

FINANCIAL NOTE**COSMETICS:
TURNOVER FOR THE SECTOR EXCEEDS 11.2 BILLION EUROS**
**Significant growth for men's perfumes, lipsticks and lip glosses,
anti-ageing and anti-wrinkle creams**

Bologna, 14-18 March 2019 – The inelastic nature of the cosmetic sector is confirmed, with the industry demonstrating growth even in a time of socio-economic uncertainty; the preliminary results for 2018 record a **total turnover** of more than **11.2 billion** euros (+2.1% compared to 2017).

Exports have a major part to play in the production figures, with an increase of 3.6% and a value of around **4,800 million euros**. Even in the face of stable imports, the **balance of trade** marks yet another record for the sector, approaching **2,800 million euros**.

"The nature of cosmetics as one of the elements of daily consumption that buyers are not willing to give up has been confirmed, and with the help of new purchasing models, the sector has succeeded in standing strong, even in the face of negative trends" comments **Renato Ancorotti, president of Cosmetica Italia**. *"Industrial indicators such as the expansion and qualification of production capacity mark trends in development that fuel a sense of optimism for the coming years. Our country remains highly competitive in international markets, and is focused on innovation, product quality and staff training."*

An analysis of the trends seen across the various different channels reveals the clear impact of phenomena such as single-brand stores, SSS-drug stores, e-commerce and disintermediation. Indeed, **online sales** recorded a value of nearly 390 million euros for the year, and above all, **a growth of 22%**. Positive trends were also seen for **mass market retailers (+1.1%)**, which cover 41% of the national cosmetics market (with a value of almost 4,130 million euros); single-brand distribution and SSS-drug stores have had a major impact on these figures.

Professional channels are also holding their own: **beauty and hairdressing salons have grown by 0.5%**, recording figures of 237 and almost 580 million euros respectively.

After several years of decline, **traditional perfume shops** now appear to be in recovery, recording a **growth of 1.5%**, with a sales value of 2,037 million euros. The flat trend for the **pharmacy channel** was subject to a slight downturn, ending 2018 at -0.4% with a value of just under 1,900 million euros. Meanwhile, the figures for the **herbalist store channel** remain positive, despite a degree of slowdown (**+0.2%**, 441 million euros), as a result of the face-off between single-brand and traditional stores.

Finally, the most negative trends in comparison with the other channels were seen in **direct sales, (-2%)**, with a sales volume of more than 480 million euros.

A look at the performance of individual products reveals that the most significant growth trends were in the **eau de toilette and male perfume (+4.5%)**, **lipsticks and lip glosses (+3.4%)** and **anti-ageing and anti-wrinkle creams (+1.8)** channels.

In terms of product lines, **alcohol-based perfume products and facial care products** have demonstrated the most interesting dynamics (**+4.4% and +2% respectively**) with regard to their weight within the overall figures for consumption of cosmetics.

Fast Facts

Some data may help to better understand the value of the sector: our country is fourth for cosmetics markets after Germany, France and the United Kingdom with **35,000 people employed**, which total 200,000 counting downstream activities.

54% of those employed in the sector are **women** (about 19,000), while the manufacturing industry average is stable at 28%. The total number of **university graduates** among the employed is 11% against a national average of 6%, and the women with a university degree number about 1,700, 45% of those with university degrees in the sector. In addition to workers specialized in pharmaceutical chemistry and cosmetology, many are specialized in economy and marketing.

Regarding **innovation and technology, the research and development** that the cosmetics companies in Italy invest is about 7% of the turnover against a national average estimated to be about 3%.

Moreover, let's not forget that cosmetics covers 44% of **investments in communication** of "non food" assets, and that over 65% of the makeup distributed in Europe is produced in Italy.

The **export/production ratio** was equal to 42% at year-end 2017, but there are still wide margins for the sector's internationalization processes. Since 2000 the growth of exports has been higher than the growth of the cosmetic demand, testifying the rise of the Italian competitiveness in this field.

Cosmetica Italia – The personal care association

Established in 1967, the Italian personal care association unites over 500 companies in the sector, from SMEs to multinationals, representing 95% of the industry's turnover.

Cosmetica Italia communication and press office

Benedetta Boni, ph.: (+39) 02.281773.48 – 333.8785084 – benedetta.boni@cosmeticaitalia.it
Francesca Casirati, ph.: (+39) 02.281773.47 - 340.1711105 – francesca.casirati@cosmeticaitalia.it