

The Cosmetics Market Facing a Chan

■ The cosmetics and detergent markets are facing an uncertain year in 2009. Sales of the last quarter of 2008 were already affected by the economic downturn, which is mainly seen in consumer habits: many consumers are turning to cheaper products. In particular, the cosmetics sector is changing significantly.

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In recent years, the Finnish cosmetics market has undergone quite a dramatic change. In 2006, the growth in this sector was the most dynamic in Western Europe, whereas in 2008 growth was below the average in the EU.

The total sales of cosmetics were €409 million. Overall in 2008, the sales of cosmetics and toiletry products did not increase due to the drop during the last quarter of the year, although the beginning of the year had seemed very promising.

Finns have now become more price sensitive, which also impacts the consumption of cosmetics. People may still use as many products as before but they consider more carefully what to buy and are increasingly switching to cheaper products and brands.

This is especially evident in the hair care market. As Finns spend more money on hair care than on other beauty products, it makes the hair care business quite vulnerable. While hair care mass market sales grew, the sales of professional products declined. The trend seems to be continuing in 2009.

In Finland, the average annual per capita expenditure on these products currently stands at €150. Out of the total sum, €51 is spent on hair care, €40 on skin care, €28 on hygiene products, such as deodorant and toothpaste, €24 on decorative cosmetics, such as lipstick and mascara, and only €7 on fragrances,

Finns seeming to prefer fragrance-free products.

On the whole, a rising trend

On the whole, sales of cosmetics, toiletries, and detergents continued the positive trend seen in previous years. Total sales of the members of the Finnish Cosmetic, Toiletry and Detergent Association increased by 1% in 2008 to reach €613 million.

In contrast to previous years, detergent and maintenance products were the driving forces of this growth. Sales of household detergent and maintenance products increased by 2%, generating sales of €94 million. The institutional and industrial (I&I) detergents product sales value was €78 million, giving a positive growth of approximately 6%.

Additionally, sales of other technochemical products, such as pesticides, air fresheners and car care and maintenance products, provided a positive surprise, with almost 9% growth. However, the last quarter of the year showed that the sector was also affected by the general economic situation.

As for sales of beauty products, they fell by 0.3%, revealing that the downturn had already impacted this sector. For the most part, the downturn shows in consumer behaviour, as noted above;

The Finnish cosmetics company Lumene Oy combines advanced technology with powerful ingredients from Arctic nature. Representing two strong brands, Lumene and Cutrin, it develops and produces skin care products, cosmetics, and professional hair cosmetics.

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consumers have become more price sensitive, and are turning to cheaper products.

In 2007, the sales of professional hair care products exceeded retail product sales, but in 2008 the situation changed. Retail product sales are now greater than professional product sales and increased a little more than 5%, whereas sales of professional hair care products decreased.

Products manufactured in Finland

accounted for 19% of total sales, ranging from 14% for washing and cleaning products as well as cosmetics and toiletries, to 50% for institutional and industrial products.

Positive year for I&I market

The institutional and industrial sector did quite well in 2008, and the downturn has only started to affect these products

in 2009. The market increased faster in Finland than in Central Europe.

In this sector, personal care products did extremely well, seeing a 12% growth. This may be due to greater hygiene awareness, hand hygiene becoming very important these days. Cleaning products had a positive year, too, with a 7% increase. However, the sales volume did not increase as much as the sales in



