

# TOP 5

## BEAUTY AND PERSONAL CARE TRENDS BY COUNTRY

### IN NORTH AND SOUTH AMERICA



*COUNTRIES INCLUDED:*

ARGENTINA  
BOLIVIA  
BRAZIL  
CANADA  
CHILE

COLOMBIA  
COSTA RICA  
DOMINICAN REPUBLIC  
ECUADOR  
GUATEMALA

MÉXICO  
PERÚ  
UNITED STATES  
VENEZUELA

# ARGENTINA



## MARKET DEVELOPMENT

2012 demand of beauty and personal care products stayed more or less flat in volume terms. Government imposed import and price controls affected market performance. The second half of 2012 turned more positive as import controls were relaxed due to the government managing to accomplish its established quotas. Still, 2012 is far from achieving results from the previous year's sales.

## IMPORT SUBSTITUTION DRIVING NEW LOCAL INVESTMENTS

Companies leveraged the opportunity to grow local capital by acquiring machinery at lower prices due to the favorable official USD exchange rate. However, union requirements and the need for intensive labor proved to be great challenges for local producers.

## NAIL PRODUCTS CONTINUE TO FLOURISH

Nail products have been the stars of the color cosmetic segment since 2011. A stronger impact on 2012 was driven by the latest fashion trends and new product releases focusing on innovative colors and textures.

## DIRECT SELLERS CONTINUE TO EXPAND

Direct sellers focused on color cosmetics, fragrances and skin care categories, increasing local production directly or through third parties. They also expanded investments in marketing and communications to maintain their edge.

## CONTAINED BUT POSITIVE OUTLOOK

Conservative growth is expected during the forecast period due to political uncertainty and continued inflation eroding consumers' disposable income. Volume growth should be mainly positive but decelerating while value growth is boosted mainly by double-digit price increases.

# BOLIVIA



## HEALTHY GROWTH PUSHED BY DIRECT SELLERS

Nationwide, the cosmetic industry posted generous growth in 2012, especially in color cosmetics, fragrances and skin care categories led by direct sellers. The Bolivian economy is performing well, and consumers perceive their disposable incomes are increasing. However, actual disposable incomes, spending habits and climate all affect consumption patterns between the east and west of the country.

## MIDDLE-INCOME CONSUMERS DRIVE GROWTH

Middle income consumers continue to drive growth, and this emerging segment of the population is significantly boosting the consumption of not only mass but also premium products. The informal economy continues to prop-up incomes and boosts aspirational purchases and increased demand of non-essential products like color cosmetics, fragrances and skin care.

## MEN'S GROOMING CONTINUES TO SHINE

Despite its small market size, companies continue to focus on developing the men's grooming category. Although most companies agree women hold the purchasing power in this category, male consumers with higher disposable incomes are increasing, and they are increasingly opening-up to shopping for themselves.

## DIRECT SELLERS OUTPACE RETAIL GROWTH

Direct Sellers continue to lead the market, with constant innovation through various product lines promoted in frequent online and catalogue campaigns. However, retail brands continue to lead mass personal care categories like hair care, oral care or bath and shower.

## PREMIUM PRODUCTS BEGIN TO PLAY A ROLE

Due to rising incomes, consumers in Bolivia now have access to a wider variety of premium products. If positive economic conditions prevail in the country, this could represent an interesting segment to develop. The rapid growth of shopping malls observed during 2009-2011 favored premium brand expansion as more formal retailers were able to enter the market.

# BRAZIL



## CONTINUED ECONOMIC EXPANSION FAVORS BEAUTY AND PERSONAL CARE GROWTH

Positive macroeconomic factors including the increase in minimum wage, social assistance programs and an increase in the employment rate favor increasing disposable incomes among emerging middle-income consumers. This coupled with a cultural affinity for beauty and personal care offers a strong outlook in Brazil.

## ADVERTISING BLITZ

The beauty and personal care industry ranks among the top in terms of advertising spending in Brazil. Advertising tends to capture large audiences through television or print, and in turn, helped increase beauty and personal care sales in 2012. L'Oréal-Belocap, Natura, Procter & Gamble and Unilever recorded outstanding evolutions in terms of new advertising investments during the year.

## SHIFT TO STORE-BASED RETAILING

While direct sellers should see moderate growth in 2012, beauty specialist retailers should see increased growth throughout the year. After Sephora entered the market in 2010, acquiring internet retailer Sacks, it inaugurated its first store in April 2012 with a total of 5 outlets expected by the end of 2012. Botica launched The Beauty Box store, classified as a multi-brand store, will work both with domestic brands as well as international and imports.

## HAIR CARE CONTINUES TO LEAD SALES

The recent entrance of professional brands such as TRESemmé by Unilever and Wella Series by Procter & Gamble are pushing the focus on image and quality with massive ad campaigns. Conditioners, treatment creams and post-shampoo products still offer good opportunities to expand in the short-term due to current low per capita consumption.

## FUTURE OUTLOOK

Color cosmetics, men's grooming and oral care are expected to see the most dynamic growth in value sales, driven by new products and value-added benefits over the forecast period. On the other hand, the bath and shower category should continue to see the biggest decline in volume terms due to a drop in sales of its largest subcategory bar soap.

# CANADA



## RECOVERY OF PREMIUM PRODUCTS

Premium products are recovering strongly from the economic downturn and are expected to drive growth in most categories of beauty and personal care. Canadian department stores are seeking to grow beauty categories and Canadian parapharmacies/drugstores are placing more emphasis on premium products, appealing to a wider audience of consumers.

## EXPANSION OF MODERN ASIAN SUPERMARKETS AND IMPORTED ASIAN BRANDS

The rise of modern Asian supermarkets in Canada and their expansion into beauty and personal care with in-store boutiques has increased interest in imported Asian brands. The move is principally driven by growing Asian immigration. Examples include Galleria Supermarket in Toronto, the first modern Asian supermarket in Canada to launch an in-store beauty boutique in 2003. The boutique is built around Amore, an imported Premium brand from South Korea. T&T Supermarkets launched its in-store beauty and personal care boutique Be Beauty by T&T in 2012, featuring more than 1,000 SKUs dominated by brands from Asia and a strong focus on skin care.

## MEN'S GROOMING KEEPS EXPANDING

Men's bath & shower and men's skin care continue to grow due to product development and a shift to higher priced products. In particular, men's skin care is seeing strong growth in 2012 and is expected to continue to gain traction. Growth is still supported mainly by younger men, influenced by reality TV shows and celebrities. Overall, the mass segment is stronger than premium except for the men's skin care category where premium plays a bigger role.

## ADVANCED SKIN CARE PRESENTS OPPORTUNITIES

Anti-ageing and corrective skin care products remain in focus, with products and marketing targeting more mature women. BB (blemish balm) creams in color cosmetics have gained a stronger footing, driven by Asian brands like Amore as well as mainstream brands such as Marcelle, Garnier and more.

## PACKAGING INNOVATION REMAINS ACTIVE

Visual appeal and functionality in packaging are evoking strong responses from consumers. For instance, in baby and child-specific toiletries, some manufacturers are introducing products with bigger pump closures to make it easier for children to use. Fragrances continues to be the main category where bottle design greatly attracts consumers' attention.

# CHILE



## WINNING STREAK FOR BEAUTY AND PERSONAL

Beauty and personal care experienced a steady yet healthy growth over the review period, driven by a solid economic environment and the importance Chileans place on daily personal upkeep and image. These products are making way into the daily grooming routine of Chileans, increasingly so with men.

## BETTER PURCHASING POWER BENEFITS PREMIUM BRANDS

Economic stability, low unemployment rates and increasing inclusion of women in the labor market have all resulted in higher disposable income. Chileans are increasingly willing to pay more in order to pamper themselves. In response, companies and retailers have designed interesting strategies such as smaller pack sizes and special promotions using store credit cards to attract consumers of high-end mass brands into trying premium brands.

## CONSTANT PRODUCT INNOVATION GIVES INTERNATIONAL PLAYERS COMPETITIVE ADVANTAGE

Overall, beauty and personal care is mainly controlled by international brands. It is a rather mature industry, and growth is highly dependent on new product developments and technological innovation. Maintaining such elevated levels of new product development requires significant investment, a situation that bodes well for multinationals. With a few exceptions, local companies play the role of trend-followers trying to compete on price.

## DISTRIBUTION TAKES AIM AT PREMIUM GROWTH

Premium brands are normally sold through department stores and in some cases beauty specialist retailers and parapharmacies/drugstores. In order to capture the expected growth of the premium segment, some drugstore chains have acquired beauty specialist retailers in order to improve their reach and expertise.

## GROWTH EXPECTED TO SLOW

Although beauty and personal care expects a positive outlook, especially for color cosmetics, fragrances, sun care and premium products, growth is expected to decelerate over the forecast period. High penetration rates in some categories may pose difficulties for volume sales expansion.

# COLOMBIA



## VALUE FOR MONEY

Price tends to be the most important factor for Colombians when purchasing beauty products. However, these consumers are becoming more sophisticated and informed. The Colombian is willing to spend extra money only when the benefit is proven or seems to add a significant extra value for the additional price. This search for value is a boon for multi-benefit products, such as anti-aging products that both treat and prevent wrinkles while providing sun protection and moisturizers that correct dark spots.

## NATURAL TREND GAINS GROUND

The trend toward natural products is advancing, even with these products generally costing more than traditional products. Brands like Avon Naturals, Natura and Oriflame EcoBeauty offer products with natural and organic ingredients. Local companies like Laboratorios Recamier are also entering the scene with brands such as Vitane Dermo Green, an anti-ageing line made with natural extracts.

## CONSUMERS EXPRESS THEMSELVES WITH NAIL PRODUCTS, LIPSTICK DECLINES

Nail products are continuing to do well in color cosmetics at a time when lipstick is in decline. As has been seen around the globe, nail polish is becoming the new form of affordable luxury in cosmetics, taking over from lipstick. Nails are thought of as an expression of personality in a relatively cheap and accessible format. In lip products, younger women are looking for more functional products that moisturize or provide sun protection.

## NATURAL BEAUTY WITH FLAWLESS SKIN

Facial powder color compacts with sun protection are growing as Colombian women look for a more natural look with lighter make-up. The appearance of impeccable skin without spots or blemishes is important in Colombian culture. If women prefer not to wear much makeup, powder is becoming a good option for flawless skin.

## MEN'S GROOMING GROWING BUT FACES CHALLENGES

Products for men are growing quickly, but still face a challenging culture. Colombian men are slowly beginning their adaptation to buying male-specific products such as facial cleansers, facial moisturizers and shampoos. As men increase purchases of beauty and personal care products for themselves, price will be an important factor as Colombian men are typically more conservative than women when it comes to price.

# COSTA RICA



## **INTEREST SURGING FOR NATURAL INGREDIENTS**

The increasing incorporation of natural ingredients in most beauty and personal care products, especially in hair care, skin care and soap, continued throughout 2012. Consumers are increasingly vocal about their desire to use products safer for the environment or with fewer chemicals. Companies have created marketing campaigns around this effort, emphasizing use of aloe vera and other natural/organic ingredients.

## **POLARIZATION DEEPENING BETWEEN MASS AND PREMIUM PRODUCTS**

2012 saw a deepening polarization in the development and offer of beauty and personal care products. It has become easier to find high-end and niche brands such as L'Occitane at most modern retailers, while economy products targeted to lower income consumers are becoming more prevalent mainly through Walmart's Maxi Palí and Palí discounters.

## **GLOBAL BRANDS STRENGTHEN POSITION**

The growth of major global brands such as Dove, Nivea and Oil of Olay, among others, could be seen throughout 2012. This was especially the case at supermarkets, where these brands targeted younger and middle-high income consumers.

## **FURTHER DEVELOPMENT OF MEN'S GROOMING**

Beauty and personal care options for men showed strong growth in 2012, due in large part to the continued evolution of men's shopping habits as young professionals are increasingly comfortable shopping for themselves and interested in products marketed to their demographic. Deodorants, hair care products and skin care products all registered strong growth based on this effect.

## **PRODUCT SPECIALIZATION AHEAD**

Unique formulations tailored to specific consumer segments took off in 2012, with brands featuring hypoallergenic and odor free properties proving very successful for consumers reluctant to use standard products. Depending on the future economic growth and the evolution of disposable incomes, added-value and specialized products may offer opportunities to expand value sales.

# DOMINICAN REPUBLIC



## **CONSUMPTION REMAINS STABLE DESPITE UNCERTAINTY FROM ELECTION**

Uncertainty caused by mid-year presidential elections weakened sales for a number of consumer goods in 2012, but consumption of beauty and personal care products remained largely stable. Dominican consumers reacted to price increases by decreasing purchasing frequency and favoring lower prices, smaller pack sizes or switching brands.

## **2013 VAT INCREASE TO IMPACT INDUSTRY**

The expected value-added tax hike in January 2013 (16% to 18%) will mean prices will increase further, so producers are expanding their portfolios and planning to introduce more economic alternatives like smaller pack sizes, while increasing promotions to stimulate demand.

## **MEN'S GROOMING AND ANTI-AGERS DEMAND INCREASES**

Men are becoming increasingly aware of their image, however, purchasing decisions are often made by females. Although sales are rising for these products, the key will be to entice more men to make their own purchasing decisions. Also, the demand for anti-aging creams is increasing for both sexes as consumers look to combat the effects of aging and sun exposure in the Caribbean.

## **GROWING INTEREST IN NATURAL AND ORGANIC PRODUCTS**

Dominican consumers are becoming more aware of their surroundings and of the chemicals used in the products they purchase. In an effort to look after both the environment and their wellbeing, consumers mainly in the upper-income segment are demanding more natural and organic products. Currently these options are unattainable for most consumers' budgets.

## **STORE-BASED RETAILERS WILL MAINTAIN ADVANTAGE**

In terms of overall beauty and personal care, department stores, hypermarkets/supermarkets and parapharmacies/drugstores will remain the leaders. Direct sales command a strong position in cosmetic products, but this channel is not expected to pose a threat to the expanding store-based channels during the forecast period.

# ECUADOR



## **MEN'S GROOMING FALLING SHORT OF EXPECTATION**

Although men's grooming products are showing continued growth, the category is not developing as expected. It has proven difficult to convince Ecuadorian men of the need to purchase male-oriented products or specific products like anti-agers. Besides men's shaving and men's deodorants, the category is nearly incipient.

## **INTIMATE HYGIENE SURPRISE SUCCESS**

Over the review period, intimate hygiene grew at double-digit rates each year, albeit from a small base. Women are becoming more interested in taking specific care of themselves and willing to spend extra for these products. As a result, the category is booming with new products and innovation that is expected to continue.

## **PACK SIZE POLARIZATION**

Larger pack sizes are being demanded for many personal care products like general purpose body care and hair care that can now be commonly found in 1 liter bottles. As these products are often consumed on a daily basis, rising disposable incomes have allowed consumers to save on unit price by buying in larger quantities. However, small pack sizes (between 15 and 20 gr for deodorants and 63 to 75 ml for Toothpaste) are also popular. This is typical among lower-income consumers who prefer to spend less at the time of purchase although the unit price is likely higher.

## **PRODUCT REGISTRATION HURTS INNOVATION**

In order to obtain a sanitary registry, firms have to pay very high fees, which can be more than 10 to 20 times higher than in neighboring countries like Bolivia, Colombia and Perú. This situation affects the industry, as it slows down the development of new products and incorporation of new ingredients.

## **DIRECT SELLING DOMINATION**

Direct sales remains the most popular distribution channel, however, store based retailing has increased its competition, as modern grocery retailers and parapharmacies/drugstores expand outlets in both medium and large urban areas. Also, store-based retailers are expanding the shelf space dedicated to selling beauty and personal care products.

# GUATEMALA



## HAIR CARE EXPERIENCES POST-RECESSION SLUMP

Mostly, beauty and personal care consumption didn't change during the worst of the recession in 2008/2009. However, consumers hoping to completely recover their purchasing power, and failing to do so, are now seeing the need to cut expenses. As a result, hair care products experienced lower sales, especially conditioners and shampoo intended for frequent use. Many consumers are unwilling to trade down to cheaper brands, but they are consuming less volume as their budgets do not allow for the same consumption as before.

## LIMITED INNOVATION IN 2012

Most 2012 product launches were line extensions or had very limited innovation, whereas 2011 saw more important launches in the category featuring special characteristics or ingredients previously unseen. Product segmentation has proven to be important for companies aiming to reach a wider consumer base, but in 2012 most companies supported previously launched products instead of introducing new ones in the market.

## INTERNATIONAL COMPANIES MAINTAIN DOMINANCE

Although presence of domestic companies is seen in several categories of beauty and personal care, leadership remains held by international brands/companies. In many cases these companies pioneered the categories in which they participate, gaining important leadership, brand awareness and market share.

## WALMART PROVING TO BE A MARKET MAKER

Key competitors claim that limited growth in certain beauty and personal care categories could be mainly due to shifting strategies by the leading retailer Walmart who created a new higher price strategy. As a result, consumers who perceived this shift in pricing of other products limited their expenditure in beauty and personal care categories since many of the products are not deemed essential.

## STRONG FUTURE POTENTIAL

There are many categories in beauty and personal care that still have limited penetration and offer opportunities for growth. Although most products have been present in the market for a long time, slowly improving socioeconomic conditions have limited their potential. As more consumers continue to increase their disposable income, beauty and personal care products are set to continue growing from a small base in Guatemala. Future innovation will help to drive demand as companies can reach specific target groups by growing the level of product specialization.

# MÉXICO



## SKIN CARE DEVELOPS

Skin care continues to grow, though stiff competition is present in body care and facial care, as consumers demand more multi-benefit products. Anti-agers and skin toners that whiten the skin both continue to grow through store-based retailers such as department stores and non-store retailers such as direct selling.

## DYNAMIC COLOR COSMETICS

Nail products led growth in 2012 followed by eye and facial make-up while lip products under performed. Mascara posted solid results since it is a low cost, essential product, driven with a lot of innovation. Eye shadow is advancing with more value-added and premium options while many limited editions have been launched to stimulate demand.

## DEREGULATION BOOSTS SHAMPOO

The Mexican sanitary authority deregulated shampoos with ingredients to treat dandruff in 2012. Previously these products required strict regulation in terms of sanitary registry, which limited investments and innovation. The result is a boom in the category with more entrants and affordable prices. Standard shampoos and 2-in-1 products posted double-digit growth in 2012.

## FIERCE FRAGRANCES COMPETITION

Mass fragrances are struggling to grow in both men's and women's categories. Jafra's fragrances sales declined in 2012, while Fuller stagnated and Avon recorded only moderate growth. Some premium brands are even reducing prices and boosting distribution through more accessible channels like parapharmacies/drugstores to tempt consumers to trade-up.

## BABY AND CHILD-SPECIFIC PRODUCTS RENEWED

Traditionally a category dominated by multinational retail companies like Beiersdorf, Colgate and J&J, baby and child-specific products are showing renewed dynamism in 2012 thanks to direct selling companies Avon, Fuller and Jafra. These companies are investing in licensing Disney and Nickelodeon characters with strong results. This category is expected to be a focus area over the forecast period as competition increases and it moves to a new stage of development.

# PERÚ



## FOCUS ON SUN PROTECTION

Demand for sun protection continues to grow rapidly in Perú. Over the past five years, there has been a united effort from key players and the government to raise awareness of the dangers of sun exposure. As a result, consumers now purchase sun care products with greater frequency than ever before for themselves and their children.

## SKIN WHITENERS IN DEMAND

Peruvian women are increasingly demanding skin care products with whitening features regardless the color of their skin. Some women want to have a whiter appearance as this is perceived as a positive attribute, but others opt for these products because they have uneven skin color and the product helps to improve their physical appearance with a more balanced skin tone.

## BOOM IN MEN'S HAIR CARE

Men's hair care is growing very fast in Perú and the market nearly doubled in volume terms from 2010 to 2011. Regardless the market size is rather small and developing, but definitely promising. Peruvian men are becoming more demanding and increasing their purchases for products that respond to their specific needs such as preventing hair loss and dandruff control.

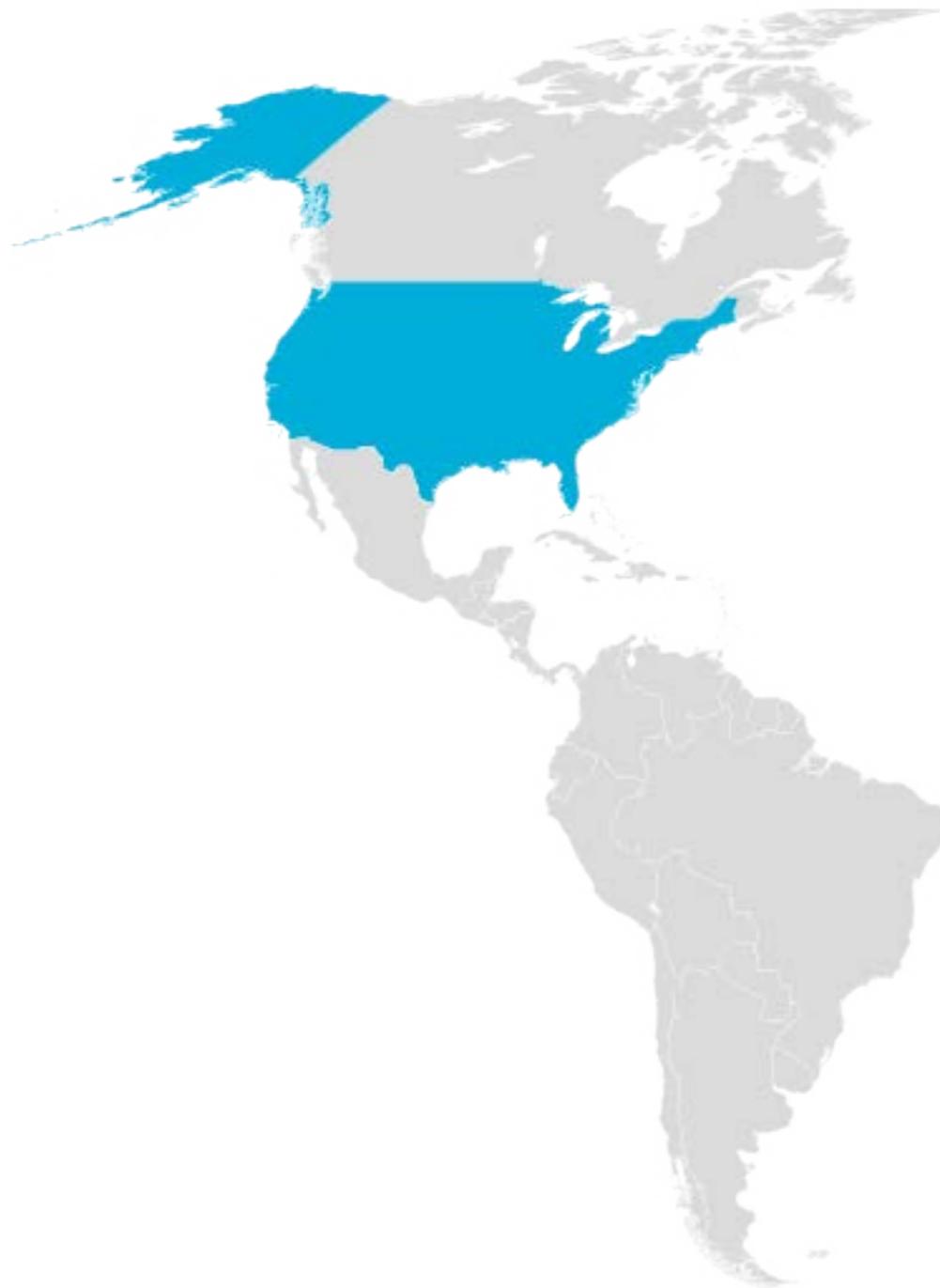
## RETAIL EXPANSION LIMITS DIRECT SELLING

Retail sales of beauty and personal care products are expected to grow faster than sales through direct selling. This is in part due to the aggressive expansion of malls within provinces that will make beauty and personal care products more accessible where previously only direct selling reached. Also, growth in retail credit options are helping store-based channels better compete with the informal credit options offered through direct selling.

## TRADING-UP AHEAD

As the Peruvian economy continues to shine, the resulting expansion of disposable incomes should create greater trading-up in the forecast period. Some middle-income consumers are already demanding higher priced products with more specific features and attributes. Increased purchasing power and savings are making greater purchases a reality, especially within skin care.

# UNITED STATES



## NAIL PRODUCTS WINNING

American women have turned to nail polish as a quick and affordable way to change their look. Fashion trends are emphasizing nail color, with fashion designers such as Jason Wu partnering with CND to create a limited-edition Jason Wu line. Advances in technology have also driven interest in this category as Coty's Sally Hansen Nail Polish Strips allow women to engage in "nail art" in just a few minutes. The nail polish strips consist of polish on flexible strips that are applied to the nail. No drying time is needed. Nail Polish should continue to do well over the next few years as companies introduce new products.

## BB AND CC CREAMS SHINE

BB (beauty or blemish balm) creams have become star attractions in the US facial makeup category. Practically unknown to Americans before 2011, BB creams have become favorites of beauty editors and women as they offer multi-functional benefits. BB creams have been popular with Japanese and Korean women and offer benefits including antioxidant protection, moisturization, pore reduction and sun protection. While the first generation of BB creams came only in light tinted versions for East Asian women, many of the new BB creams being introduced in the US come in a wide array of skin tones.

## RETAILERS ADD BEAUTY SERVICES

Beauty services continue to be a focus for US retailers selling beauty products. Department store Nordstrom has spas in several of its stores and offers the Osmotics LED treatments at a discount from what would be offered at a dermatologist's office. Drugstore chain Walgreens and its Duane Reade division offer manicures and eye brow shaping at Look Boutiques to boost the frequency of traffic and sell consumers nail polish and eye shadow after the services. Several Macy's and Bloomingdale's department stores have the BeneFit Brow Bar where consumers can get brows waxed and purchase Makeup.

## NATURAL INGREDIENTS

From hair care to sun care to bath and shower products, consumers everywhere are looking for a little added value. In addition, they are hoping to foster a healthier lifestyle. By choosing products which are formulated with natural ingredients, they can get the best of both worlds. Mineral-based sunscreens for children, vitamin enriched bath additives for moisturizing effects, and Moroccan oil-infused conditioners with rejuvenating and straightening properties have had great appeal in the past year.

## MEN'S GROOMING

Men's grooming in general has been the attention of many companies looking to get more involved in growth markets. One of the key trends within this market has been segmentation of consumers by age. Two groups here are targeted; older males looking to hold on to their youth and compete with the following generations, and the younger cohort who seeks to differentiate itself all while remaining trendy. The former accomplishes their goals through hair coloring, skin and hair care products with anti-aging benefits, and premium priced products which deliver high performance or an established brand name. The younger male instead looks to follow the trends and wear what is hot and new. He also loves to focus on the grooming of his facial hair, leaving shaving accessories as his entry point into the market.

# VENEZUELA

## STRICT PRICE CONTROLS LIMIT VALUE GROWTH

New price regulations enacted by the Venezuelan government established set prices for basic categories including deodorants, shampoos, bar soap, shower gel and liquid soap. Prices now vary only depending on pack size, not on value-added attributes. Consequently, average unit prices of the affected categories declined, thus driving down value sales. Under this new context, consumers increased purchases of the brands that showed significant price decreases in 2012 as a result of regulation. For instance, Nivea deodorants registered volume increases over 20% in the six months following the price regulation.

## VARIETY AND INNOVATION SUFFERS AS IMPORT OBSTACLES INCREASE

Regulatory and operational obstacles continued to be a relevant factor behind industry performance. All firms had significant difficulties importing products and obtaining approvals for new launches. As a result, introductions and novelties have been extremely few in an industry that was very dynamic in the past. Product shortages were also frequent and some minor brands disappeared as firms had to focus their resources on the most profitable lines. One example is the Color Cosmetics brand Maybelline, which was out of market for several months and was re-launched by L'Oréal at the end of 2012.

## STRONG BEAUTY CULTURE FAVORS THE INDUSTRY

Venezuelans tend to favor beauty products despite adverse economic conditions because personal appearance and hygiene are a priority. Many low-income consumers indulge with an expensive fragrance or an anti-ageing skin care brand even when these products represent a relevant percentage of their disposable income. Budget restrictions force consumers to trade down and delay some purchases, but many consumers return to previous consumption patterns as soon as financial conditions improve. For instance, premium fragrances outperformed mass in 2012 with positive constant growth although purchasing power did not register increases.

## FIRMS RELY ON EMOTIONS TO LINK WITH CONSUMERS

There is a large number of players and brands in the Venezuelan beauty and personal care industry, and therefore competition and rivalry are high in most categories. Under this environment, firms have been switching from traditional strategies to more emotional campaigns. Brands try to build an intangible link with their target groups to increase brand loyalty. Two examples are the direct selling brand Esika and the premium retail brand Lancôme. The former introduced the new campaign La Vida es Bella (Life is beautiful) as a way to relate the brand with optimism and joy. Lancôme added some recognized men to its "ambassador program" in 2012. This program chooses selected personalities to communicate brand values and link emotionally with consumers.

## PARAPHARMACIES/DRUGSTORES REMAIN AN IMPORTANT DRIVER

The relevance of parapharmacies/drugstores continues to increase in Venezuela. Leading chains drive marketing strategies of most store-based brands. This channel reached high penetration in all Venezuelan cities and has become the preferred place for many purchases. Outlets are conveniently located, offer high-quality services and a wide range of brands. Firms marketing Mass store-based brands increasingly consider parapharmacies/drugstores as the most important distribution channel. For instance, the leading chain Farmatodo is the main channel for Valmy, a low-priced domestic brand that is also found at numerous independent small stores.





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