure at various price points. This is despite its recognised ability to offer products that represent excellent value for money. 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 mass retail sales over the last four years confirms the transformation and development that have occurred within this channel, revealing an extremely diverse range of retailers, not just in terms of size. 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 €3.72 billion mark in 2018 (this figure was €3.528 billion in 2015). Over these four years, the trend has recovered by just under two percentage points, signalling a physiological change. 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 €243 million in 2018, and the aforementioned self-service specialist drug stores (i.e. shops selling home and personal care products) rising from €1,139 billion in 2015 to €1,481 billion last year. The self-service category, which size-wise is third only to self-service specialist drug stores, supermarkets and hypermarkets, is declining at a worrying rate, losing more than 5.7% in 2018 alone. Likewise, the largest retail outlets, supermarkets and hypermarkets, has seen a decline of 2.8%. This category still constitutes Italy’s largest drug aggregate group, constituting 47.9% of the total, threatened by the 39.8% of the home and personal care department stores.
Performance analyses by product sold in the different channels show that the most evident growth rates are offered by foundation and coloured creams in self-service specialist drugs, and moisturising and nourishing creams in discounts.

Trends in consumption in mass market channels by type

% change 2018–2017

Hypermarkets	Retail outlet covering a sales surface greater than or equal to 2,500 m^2	-2.8%
Supermarkets	Retail outlet covering a sales surface between 400 and 2,499 m^2	
Self-Service	Retail outlet covering a sales surface between 100 and 399 m^2	-5.7%
Discount	Retail outlet characterised by an unbranded inventory	**5.0%**
Self-service Specialist Drug (SSS Drug)	Store which sells mainly household and toiletry products	**6.1%**

Large retail profiles and associated turnover of cosmetic products

Values in € millions and % variations

	2015		2016		2017		2018		Variations			
	Value	share %	Value	share %	Value	share %	Value	share %	2015–14	2016–15	2017–16	2018–17
Hypermarkets + supermarkets	1,885	53.4%	1,853	51.1%	1,835	49.8%	1,785	47.9%	-1.7%	-3.4%	-1.0%	-2.8%
Self-service	270	7.7%	241	6.6%	226	6.1%	214	5.7%	-12.1%	-14.5%	-6.6%	-5.7%
Discount	234	6.6%	229	6.3%	231	6.3%	243	6.5%	-2.1%	9.3%	0.8%	5.0%
Self-service specialist drugs	1,139	32.3%	1,305	36.0%	1,392	37.8%	1,481	39.8%	12.8%	4.1%	6.2%	6.1%
Total – Italian drug stores	**3,528**	**100.0%**	**3,629**	**100.0%**	**3,684**	**100.0%**	**3,723**	**100.0%**	**2.7%**	**-0.2%**	**1.6%**	**0.9%**
C.I. single-brand stores	375	10.6%	386	10.6%	400	10.9%	410	11.0%	0.3%	2.9%	3.5%	2.5%
Total OTHER CHANNELS	**3,902**		**4,015**		**4,084**		**4,133**		**2.5%**	**0.1%**	**1.8%**	**1.1%**

Analysis of best performance

% change 2018–2017

MODERN DISTRIBUTION (hypermarkets, supermarkets and self-service outlets)	Lipsticks and lip glosses	**4.9%**
SSS Drug	Foundations and coloured creams	**13.4%**
	Post-shampoo treatments, balsams and masks	**10.3%**
	Periocular area and specific zones	**8.4%**
Discount	Moisturising and nutrient creams	**35.3%**
	Creams, gels, lotions and nail products	**28.6%**
	Nail varnishes	**27.9%**
Self-service	Cheek correctors, blushers and bronzing powders	**3.1%**
	Eau de toilettes, perfume and extracts for women	**1.8%**
	Eau de toilettes and perfume for men	**1.6%**

Herbalist shops

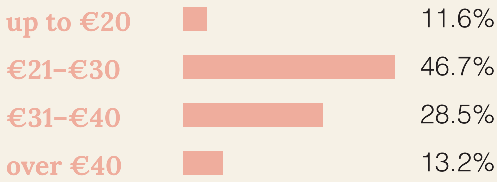
In 2018, the trend in consumption in herbalist shops slowed down, although trend values remained positive. At over €441 million and with a growth that is practically flat (0.2%), the value of sales served to confirm the staying power of this channel, which represents 4.3% of total consumption in Italy, above all as a result of the sales made by companies that own specialist single-brand products, juxtaposed against a backdrop of hardship among traditional herbalist shops.
In this new context, the traditional distribution channel gradually loses its attractiveness, the brand becomes increasingly important, to the point that companies choose to update their distribution and positioning strategies. This generates uneven trends, with decreases evident in traditional herbalist shops and more positive trends in single-brand and specialised corners.
More and more consumers are expressing an interest in the world of "natural" and "green" products, and are drawn to "naturally derived" cosmetics. This attention is distributed across other channels, where we are seeing an increase in the specific products on offer. The value of this phenomenon, investigated as part of a specific survey, is greater than €1.1 billion. Sales in herbalist shops, as well as in pharmacies, confirm the buying decisions of those groups of users who prefer assisted and "recommended" sales. The motivations that drive consumers in herbalist shops do not take into account either the price or promotions, proof of their loyalty to a well-established channel, that needs to be experienced as an opportunity, especially by traditional shops.

Hairdressing salons

At the end of 2018 and in the forecasts for the first half of 2019, consumption, both for services and for resale, in hairdressing salons remained sluggish. Although at a slow pace, after the growth of 0.5% at the end of 2018, it remained stable, at +0.5%, in the first half of 2018 with a market value that exceeds €580 million. The return of the visits is slow but significant. Companies confirmed their investments in new product combinations, specific training and capillary distribution. While on the part of the hairdressing salons, confirming the validity of the relationship, there were efforts made on loyalty and remodelling of services, also with greater attention to resale. Considering the products, there was a decrease in colour fastness and finishing, while products for treatment were stable. Indeed, 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 new phenomenon of online sales of specific products by some salons is interesting.
The case for the hairdressing salons which responded to the online survey coordinated by Camera Italiana dell'Acconciatura (the Italian hairdressers' association) is also interesting. The online survey was sent to a significant number of hairdressers, and the results were compared with a similar exercise conducted in 2017, allowing for key indicators, such as prices in salons, to be updated. It should be noted that the participants in the survey are 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 by more than 47% of respondents, while 39% quoted the average price for styling as being between €31 and €40.
Training, flexibility and targeted promotion are the main strategic initiatives companies in the field invest in. The confirmation comes from the study of buying motivations which indicate, more than in any other channel, the emphasis on the professional and the ability to relate to the customer.

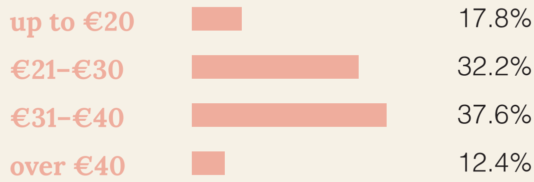
Price charged for full head colour applied to medium length hair

(Online survey results)



Price charged for perming and styling

(Online survey results)



Beauty salons

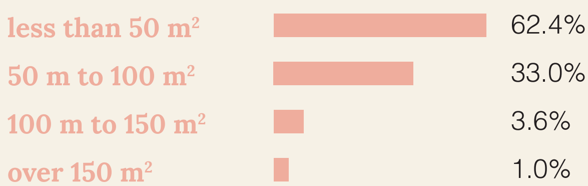
In 2018, the growth in consumption in beauty salons was 0.5%, for a value of €237 million, 2.3% of total consumption, a positive result even if contradictions emerge. On the one hand, there are tensions with certain types of distributors and, on the other, synergies between companies and salon owners are being strengthened.

In this context, in fact, the innovation efforts proposed by companies, which are attentive to the reshaping of distribution and new areas of treatment and well-being are not slowing down, and thanks to the attention paid to the new trends of consumers who are increasingly demanding in terms of quality of service, of those who practice it and of the environment in which it is provided. As for hairdressing salons, for the past couple of years we have seen an increase in visits to beauty salons and a corresponding growth in consumption, courtesy of an overhaul of the products on offer in salons and new forms of services in the area of wellness. In addition, a number of important phenomena are increasingly apparent, such as spas and wellness centres, which dynamically tend to represent an increasingly large share of consumption of beauty/professional products. No less important is the issue of professional training and refresher courses for professionals, which is necessary to meet the needs of customers.

The phenomenon of natural organic products is currently also having a positive impact on products used in beauty salons with more than 3% of the total of products with a natural connotation sold in Italy.

Distribution of salons in Italy in 2018

Source: Survey by Istituti di Bellezza, Marketing & Telematica (2019)



In-salon services

Source: Survey by Istituti di Bellezza, Marketing & Telematica (2019)

Consolidated services	
Manual body treatments	99.0%
Manual facial treatments	98.8%
Manicures	95.3%
Pedicures	95.3%
More modern services	
Make-up	82.9%
Body treatments using equipment	80.3%
Body treatments using equipment	80.1%
Hair removal using equipment (mechanical and laser)	63.3%
Tanning treatments	61.7%
Nail reconstruction	59.7%
More innovative services	
Weight loss	49.0%
Wellness programmes (spa)	37.2%
Other specific treatments	15.6%

Size of Italian beauty salons

Source: Survey of the Istituti di Bellezza, Marketing & Telematica (2019)

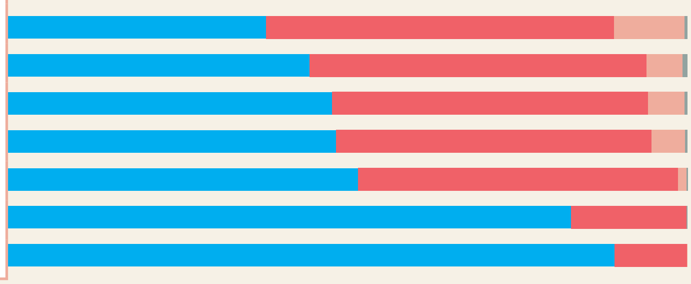
less than 50 m^2 25.5% · 50 m to 100 m^2 57.9% · 100 m to 200 m^2 14.3% · more than 200 m^2 2.4%

Just over 55% of beauty salons in Italy have a surface area of between 50 and 100 square metres; only 3% have a surface area of 200 square metres. The salons with a smaller surface area are located in Northwest Italy while the larger salons are located in Central and Southern Italy.

Assessment of the quality of service in beauty salons

Source: Beauty salon survey, Mlab/Mondadori (2018)

	Very important	Important	Not very important	Irrelevant
Use of technology	38.1%	51.1%	10.4%	0.4%
Information received about the skin	44.5%	49.5%	5.3%	0.7%
Products used (texture and fragrance)	47.8%	46.4%	5.4%	0.4%
Relaxation	48.4%	46.3%	5.0%	0.3%
Overall impression	51.6%	47.0%	1.3%	0.2%
Availability of results	82.9%	16.9%	0.1%	0.1%
Expertise	89.3%	10.6%	0.1%	0.0%



Direct sales

Direct sales, both door-to-door and by mail-order, which in 2018 accounted for 4.7% of cosmetics consumption, showed a more negative trend than other channels, mainly due to the shift in demand towards much more innovative forms of distribution. The channel's decline was two percentage points, with sales volume exceeding €480 million at the end of the year. Lately, also due to some difficulties of some operators, we are witnessing a slowdown in sales volumes while, especially in the years of recession, direct sales were closer to the changed needs of consumption than the traditional channels.

E-commerce

Until a few quarters ago, e-commerce in cosmetic products was included, together with home and mail-order sales, in the large aggregate of direct sales. The phenomenon has obviously become important enough to be considered on its own. Growth at the end of 2018 is in fact 22 percentage points, which is associated with the forecast in development at similar rates also in the first part of 2019. Sales volumes exceeds €390 million.

In addition, the emergence of new international sales platforms is accelerating the internal dynamics, leading to evident difficulties in measurement.

The Human Highway survey of March 2019 provides an interesting snapshot of online sales. For example, it reveals vital data about the motives for buying cosmetics on e-commerce platforms: obviously prices come first, but special offers (e.g. bundles and combined sales), choice and flexibility are equally important.

Even more explanatory is the analysis of the penetration of purchase transactions: the weight of perfumes is interesting, but in general all product families have an index above 15%, with the exception of products for oral hygiene, hand make-up, hairstyling and sunscreen.

The purchase of cosmetic products online in 2018: penetration of purchase transactions and changes with respect to the previous year

Source: Human Highway, 2019

		Change in percentage points compared to 2017
Perfumes	17.2%	+ 1.9%
Facial care products	16.9%	+ 1.8%
Hair care products	16.6%	+ 3.2%
Body care products	16.0%	+ 2.6%
Facial make-up products	15.8%	+ 2.2%
Personal hygiene products	15.0%	+ 2.4%
Hand make-up products	12.4%	+ 3.9%
Toothpastes and mouth washes	12.2%	+ 4.0%
Styling products	11.7%	+ 4.4%
Sun creams	10.2%	+ 3.5%
Hair-colouring products	9.2%	+ 2.3%

Cosmetics in Europe

Cosmetics Europe, the European trade association for the cosmetics industry, published its customary statistical updates in 2018 pending the final data.
Consumption continues to be the highest in Germany with over €13.8 billion, followed by France with almost €11.4 billion. Third place went to the United Kingdom, which, with a slowdown compared with last year, approached the €10.9 billion mark. Italy remained in fourth place, followed by Spain in fifth place with €6.9 billion and a positive trend, in line with the values recorded last year. The concentration area confirms that the top five countries account for more than 68% of the European market, which in 2018 reached €79 billion overall, reflecting the slight improvement in performance.
In the European cosmetics sales ranking, skincare products took first place, representing 25.7% of the total, followed by toiletries. Europe, confirms its leadership in world consumption, followed by the United States (€67 billion), China (€48 billion), Japan (€29 billion) and Brazil (€23 billion).

A comparison of the biggest markets

Source: Cosmetics Europe, consumption in 2018 in millions of euro

Europe	79,000
EU	75,000
USA	67,000
China	48,000
Japan	29,000
Brazil	23,000
India	11,000
South Korea	10,000

Composition of European consumption by macro-category of cosmetics in 2018

values in € millions – retail prices

	Value	Weight in %
Facial and body care	20,386	25.9%
Personal cleansing	**19,920**	**25.4%**
Hair care	14,921	19.0%
Alcohol-based perfume products	**12,278**	**15.6%**
Make-up	11,069	14.1%
Total	**78,577**	**100.0%**

European cosmetics consumption by country in 2018

values in € millions – retail prices

	2018	% var. 2018-17
Germany	13,804	1.8%
France	11,394	0.3%
United Kingdom	10,940	-2.1%
Italy	10,152	1.3%
Spain	6,958	2.0%
Poland	3,861	4.8%
Netherlands	2,859	2.4%
Belgium/Luxembourg	2,101	1.6%
Sweden	1,979	-4.0%
Switzerland	1,885	-3.5%
Austria	1,423	1.9%
Portugal	1,394	2.7%
Romania	1,361	6.8%
Norway	1,220	-1.1%
Denmark	976	3.1%
Finland	967	1.0%
Greece	861	1.4%
Ireland	816	2.1%
Hungary	768	2.3%
Czech Republic	734	0.0%
Slovakia	596	4.4%
Bulgaria	410	5.1%
Croatia	372	1.1%
Lithuania	248	3.8%
Latvia	178	4.7%
Slovenia	176	1.1%
Estonia	149	4.2%
Total – EU	**78,577**	**0.9%**

Source: Cosmetics Europe, 2018

European cosmetics consumption by category in 2018

values in € millions – retail prices

	Total	Alcohol-based perfume products	Make-up	Facial and body care	Hair care	Personal cleansing
Germany	13,804	1,610	1,805	3,292	3,110	3,987
France	11,394	2,209	1,460	3,441	1,613	2,671
United Kingdom	10,940	2,053	1,683	2,578	1,935	2,690
Italy	10,152	1,284	1,603	2,803	1,827	2,630
Spain	6,958	1,373	704	1,933	1,286	1,662
Poland	3,861	550	483	983	778	1,067
Netherlands	2,859	504	427	604	544	780
Belgium/Luxembourg	2,101	406	250	539	530	376
Sweden	1,979	176	546	538	364	355
Switzerland	1,885	408	311	402	306	457
Austria	1,423	203	229	373	273	345
Portugal	1,394	240	101	398	242	413
Romania	1,361	273	208	298	240	341
Norway	1,220	71	239	385	245	279
Denmark	976	133	149	246	246	203
Finland	967	33	154	256	315	210
Greece	861	78	83	280	216	205
Ireland	816	129	121	171	167	227
Hungary	768	112	93	163	120	280
Czech Republic	734	94	114	169	169	188
Slovakia	596	94	85	134	110	173
Bulgaria	410	62	58	88	87	114
Croatia	372	47	55	113	52	104
Lithuania	248	53	43	58	42	52
Latvia	178	36	20	45	42	35
Slovenia	176	21	23	56	32	43
Estonia	149	24	21	40	29	34
Total – EU	**78,577**	**12,278**	**11,069**	**20,386**	**14,921**	**19,920**

Source: Cosmetics Europe, 2018

2 Trends in cosmetics consumption

The closing figures for 2018 show a positive trend in line with what has happened in the last three financial years. Cosmetics consumption in Italy was up 1.3% to €10,152 billion, a comforting figure given the situation of political and economic uncertainty.

Of the total cosmetics sales, €8,465 billion were sold in retail channels, which also saw a drop of 0.8%, in part supported by the strong performance of perfume shops and specialised department stores within mass market channels.

The trend was almost flat in 2018 for the herbalist shop channel, which kept its value stable at +0.2%, while e-commerce was good (+22.0%) despite its marginal weight on total consumption. As in the last 20 years, the domestic market has seen excellent performance with regard to exports, which are up +3.8%, 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. 2018 was a year of multi-channel purchasing behaviours by consumers, a defining feature of the Italian market.

Breakdown of consumption by macro-categories – traditional channels in 2018

Retail prices including VAT – figures in € millions and percentage weighting

Facial care products	1,455.5	17.2%
Products for body care	1,377.9	16.3%
Products for body hygiene	1,072.6	12.7%
Alcohol-based perfume products	1,033.3	12.2%
Hair and scalp care	994.6	11.7%
Products for oral hygiene	638.6	7.5%
Face make-up products	422.0	5.0%
Eye make-up products	371.3	4.4%
Skin-cleansing products for children	314.1	3.7%
Products for lip care	293.4	3.5%
Products for hand care	174.7	2.1%
Products for men	146.4	1.7%
Gift packs	118.2	1.4%
Make-up packs	52.6	0.6%
Total	**8,465.1**	**100.0%**

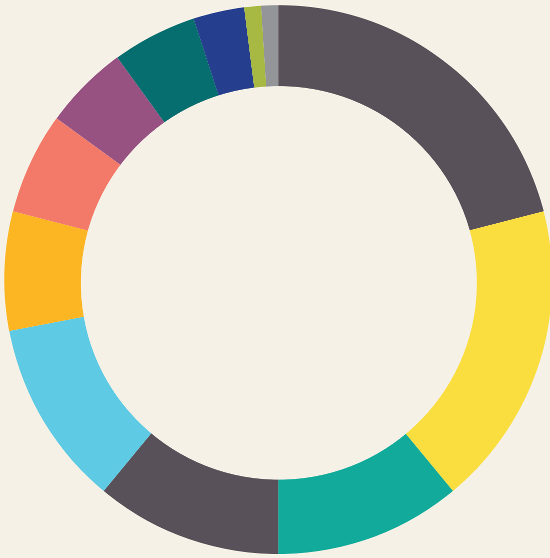
Total retail consumption of products – traditional channels in 2018

Retail prices VAT included – figures in € millions

	Total	Pharmacies	Perfume shops	Mass market and other channels	Total % var	Pharmacies % var	Perfume shops % var	Other channels % var
Total	**8,465.1**	**1,853.9**	**2,036.9**	**4,574.2**	**0.8**	**-0.4**	**1.5**	**1.0**
Facial care products	**1,455.5**	522.5	420.4	512.6	**2.0**	1.4	2.7	2.2
Products for body care	**1,377.9**	445.5	128.1	804.2	**-1.2**	-1.8	-4.4	-0.3
Alcohol-based perfume products	**1,072.6**	17.4	819.3	235.9	**4.4**	20.9	3.7	5.9
Products for body hygiene	**1,033.3**	271.0	24.5	737.7	**-0.0**	-0.8	-7.8	0.5
Hair and scalp care	**994.6**	181.6	35.7	777.3	**-0.3**	0.2	-6.9	-0.1
Products for oral hygiene	**638.6**	136.0	4.4	498.2	**-0.8**	-4.0	0.2	0.1
Face make-up products	**422.0**	59.7	173.7	188.6	**2.2**	0.3	-0.8	5.7
Eye make-up products	**371.3**	32.7	125.2	213.4	**1.5**	0.3	-2.8	4.4
Products for lip care	**314.1**	53.3	101.5	159.3	**2.4**	4.3	-1.2	4.2
Skin-cleansing products for children	**293.4**	83.1	4.7	205.5	**-3.3**	-4.8	0.1	-2.7
Products for hand care	**174.7**	39.7	23.0	112.0	**-0.7**	-1.5	-8.4	1.3
Products for men	**146.4**	9.7	37.5	99.2	**-2.5**	-5.1	0.1	-3.2
Gift packs	**118.2**	-	103.2	15.0	**1.3**	-	1.2	1.7
Make-up packs	**52.6**	1.7	35.6	15.3	**16.3**	24.1	22.0	5.0

Estimation composition of consumption of cosmetics products for women (76% of the total)

Percentage weight



Facial care products	21.2%
Products for body care	**17.7%**
Hair and scalp care	11.0%
Alcohol-based perfume products	**10.8%**
Body hygiene products	10.4%
Face make-up products	**7.1%**
Eye make-up products	6.2%
Products for oral hygiene	**5.4%**
Products for lip care	5.3%
Products for hand care	**2.9%**
Gift packs	1.1%
Make-up packs	**0.9%**

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

Percentage weight

Alcohol-based perfume products	**19.3%**
Products for body hygiene	18.6%
Hair and scalp care	**15.3%**
Products for body care	14.6%
Products for oral hygiene	**14.4%**
Facial care products	8.8%
Products for men	**6.6%**
Gift packs	2.3%

In depth

Online buyers of cosmetic products

From the research conducted by Human Highway, relating to the analysis of online purchases, for Cosmetica Italia, and now in its third edition, it emerges that online buyers of cosmetic products grew by 36% in 2018, reaching 6.4 million individuals, 3.8 million of whom are regular buyers (i.e. have purchased a cosmetic product more than once in the last six months). The comparison between the growth of buyers and value (the latter less sustained) shows that the per capita expenditure of online buyers is slightly decreasing, not so much for the value of the average receipt but for the frequency of purchase.
The trend recorded in 2018 leads to an estimated value of about €470 million for 2019.
The experience of buying cosmetic products online is generally very satisfying.

Number of buyers and value of online purchases

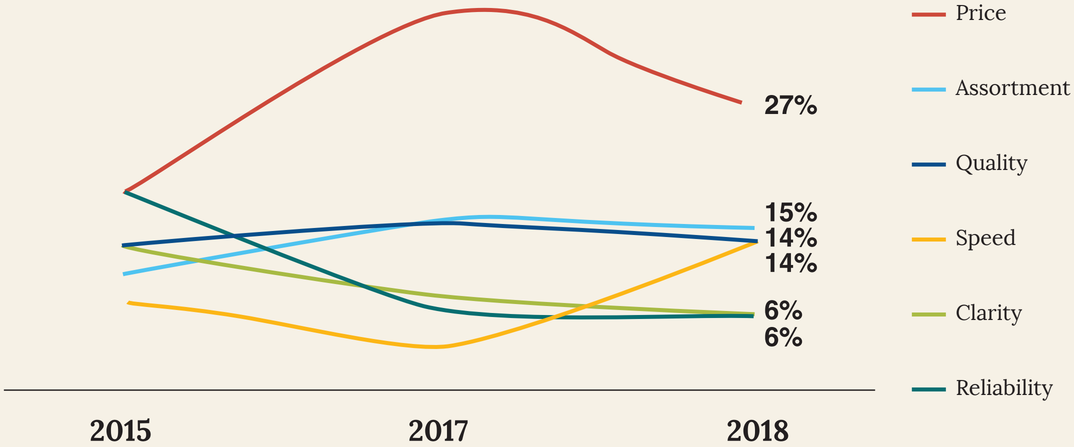
Source: Human Highway for Cosmetica Italia, 2019

The levels of satisfaction measured when purchasing cosmetics online are aligned with those of all online purchases. The particularly high level of the NPS (Net Promoter Score) indicates that people who make the online shopping experience become promoters of the same experience for people who have not yet done so.
It is confirmed that the ongoing expansion in terms of number of buyers, volumes and value, will continue in the coming years because a segment of current any-channel buyers of cosmetic products finds the most advantageous leverage in online purchasing, from which it derives an important satisfaction.
The purchase of cosmetics online is guided by considerations of convenience (savings, offers), convenience, bundled proposals (with other online purchases). The availability of products (products difficult to find in the store, extensive catalogue), which in 2015 was the second driver of purchases, has lost its central role.
Since 2015, consumer expectations for e-commerce services have changed: as confidence in this way of shopping increases, so has the demand for security, reliability and clarity, and the demand for ever faster and more efficient delivery services.
Convenience, range and quality of products are three essential characteristics.

The features of the perfect service in online shopping

Source: Human Highway for Cosmetica Italia, 2019

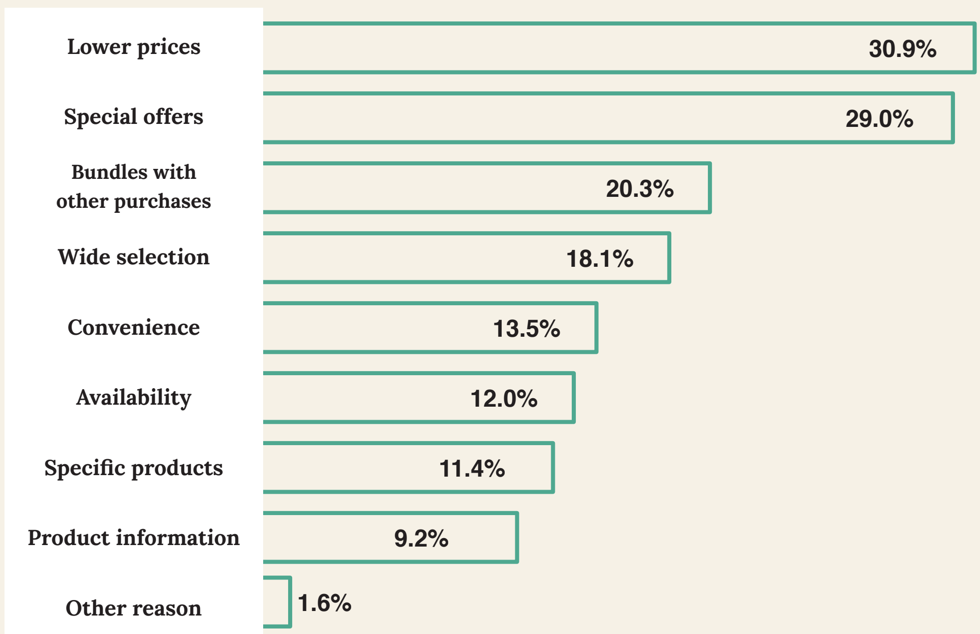
Values %



Drivers of online cosmetics purchases

Source: Human Highway, 2019

Values %



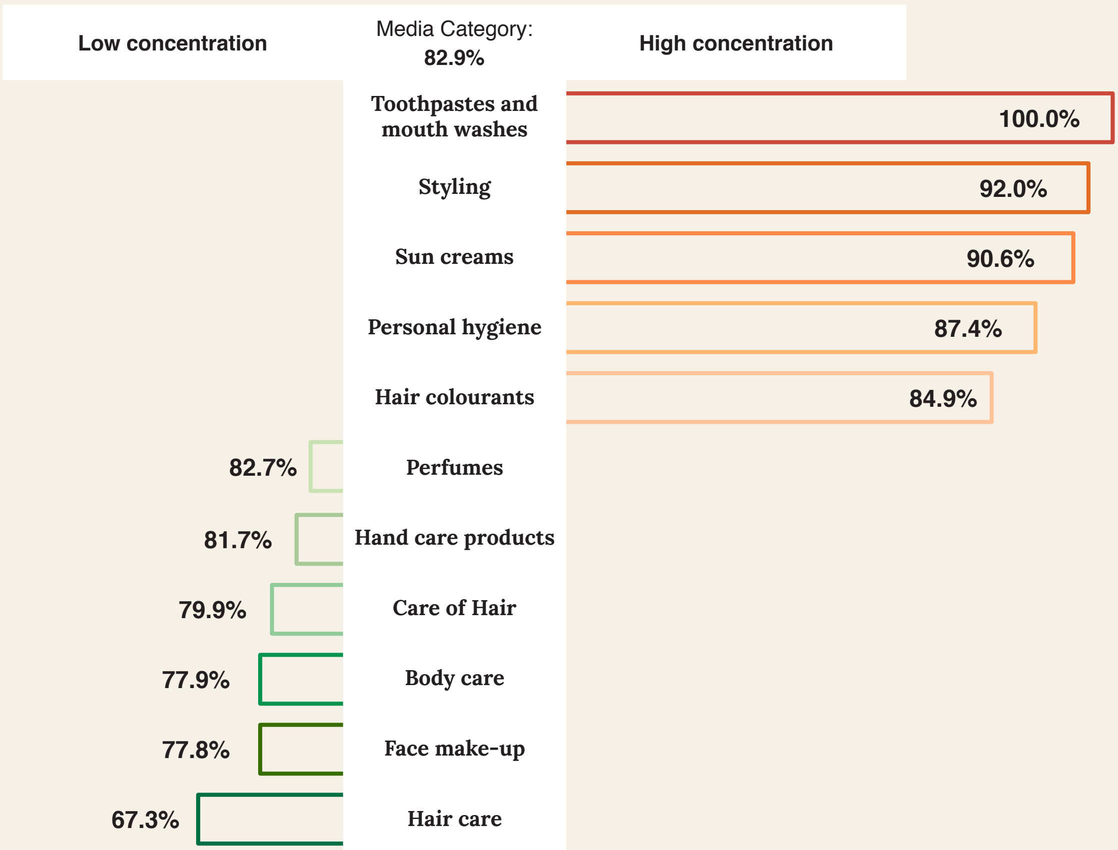
Considering the total online purchases of cosmetic products, 82.9% of them are finalised within the perimeter of the top 10 most popular merchants in each category.

For some categories (toothpastes and mouth washes, hair colouring and styling, hand make-up) purchases are more concentrated while others (facial and body care) are distributed over a higher number of merchants.

The merchants most frequently mentioned in online purchases of cosmetics

Source: Human Highway, 2019

Values %



3 Imports and exports

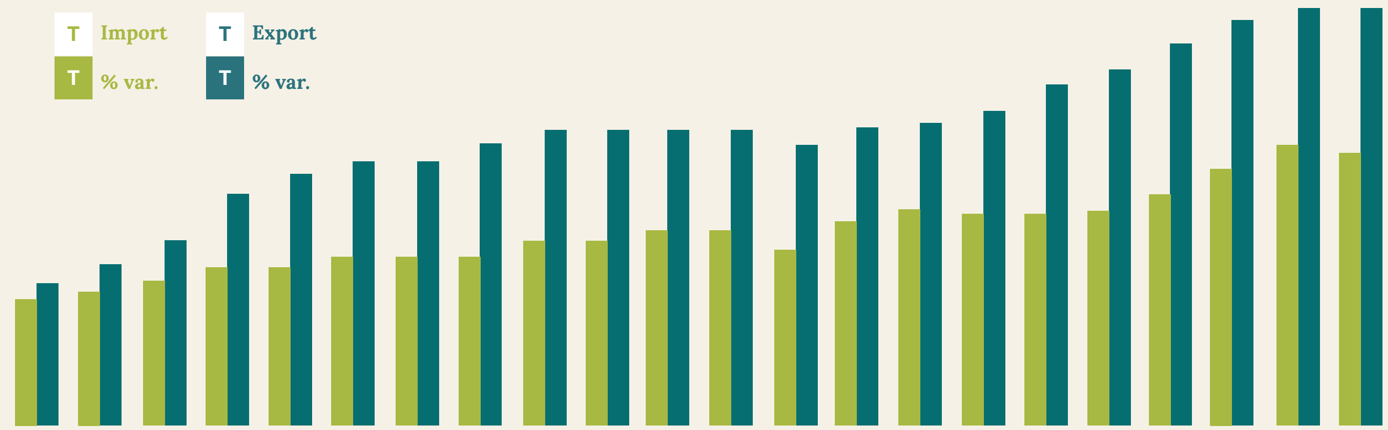
For some time, the analysis of foreign trade data has been based on the statistics that are prepared by the research department using data provided by Istat. Periodically, when applying the corrections which present themselves during the survey period, the Italian Institute of Statistics carries out a review of data from previous years. Clearly, then, the statistics prepared 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 sixth consecutive year, exports recorded a further substantial increase, with a value close to €4.8 billion. Indeed, exports of Italian cosmetics reached €4,792 billion, an increase of 3.8%. On the other hand, is the final value for the quantity of data is almost flat, with growth of 0.1%, confirming that the drive towards internationalisation is due to the appeal of the Made in Italy brand abroad, which allows to express increases in the level of marginality.

Imports decreased compared to the trend of the last five years, with values of €2,043 billion, -1.4% compared to 2017, balanced by the increase in quantity, more than 14 percentage points.

The consolidated recovery of foreign markets has had a positive effect on the trade balance of the cosmetics industry, which has confirmed the upward trend that began in 1996, when the value of cosmetic exports exceeded that of imports. In 2018 the credit balance reached nearly €2.8 billion, well above many similar 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 to 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

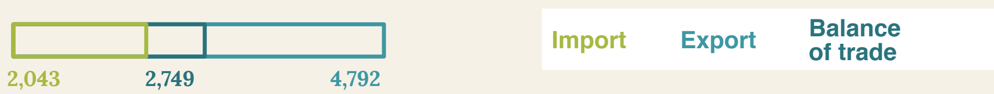
values in € millions



1997 – 2018

800	914	1,010	1,139	1,177	1,249	1,256	1,284	1,369	1,453	1,515	1,581	1,410	1,581	1,660	1,626	1,653	1,685	1,810	1,994	2,073	2,043
951	1,146	1,214	1,502	1,771	1,836	1,822	2,004	2,144	2,274	2,297	2,328	2,054	2,407	2,672	2,861	3,178	3,334	3,806	4,309	4,615	4,792
10.4	14.2	10.4	12.8	3.3	6.0	0.6	2.2	6.7	6.1	4.3	4.4	-10.9	12.1	5.0	-2.0	1.7	2.0	7.4	9.2	3.9	-1.4
11.1	20.5	5.9	23.8	17.9	3.7	-0.8	10.0	7.0	6.1	1.0	1.4	-11.8	17.2	11.0	7.1	11.1	4.9	14.3	12.7	7.1	3.8

€ millions in 2017



Prepared by the research and business culture department from Istat data

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 just over 42% of total turnover in 2018, 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 products, the positive performance of deodorants (+30.6% and €154 million) and powders and compact powders (+15.2% and €233 million) was good. Other make-up products also did extremely well: eye make-up closed 2018 at €437 million and +3.7%, while exports of products for lip make-up registered only slight growth of +0.8% and €263 million.

The top category of Italian cosmetics exports, creams and other products, also did remarkably well, increasing by 7.2% to almost €960 million. The export of alcohol-based perfume products is also very good, +5.4% for a total value, between eau de toilettes, colognes, perfumes and eau de parfums, of €1.121 billion.
Exports of hair products were still looking positive however: increase for shampoos, +4.9% for €246 million, the category of aggregation of lotions and other hair products, which reaches €654 million with growth of nearly six percentage points. Decrease for marginal products, by weight in value, belonging to hair care such as hair preparations, -19%, now just over €7 million and lacquers, -2.7% for €21 million of exports.
In significant decline are reported bathroom preparations, -26.4% for €115 million and nail products, -37.9% and €30 million; along with products for beard care, down -8.2% to €44 million.
In 2018 too, flows in foreign trade have served to consolidate the drop in tensions in the economies of certain individual countries, which are united by their ability to overcome the instability of the world political and economic scenario with dynamism.
As far as imports are concerned, the fall in value is across multiple product families. The most significant trends affecting the overall negative change of 1.4% were generated by hair products, -7.9% for a total value of €222 million. The same trend also for make-up products, -16.8% for €250 million of imports at the end of 2018.

Europe confirms its position as the top outlet for cosmetics exports with €3,103 billion, thanks to sustained demand from historically important countries such as France, Germany and the United Kingdom.
The growth of exports to the USA also continues, and is up by +20% to over €500 million, and exports to Spain have also increased (+23.1%): the volumes of these countries are increasingly attractive, especially from a strategic perspective, in view of policies regarding the internationalisation of companies in the sector.
For a while now, we have been witnessing an evenly-distributed expansion in export values of Italian cosmetic products: Asia, with a value of €874 million, recorded an increase of 4.1%. The Americas, with a value of more than €663 million, increased by 15.1%, while Africa, with values which are still marginal, recorded a return in preferences for Italian exports, after the sharp drop recorded in 2017, with a +10.0% for a value of €76 million. Oceania also grew intercontinentally, +5.7%, for a total value of €77 million.
The 10-year comparison in the main outlet channels of strategic importance for the internationalisation activities of the association is interesting.
The total value of Asian destinations, i.e. Hong Kong, China, South Korea, Malaysia and Indonesia, rose from €106 million in 2008 to €376 million in the previous year, an average annual increase of more than 25 percentage points. Among the new world markets, exports of Italian cosmetics are growing, between 2017 and 2018, in India and Brazil, with a trend of, respectively, +22.8% and 25%. Although still in the presence of marginal values is a sign that cosmetics companies gain internal market shares in areas with huge catchment area of consumers.

Export of finished and semi-finished products

Surveys from January to December

	QUANTITIES (tonnes)			VALUES (€ millions)		
	2017	2018	% var.	2017	2018	% var.
Shampoos	106,773	108,209	1.3%	235	246	4.9%
Hair preparations	1,907	1,555	-18.5%	9	7	-19.0%
Hair sprays	6,900	6,683	-3.1%	22	21	-2.7%
Hair lotions and other products for hair care	125,996	139,373	10.6%	617	654	5.9%
Lip make-up products	6,151	6,356	3.3%	260	263	0.8%
Eye make-up products	11,081	13,850	25.0%	421	437	3.7%
Nail-care products	3,086	1,694	-45.1%	48	30	-37.9%
Powders and compact powders	7,226	8,266	14.4%	202	233	15.2%
Creams and other products	55,003	57,336	4.2%	896	960	7.2%
Body deodorants	23,609	48,148	103.9%	118	154	30.6%
Bath preparations	111,853	72,654	-35.0%	157	115	-26.4%
Toilet soaps	86,096	79,257	-7.9%	173	163	-5.5%
Toothpastes	6,191	5,726	-7.5%	56	49	-12.6%
Other preparations for oral hygiene	79,995	83,819	4.8%	151	162	6.9%
Shaving, pre-shave and after shave products	12,378	10,732	-13.3%	48	44	-8.2%
Perfumes and eau de parfums	13,592	14,422	6.1%	382	430	12.4%
Eau de toilettes and eau de colognes	27,535	26,178	-4.9%	681	691	1.5%
Other perfume and toiletry products	25,517	27,217	6.7%	137	132	-4.0%
Total – exports	**710,888**	**711,475**	**0.1%**	**4,615**	**4,792**	**3.8%**

Prepared by the research and business culture department from Istat data

Import of finished and semi-finished products

Surveys from January to December

	QUANTITIES (tonnes)			VALUES (€ millions)		
	2017	2018	% var.	2017	2018	% var.
Shampoos	48,060	42,320	-11.9%	97	89	-8.8%
Hair preparations	340	1,320	288.0%	3	2	-2.2%
Hair sprays	1,024	1,558	52.1%	5	7	24.7%
Hair lotions and other products for hair care	32,107	31,308	-2.5%	136	124	-8.7%
Lip make-up products	1,504	1,513	0.5%	74	69	-6.2%
Eye make-up products	2,371	1,798	-24.2%	121	99	-18.4%
Nail-care products	3,719	2,444	-34.3%	64	49	-23.8%
Powders and compact powders	1,526	1,141	-25.2%	41	33	-20.4%
Creams and other products	54,932	56,851	3.5%	711	763	7.3%
Body deodorants	10,778	10,959	1.7%	65	60	-7.8%
Bath preparations	14,958	12,622	-15.6%	26	28	9.9%
Toilet soaps	27,349	30,419	11.2%	57	60	4.4%
Toothpastes	31,724	30,362	-4.3%	97	95	-2.4%
Other preparations for oral hygiene	9,190	8,661	-5.8%	37	30	-18.2%
Shaving, pre-shave and after shave products	15,240	6,039	-60.4%	26	21	-20.0%
Perfumes and eau de parfums	12,083	13,344	10.4%	195	196	0.7%
Eau de toilettes and eau de colognes	10,114	69,831	590.4%	257	275	6.8%
Other perfume and toiletry products	11,503	7,417	-35.5%	59	43	-27.7%
Total imports	**288,523**	**329,906**	**14.3%**	**2,073**	**2,043**	**-1.4%**

Prepared by the research and business culture department from Istat data

Italian cosmetics industry exports – top 10

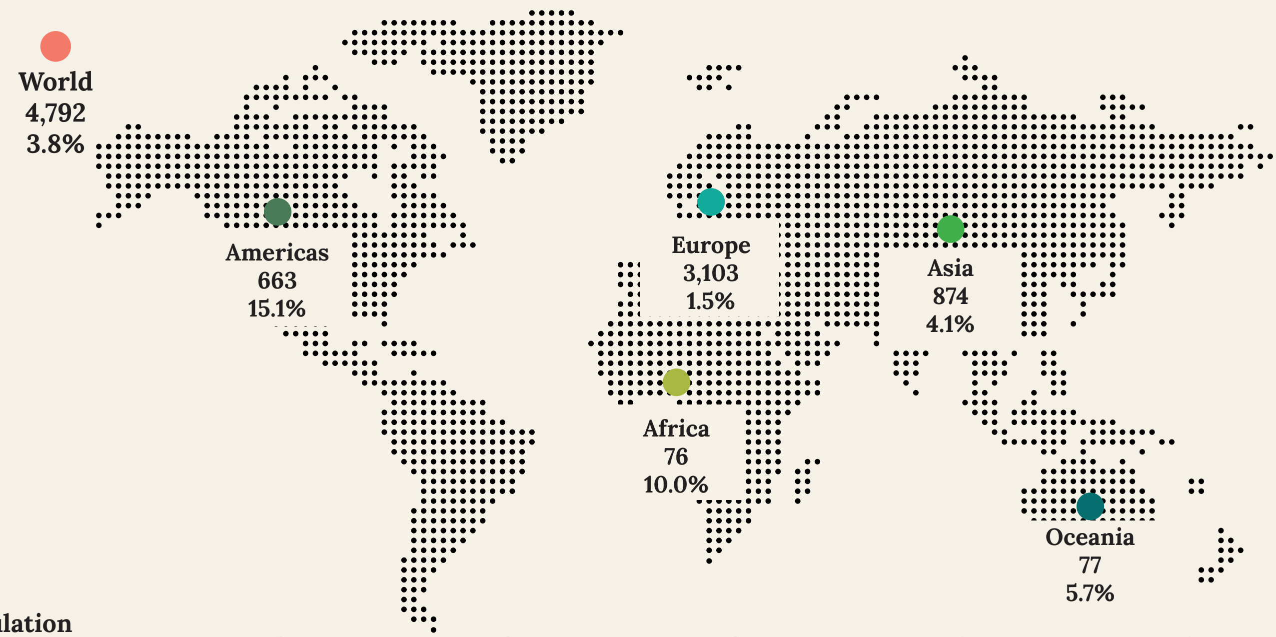
Values in € millions

	Exports 2017	Exports 2018	% var. 2018-17	Weight % on export total for 2018
France	596	613	2.9%	12.8%
Germany	516	552	7.1%	11.5%
United States	417	499	19.9%	10.4%
United Kingdom	331	336	1.6%	7.0%
Spain	296	299	0.9%	6.2%
Hong Kong	198	244	23.1%	5.1%
Netherlands	171	176	2.5%	3.7%
United Arab Emirates	152	152	-0.4%	3.2%
Poland	156	148	-5.4%	3.1%
Russia	136	131	-3.5%	2.7%

Prepared by the research and business culture department from Istat data

International flows

Exports – values in € millions



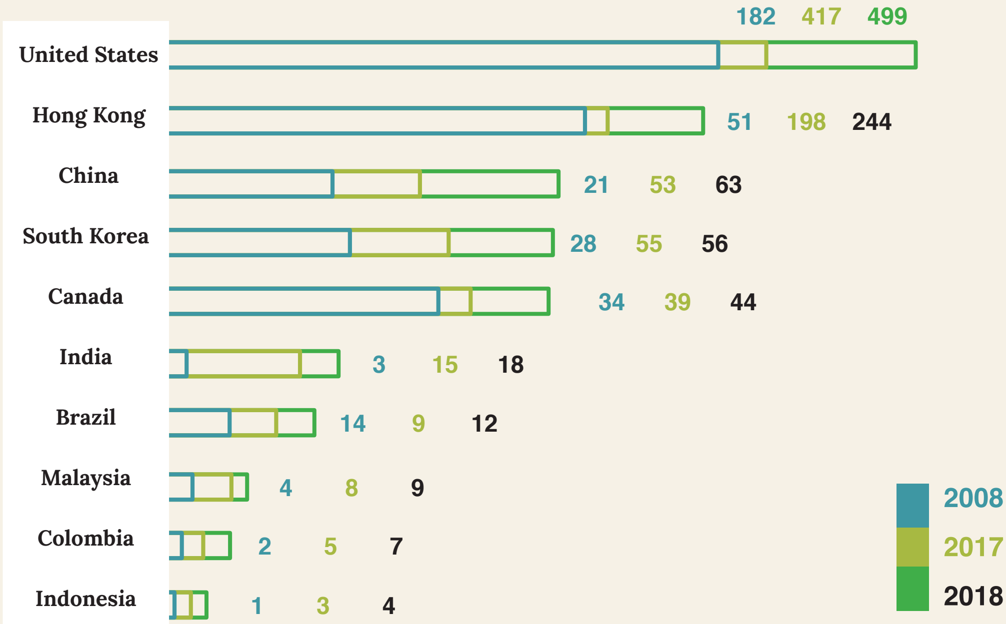
Population

	World	Europe	Asia	Americas	Africa	Oceania
2018	7,705	743	4,585	1,015	1,320	42
Share %		9.8%	59.5%	13.2%	17.1%	0.5%

Prepared by the research and business culture department from Worldometers data

Countries with strategic importance for internationalisation activities

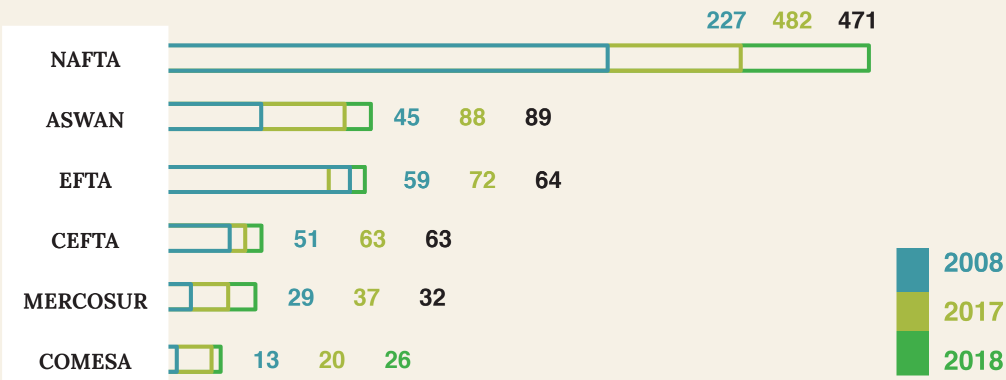
Value of exports in € millions



	% var. 2018-17	% var. 2018-08
United States	19.9%	17.5%
Hong Kong	23.1%	37.9%
China	19.3%	20.4%
South Korea	1.2%	9.8%
Canada	14.5%	3.0%
India	22.8%	52.1%
Brazil	25.0%	-1.6%
Malaysia	9.4%	10.0%
Colombia	58.6%	25.3%
Indonesia	29.6%	23.6%

Geo-economic areas

Value of exports in € millions



	% var. 2018-17	% var. 2018-08
NAFTA	18.4%	15.1%
ASWAN	1.6%	9.9%
EFTA	-11.1%	0.8%
CEFTA	-0.2%	2.4%
MERCOSUR	-13.0%	0.9%
COMESA	28.0%	9.6%

1. NAFTA comprises: Canada, Mexico, US
2. ASWAN comprises: Brunei, Burma, 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

Prepared by the research and business culture department from Istat data

Top five importing countries by macro category

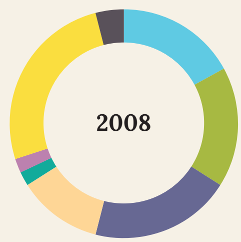
Italian exports in 2018 – values in € millions

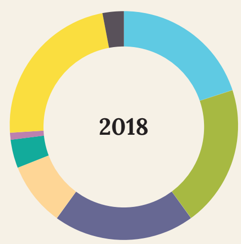
Products for hair care		Products for make-up		Products for body care		Personal cleansing	
United States	93	France	279	Hong Kong	127	France	88
Spain	78	United States	166	Germany	107	United Kingdom	48
France	72	Germany	118	United States	107	Spain	44
United Kingdom	65	Belgium	70	France	81	Germany	39
Germany	56	United Kingdom	56	Spain	71	Netherlands	28
Oral hygiene		**Products for men**		**Alcohol-based perfume products**		**Other products**	
United Kingdom	45	Germany	6	Germany	181	Netherlands	22
Germany	36	Netherlands	5	United States	114	France	14
France	20	Belgium	4	Hong Kong	82	Russia	10
Spain	11	United Kingdom	4	United Arab Emirates	78	Germany	9
Slovakia	10	France	3	United Kingdom	66	United Kingdom	6

Breakdown of exports by macro category

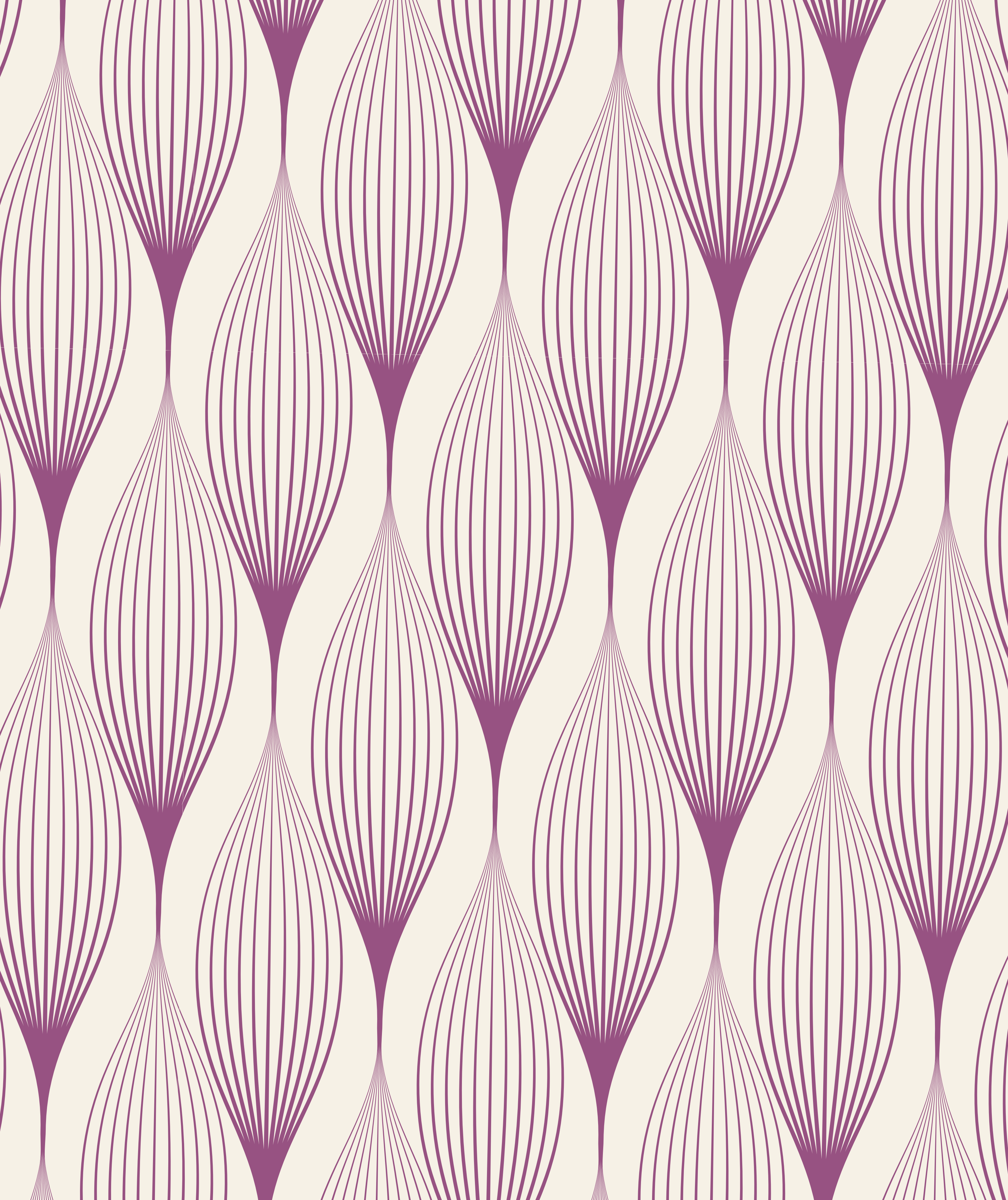
Italian exports in 2018 – values in € millions

	2008	% weight 2008 on total exports	2018	% var. 2018-17	% weight 2018 on total exports
Products for hair care	401	17.2%	929	5.2%	19.4%
Products for make-up	397	17.0%	963	3.3%	20.1%
Products for body care	469	20.1%	960	7.2%	20.0%
Personal cleansing	271	11.6%	433	-3.3%	9.0%
Oral hygiene	47	2.0%	211	1.6%	4.4%
Products for men	42	1.8%	44	-8.2%	0.9%
Alcohol-based perfume products	604	25.9%	1.121	5.4%	23.4%
Other products	98	4.2%	132	-4.0%	2.7%
	2,328	100.0%	4,792	3.8%	100.0%





Prepared by the research and business culture department from Istat data



4 Trends, insights and studies of the growth of cosmetics

Every year, the research department examines a topic of strategic importance for cosmetics companies, in order to respond to increasingly topical and diversified service needs.
Evidence of this activity can be found in the new containers and communication tools that the research department has developed in recent years. First and foremost of these is the Beauty Trend Watch, the research department newsletter which offers targeted focus updates for the cosmetics industry. The following is an in-depth analysis of the issue related to sustainability, already anticipated during the Cosmoprof in Bologna, and now analysed in detail.

Sustainability, between product and production process

The green revolution is a topic that for many years has been taken on board by the cosmetics industry, is transversal to the concept of both product and process and the association, through a working group launched in early 2019, is developing the scope of definition so as to promote the activities of monitoring, service and communication.
To date, the definition of "sustainability/green" linked to cosmetics products, to which the Working Group is refining the terms of description, is as follows:

"It is a product that communicates elements related to environmental sustainability in terms of:

- *Production processes (CO_2 emissions, reduction of water use, waste management, energy saving, etc.)*
- *Characteristics of the packaging (material reduction, recycled packaging, recyclable, biodegradable, etc.)*
- *Supply chain management (supply of raw materials, transport, logistics and distribution etc.)*
- *Environmental footprint (PEF, LCA, etc.)*
- *Product certification (Ecolabel, Nordic Swan, Blue Angel)*
- *Corporate certification (ISO 14001, B Corp, etc.)*
- *Other forms of environmental sustainability"*

Moreover, the definition to refer to for a comparison on a worldwide basis is given by Mintel, a research company capable of intercepting new products on the market in 34 countries, thus identifying trends, both emerging and more established:

"Sustainable products are those that lead, through graphics or text (label, stamp and claim), to product or production characteristics that provide environmental, social and economic benefits, while protecting public health. The whole life cycle of the product is considered, from the extraction of the raw materials to the final distribution".

Therefore, within the classification perimeter proposed by the association, the economic-social impact is excluded but, for a homogeneous basis of survey at world level, the claim is analysed in its entirety.
Over the last three years, cosmetic products with sustainability claims have grown worldwide at an average rate of eleven percentage points, with over 13,000 new references at the end of 2018, a sign of strong interest, not only in the cosmetics sector, on which the offer is orienting itself.

Evolution of the sustainability claim in global launches of cosmetic products

Prepared by the research department based on Mintel's GNPD database. Number of new references placed on the market

	Number of products launched	Change from previous year
2016	10,693	12.2%
2017	11,380	6.4%
2018	13,005	14.3%

Breaking down the detail in the product categories, the evolution of the two-year period 2016-2018 shows how the industry has focused more attention of the "sustainability" claim for face and body care products (36% of the total worldwide launches of cosmetics in 2018 although lower than the launches of 2016), followed by make-up, over 33% of the total launches, and hair products, 13% of the total launches, both growing compared to the two previous years.

Evolution of the breakdown of the sustainability claim in global launches by cosmetic product category

Prepared by the research department based on Mintel's GNPD database.
Number of new references placed on the market and breakdown %

Breakdown % 2016	Number of new cosmetics launched in 2016		Number of new cosmetics launched in 2018	Breakdown % 2018
38.5%	4,112	Facial and body care	4,682	36.0%
31.0%	3,318	Make-up	4,336	33.3%
10.1%	1,085	Hair care	1,715	13.2%
12.1%	1,298	Bath and shower foam	1,356	10.4%
5.2%	558	Perfumes	660	5.1%
2.3%	243	Deodorants	201	1.5%
0.7%	79	Hair removal products	55	0.4%
100.0%	10,693	Total	13,005	100.0%

Thanks to the success of this claim, the positioning of cosmetics, understood as a price range, has also changed.

Evolution of the positioning of the sustainability claim in global cosmetic launches

Prepared by the research and business culture department based on Mintel's GNPD database. Distribution %

	2016	2018
Super-luxury	1%	1%
Luxury	3%	2%
Prestige	48%	54%
Masstige	17%	16%
Mass	21%	19%
Budget	11%	8%

The consumer, attentive and informed, is willing to pay more, knowing that the act of buying, not only enhances the affirmation of his/her social status but, contributes to the challenge of industry in favour of all the issues surrounding the sustainable economy. Issues that cut across multiple stages of the supply chain and production process.
Thanks to EY, one of the world's leading sustainability analysis and consultancy companies, here is a summary of the concrete actions to be taken or remodelled along the production process to provide environmental, social and economic benefits while protecting public health.

The concrete actions by industry to provide environmental, social and economic benefits

Source: EY

DESIGN

Develop innovative formulas and products that reduce the consumption of natural resources and their direct and indirect environmental impacts on ecosystems and biogeochemical cycles.

SOURCING OF RAW MATERIALS

Implement sustainable procurement practices, i.e. include social and environmental criteria in the selection of suppliers.

PRODUCTION

Rethinking production processes with the introduction of new technologies to reduce the consumption of natural resources, climate-changing and polluting emissions, so as to ensure the highest standards with respect for human rights and workers.

MARKET

Optimise logistics activities so as to mitigate greenhouse gas emissions and ensure respect for human rights.

CONSUMER

Raise awareness and inform the final consumer about sustainability issues by promoting responsible consumption and thus promoting the reduction of impacts related to the use phase.

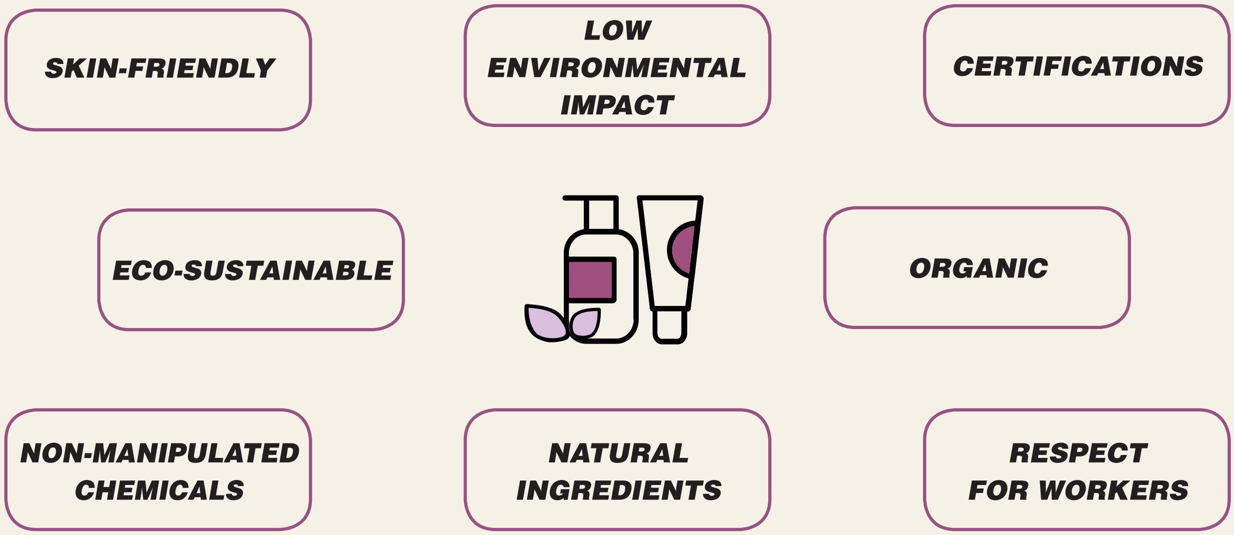
END OF LIFE CYCLE

Implement the principles of the circular economy by promoting the recovery and reuse of resources.

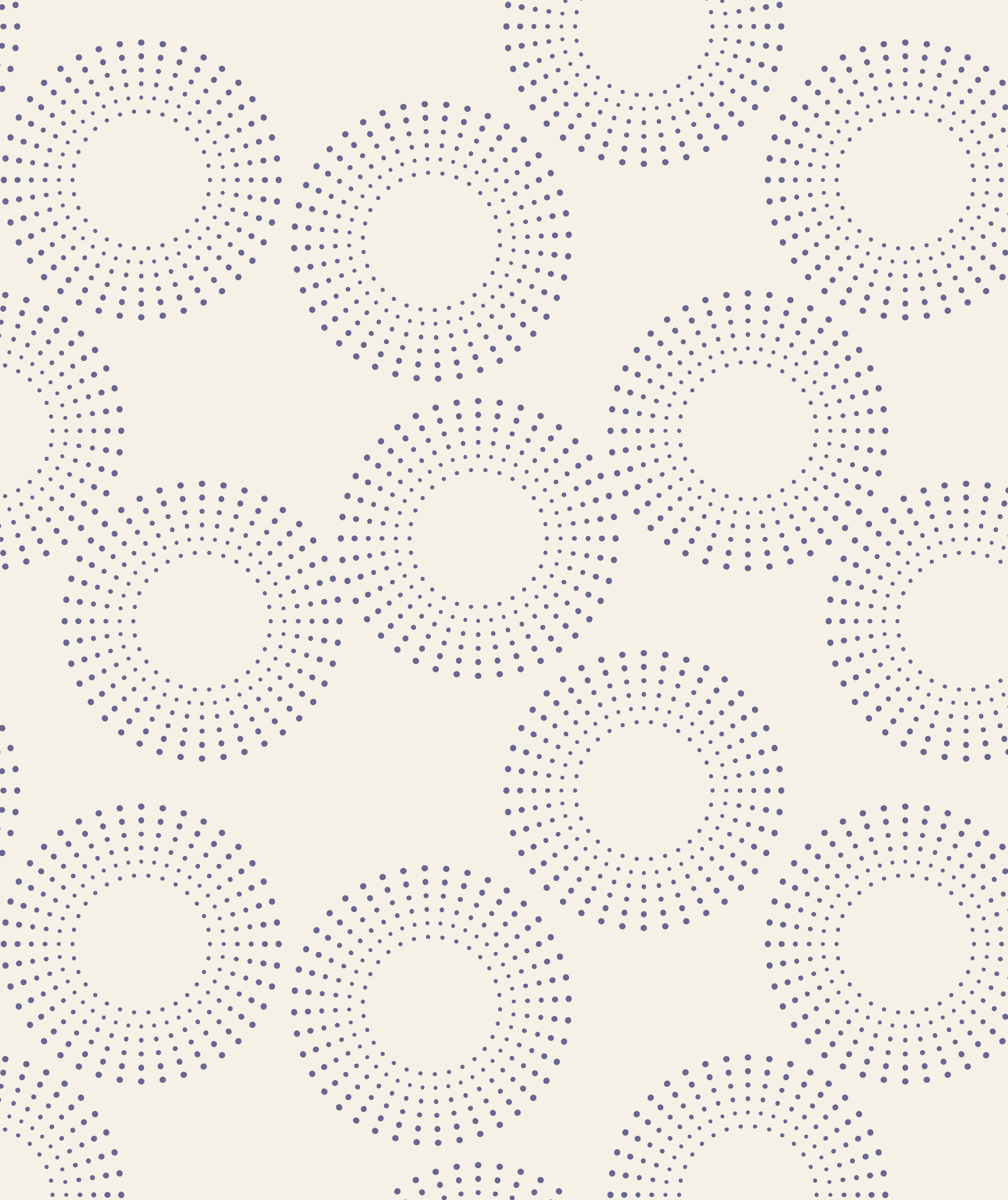
However, the consumer's perception is still weak, mixing areas related to the natural connotation of cosmetics, with that of environmental impact and, unrelated to the scope of classification of green cosmetics, product safety.

What does the consumer understand by green cosmetics?

Source: Human Highway



During the year, Cosmetica Italia will define the fields of application of the concept of sustainability/green to cosmetics through studies and market analysis, an external communication plan and, as a by-product of previous activities, the development of an export handbook.



5 The evolution of cosmetics consumption through history

The following pages contain some significant statistical tables, the result of direct preparation by the research department, which make it possible to verify the trend of cosmetics consumption according to the product categories and distribution channels.

HISTORICAL DATA

Values in € millions

Italian cosmetics market

	2011	2012	% var. 2012-11	2013	% var. 2013-12	2014	% var. 2014-13	2015	% var. 2015-14	2016	% var. 2016-15	2017	% var. 2017-16	2018	% var. 2018-17
Pharmacies	1,789	1,765	-1.4	1,771	0.4	1,799	1.5	1,827	1.6	1,825	-0.1	1,862	2.0	1,854	-0.4
Perfume shops	2,173	2,097	-3.6	2,030	-3.3	1,982	-2.4	2,000	0.9	2,018	0.9	2,008	-0.5	2,037	1.5
Mass market and other channels*	4,535	4,552	0.4	4,512	-0.9	4,447	-1.5	4,512	1.5	4,476	-0.8	4,530	1.2	4,574	1.0
of which hypermarkets and supermarkets	2,188	2,120	-3.2	2,030	-4.4	1,950	-4.1	1,918	-1.7	1,854	-3.4	1,835	-1.0	1,785	-2.8
Direct sales: door-to-door and mail-order sales	516	527	2.0	540	2.4	520	-3.1	500	-3.7	487	-2.7	492	1.0	482	-2.0
E-commerce	27	42	19.7	76	81.0	110	44.7	183	66.4	260	42.1	320	23.1	391	22.0
Beauty salons	268	255	-5.2	242	-5.5	233	-3.5	226	-3.1	231	2.1	236	2.0	237	0.6
Hairdressing	683	644	-6.0	594	-8.4	575	-3.4	563	-2.2	568	1.0	574	1.0	577	0.5
Total	**9,991**	**9,882**	**-1.1**	**9,765**	**-1.2**	**9,665**	**-1.1**	**9,811**	**1.4**	**9,865**	**0.5**	**10,021**	**1.7**	**10,152**	**1.3**

(*) includes herbalist shops and single-brand stores

Composition % of the Italian cosmetics market

	2011		2012		2013		2014		2015		2016		2017		2018	
	a.v.	Comp. %	a.v.	Comp. %	a.v.	Comp. %	a.v.	Comp. %	a.v.	Comp. %	a.v.	Comp. %	a.v.	Comp. %	a.v.	Comp. %
Pharmacies	1,789	17.9	1,765	17.9	1,771	18.1	1,799	18.6	1,827	18.6	1,825	18.5	1,862	18.6	1,854	18.3
Perfume shops	2,173	21.8	2,097	21.2	2,030	20.8	1,982	20.5	2,000	20.4	2,018	20.5	2,008	20.0	2,037	20.1
Mass market and other channels*	4,535	45.4	4,552	46.1	4,512	46.2	4,447	46.0	4,512	46.0	4,476	45.4	4,530	45.2	4,574	45.1
of which hypermarkets and supermarkets	2,188	21.9	2,120	21.4	2,030	20.8	1,950	20.2	1,918	19.5	1,854	18.8	1,835	18.3	1,785	17.6
Direct sales: door-to-door and mail-order sales	516	5.2	527	5.3	540	5.5	520	5.4	500	5.1	487	4.9	492	4.9	482	4.7
E-commerce	27	0.3	42	0.4	76	0.8	110	1.1	183	1.9	260	2.6	320	3.2	391	3.8
Beauty salons	268	2.7	255	2.6	242	2.5	233	2.4	226	2.3	231	2.3	236	2.4	237	2.3
Hairdressing	683	6.8	644	6.5	594	6.1	575	5.9	563	5.7	568	5.8	574	5.7	577	5.7
Total	**9,991**	**100.0**	**9,882**	**100.0**	**9,765**	**100.0**	**9,665**	**100.0**	**9,811**	**100.0**	**9,865**	**100.0**	**10,021**	**100.0**	**10,152**	**100.0**

(*) includes herbalist shops and single-brand stores

Italian cosmetics market: composition % of products in traditional channels

	2011		2012		2013		2014		2015		2016		2017		2018	
	a.v.	Comp. %	a.v.	Comp. %	a.v.	Comp. %	a.v.	Comp. %	a.v.	Comp. %	a.v.	Comp. %	a.v.	Comp. %	a.v.	Comp. %
Hair and scalp care	1,115	13.1	1,104	13.1	1,095	13.2	1,066	13.0	1,054	12.6	1,013	12.2	1,002	11.9	995	11.7
Facial care products	1,370	16.1	1,360	16.2	1,360	16.4	1,359	16.5	1,368	16.4	1,385	16.7	1,422	16.9	1,456	17.2
Face make-up products	387	4.6	392	4.7	376	4.5	377	4.6	388	4.6	406	4.9	412	4.9	422	5.0
Make-up packs	39	0.5	38	0.5	41	0.5	42	0.5	42	0.5	43	0.5	43	0.5	53	0.6
Eye make-up products	328	3.9	335	4.0	330	4.0	336	4.1	360	4.3	362	4.4	368	4.4	371	4.4
Products for lip care	277	3.3	271	3.2	257	3.1	250	3.0	262	3.1	281	3.4	303	3.6	314	3.7
Products for hand care	209	2.5	206	2.4	197	2.4	187	2.3	184	2.2	175	2.1	172	2.1	175	2.1
Products for body care	1,428	16.8	1,416	16.8	1,399	16.8	1,362	16.6	1,391	16.7	1,362	16.4	1,392	16.6	1,378	16.3
Products for body hygiene	1,077	12.7	1,065	12.7	1,051	12.6	1,041	12.7	1,052	12.6	1,041	12.5	1,039	12.4	1,033	12.2
Products for oral hygiene	630	7.4	628	7.5	636	7.7	643	7.8	651	7.8	652	7.8	646	7.7	639	7.5
Skin-cleansing products for children	355	4.2	347	4.1	331	4.0	320	3.9	312	3.7	306	3.7	304	3.6	293	3.5
Products for men	190	2.2	181	2.2	173	2.1	164	2.0	160	1.9	157	1.9	153	1.8	146	1.7
Alcohol-based perfume products	989	11.6	969	11.5	961	11.6	977	11.9	1,003	12.0	1,028	12.4	1,028	12.2	1,073	12.7
Gift packs	105	1.2	101	1.2	107	1.3	101	1.2	106	1.3	110	1.3	114	1.4	118	1.4
Total	**8,498**	**100.0**	**8,414**	**100.0**	**8,313**	**100.0**	**8,227**	**100.0**	**8,339**	**100.0**	**8,319**	**100.0**	**8,399**	**100.0**	**8,465**	**100.0**

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

Retail prices VAT included – figures in € millions

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Cosmetic products – total	8,225.6	8,448.3	8,316.5	8,513.7	8,432.1	8,334.8	8,219.8	8,330.3	8,309.5	8,399.2	8,465.1
	4.1%	2.6%	-1.6%	2.3%	-1.0%	-1.2%	-1.4%	1.3%	-0.2%	1.1%	0.8%
Hair and scalp care	1,094.1	1,109.5	1,089.1	1,110.7	1,100.6	1,091.2	1,059.7	1,047.9	1,006.8	997.6	994.6
	0.2%	1.4%	-1.9%	1.9%	-0.9%	-0.9%	-3.0%	-1.1%	-4.1%	-0.9%	-0.3%
Facial care products	1,364.0	1,373.7	1,351.1	1,376.3	1,366.6	1,366.9	1,360.6	1,369.8	1,386.9	1,425.7	1,455.5
	3.8%	0.7%	-1.7%	1.8%	-0.7%	0.0%	-0.5%	0.7%	1.2%	2.7%	2.0%
Face make-up products	333.9	369.1	361.0	387.8	393.3	377.9	377.4	388.1	406.6	412.8	422.0
	2.9%	9.5%	-2.2%	6.9%	1.4%	-4.1%	-0.1%	2.8%	4.5%	1.5%	2.2%
Make-up packs	36.4	38.4	38.3	39.6	38.6	41.3	42.1	42.3	43.2	44.0	52.6
	-24.9%	5.3%	-0.5%	3.3%	-2.5%	6.5%	2.1%	0.4%	2.0%	1.9%	16.3%
Products for eyes	287.2	311.6	315.8	324.8	332.0	327.2	332,6	357.2	359.6	365.8	371.3
	0.8%	7.8%	1.3%	2.8%	2.2%	-1.5%	1.6%	6.9%	0.7%	1.7%	1.5%
Products for lip care	272.8	268.8	267.7	279.1	274,0	260.0	252.7	265.2	284.5	306.5	314.1
	-2.3%	-1.5%	-0.4%	4.1%	-1.8%	-5.4%	-2.9%	4.7%	6.8%	7.2%	2.4%
Products for hand care	186.1	206.8	206.0	212.8	209.9	200.7	190.8	187.6	178.6	175.9	174.7
	9.2%	10.0%	-0.4%	3.2%	-1.4%	-4.6%	-5.2%	-1.7%	-5.0%	-1.6%	-0.7%
Products for body care	1,370.3	1,428.4	1,403.6	1,431.3	1,419.8	1,403.1	1,362.0	1,391.6	1,362.6	1,394.4	1,377.9
	6.6%	4.1%	-1.8%	1.9%	-0.8%	-1.2%	-3.0%	2.1%	-2.1%	2.3%	-1.2%
Products for body hygiene	1,070.7	1,079.6	1,053.9	1,073.6	1,061.6	1,048.2	1,034.4	1,045.7	1,034.2	1,033.7	1,033.3
	2.9%	0.8%	-2.4%	1.8%	-1.1%	-1.3%	-1.3%	1.1%	-1.1%	0.0%	0.0%
Products for oral hygiene	593.1	615.8	614.9	629.0	626.8	635.2	639.1	648.1	648.6	643.6	638.6
	6.6%	3.7%	-0.2%	2.2%	-0.4%	1.3%	0.6%	1.4%	0.1%	-0.8%	-0.8%
Skin-cleansing products for children	293.2	338.4	343.6	352.5	345.0	329.6	317.8	310.1	304.0	303.0	293.4
	13.6%	13.4%	1.5%	2.5%	-2.2%	-4.6%	-3.7%	-2.5%	-2.0%	-0.3%	-3.3%
Products for men	186.7	186.9	183.2	185.2	177.0	169.2	160.9	156.5	153.9	150.1	146.4
	3.0%	0.1%	-2.1%	1.1%	-4.7%	-4.6%	-5.1%	-2.8%	-1.7%	-2.5%	-2.5%
Alcohol-based perfume products	990.1	997.7	968.6	987.7	968.1	959.8	972.9	999.4	1,024.7	1,025.3	1,072.6
	6.8%	0.8%	-3.0%	1.9%	-2.0%	-0.9%	1.3%	2.7%	2.5%	0.1%	4.4%
Gift packs	96.5	98.0	100.7	106.5	103.0	109.0	102.9	108.8	112.2	116.7	118.2
	18.0%	1.6%	2.7%	5.4%	-3.3%	5.5%	-6.0%	5.5%	3.0%	3.9%	1.3%

DEVELOPMENTS IN EXPORTS OF ITALIAN COSMETICS THROUGHOUT THE WORLD

Historical values and annual percentage changes- Values in € millions, data from Istat

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Total – exports	**2,073**	**1,855**	**2,235**	**2,515**	**2,707**	**3,045**	**3,200**	**3,736**	**4,279**	**4,608**	**4,792**
	1.4%	-11.8%	17.0%	11.1%	7.1%	11.1%	4.8%	14.3%	12.7%	7.1%	3.8%
Products for hair care	362	357	435	505	564	605	647	746	797	881	929
	9.8%	-1.4%	18.1%	13.9%	10.4%	6.7%	6.5%	13.3%	6.3%	9.5%	5.2%
Products for make-up	309	258	302	342	416	464	531	647	851	931	963
	13.2%	-19.6%	14.4%	11.7%	17.9%	10.4%	12.5%	18.0%	23.9%	8.6%	3.3%
Products for body care	478	436	522	556	574	603	608	747	940	891	960
	-9.2%	-9.8%	16.5%	6.1%	3.2%	4.7%	0.9%	18.6%	20.5%	-5.5%	7.2%
Personal cleansing	242	222	219	237	238	331	351	413	425	447	433
	3.7%	-8.8%	-1.5%	7.6%	0.4%	28.3%	5.4%	15.2%	2.8%	4.9%	-3.3%
Oral hygiene	4	82	89	104	108	149	163	176	195	207	211
	-13.8%	95.2%	7.9%	14.9%	3.0%	27.9%	8.6%	7.0%	9.7%	6.1%	1.6%
Products for men	39	38	41	46	44	38	44	41	45	48	44
	3.7%	-2.4%	8.6%	10.3%	-3.7%	-15.6%	12.9%	-8.1%	9.5%	6.0%	-8.2%
Alcohol-based perfume products	473	380	564	660	702	796	792	898	991	1,060	1.121
	-1.3%	-24.4%	32.5%	14.6%	5.9%	11.8%	-0.5%	11.7%	9.4%	6.5%	5.4%
Other products	88	75	81	85	86	104	114	134	145	137	132
	1.4%	-17.6%	7.9%	4.8%	1.2%	17.3%	8.4%	15.1%	7.8%	-6.1%	-4.0%

DEVELOPMENTS IN IMPORTS OF ITALIAN COSMETICS THROUGHOUT THE WORLD

Historical values and annual percentage changes- Values in € millions, data from Istat

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Total imports	**1,535**	**1,385**	**1,572**	**1,659**	**1,626**	**1,653**	**1,685**	**1,825**	**2,011**	**2.072**	**2,043**
	4.4%	-10.9%	11.9%	5.3%	-2.0%	1.6%	1.9%	7.6%	9.2%	3.0%	-1.4%
Products for hair care	232	219	214	237	222	221	227	230	236	239	222
	1.8%	-6.1%	-1.9%	9.6%	-7.1%	-0.4%	2.7%	1.2%	2.7%	1.4%	-7.9%
Products for make-up	118	118	148	170	193	192	197	251	274	292	250
	-7.2%	0.1%	20.1%	13.1%	11.8%	-0.6%	2.4%	21.6%	8.6%	6.1%	-16.8%
Products for body care	582	517	576	590	582	606	616	661	743	708	763
	6.6%	-12.6%	10.2%	2.3%	-1.2%	3.9%	1.7%	6.7%	11.1%	-5.0%	7.3%
Personal cleansing	136	117	119	127	122	128	124	140	162	149	148
	8.5%	-16.8%	1.6%	6.7%	-4.1%	4.9%	-3.1%	11.1%	13.5%	-9.0%	0.0%
Oral hygiene	113	103	110	126	123	145	127	133	138	133	125
	23.9%	-9.3%	6.1%	12.9%	-2.8%	15.3%	-13.8%	4.7%	3.3%	-3.6%	-6.7%
Products for men	24	22	22	21	20	18	20	20	21	25	21
	-16.6%	-9.0%	-0.2%	-2.6%	-3.6%	-14.1%	8.6%	3.7%	0.5%	18.4%	-20.0%
Alcohol-based perfume products	285	248	349	364	342	329	368	390	442	451	471
	5.7%	-15.2%	29.0%	4.2%	-6.5%	-3.9%	10.8%	5.5%	11.8%	2.0%	4.2%
Other products	42	40	45	38	39	38	37	37	39	55	43
	-12.3%	-5.1%	11.9%	-19.0%	1.8%	-0.9%	-4.3%	-0.4%	6.9%	28.0%	-27.7%

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