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Cosmetic Industry in Figures

2021 – Another Challenging Year

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2021 saw COVID and lock-down restrictions eased and a welcome return to the High Street for many shoppers.

After a very tough 2020 for much of the toiletries and cosmetics industry, 2021 proved to be another challenging year with a few notable exceptions.

The Facts

The bare facts are that we lost over £137m in sales (total market down 1.6% year-on-year), with a drop of 147 million packs (-5.5% year-on-year). Some of the 'loss' can be attributed to a large number of small websites selling greater numbers of toiletry products but not all of those being captured within the traditional dataset of grocery and beauty internet sales; a challenge the market research industry is working to overcome.

The (partial) return to the workplace and socialising did have its effect on some of our categories.

Liquid soap, which included hand sanitisers, couldn't sustain such a huge growth and this market has seen a 34% fall in sales, but still at figures much higher than 2019.

Hair colorants also saw a similar fate as the return to salons negated the home hair colouring retail sales, down 8.5% year-on-year.

Categories that have responded well to us being released into the community include colour cosmetics, particularly lips (less mask wearing) and eye make-up.

-1.6%

2021 £8,501.8 million*

2020 £8,639.2 million

* at retail sales price

Predictably, perfume and aftershave have performed much better as we wish to be fragranced, particularly for social occasions.

However, we still haven't returned to pre-COVID sales levels and our Kantar Usage panel does indicate a long-term slight decline in usage occasions for both cosmetics and fragrance.

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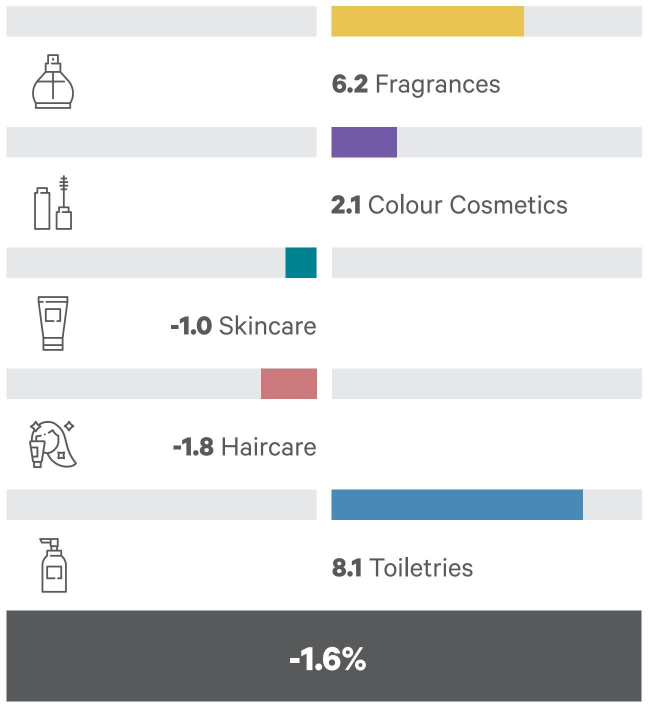
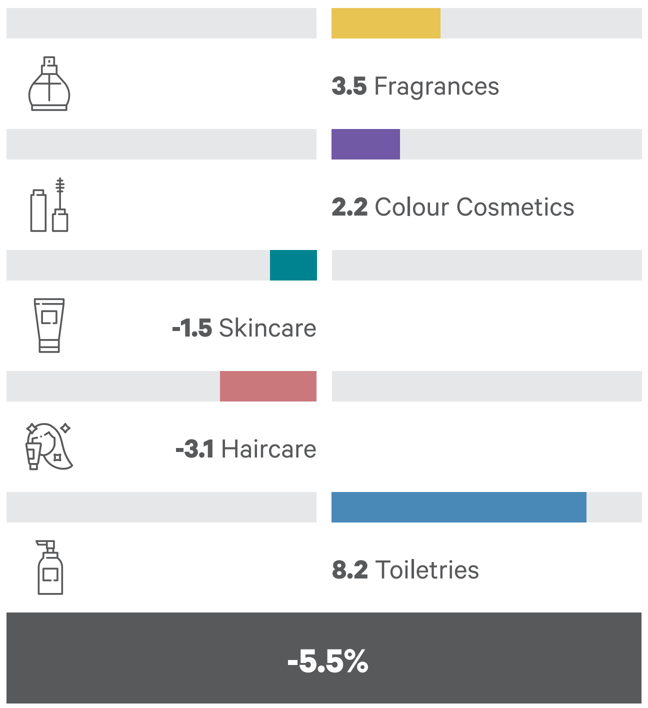
Sector Year on Year % Change by Value



Sector Year on Year % Change by Units



Where We Shop

We did see a major shift to online during 2020 and whilst the long-term trend is a continued increase for this channel, we have seen year-on-year decline as, particularly in beauty, shoppers want to feel, touch, smell and see the products.

With a reduction in the physical presence of department stores on the high street and a general trend towards online, less retail space to display beauty has added to this overall decline in sales.

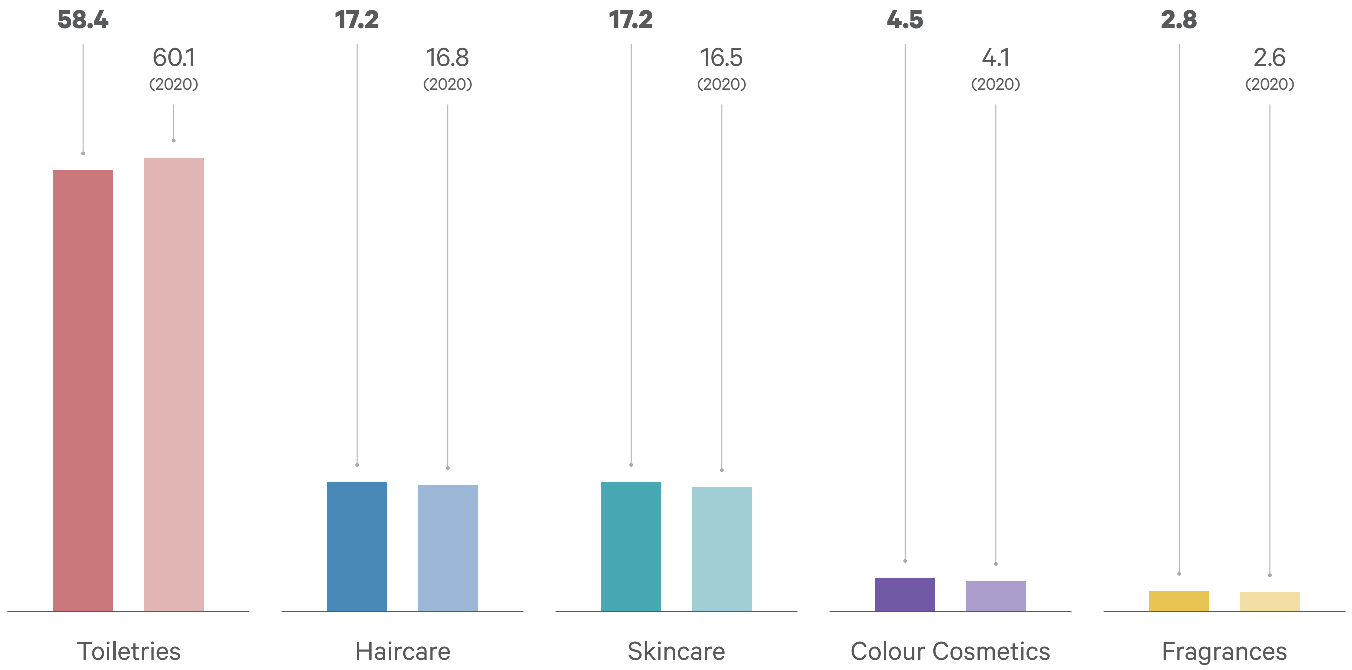
Skincare hasn't performed as well as expected, with only the lip and suncare sector seeing growth as we look to simplify our skincare regimes. Whilst haircare also saw decline with a 1.8% fall in sales, some styling products did see growth.

Toiletries took the biggest hit with only mouthwash and bath additives (and salts doing particularly well) bucking the trend.

Usage occasions, for example for shampoo, is in long-term decline as we choose to wash our hair (slightly) less often.

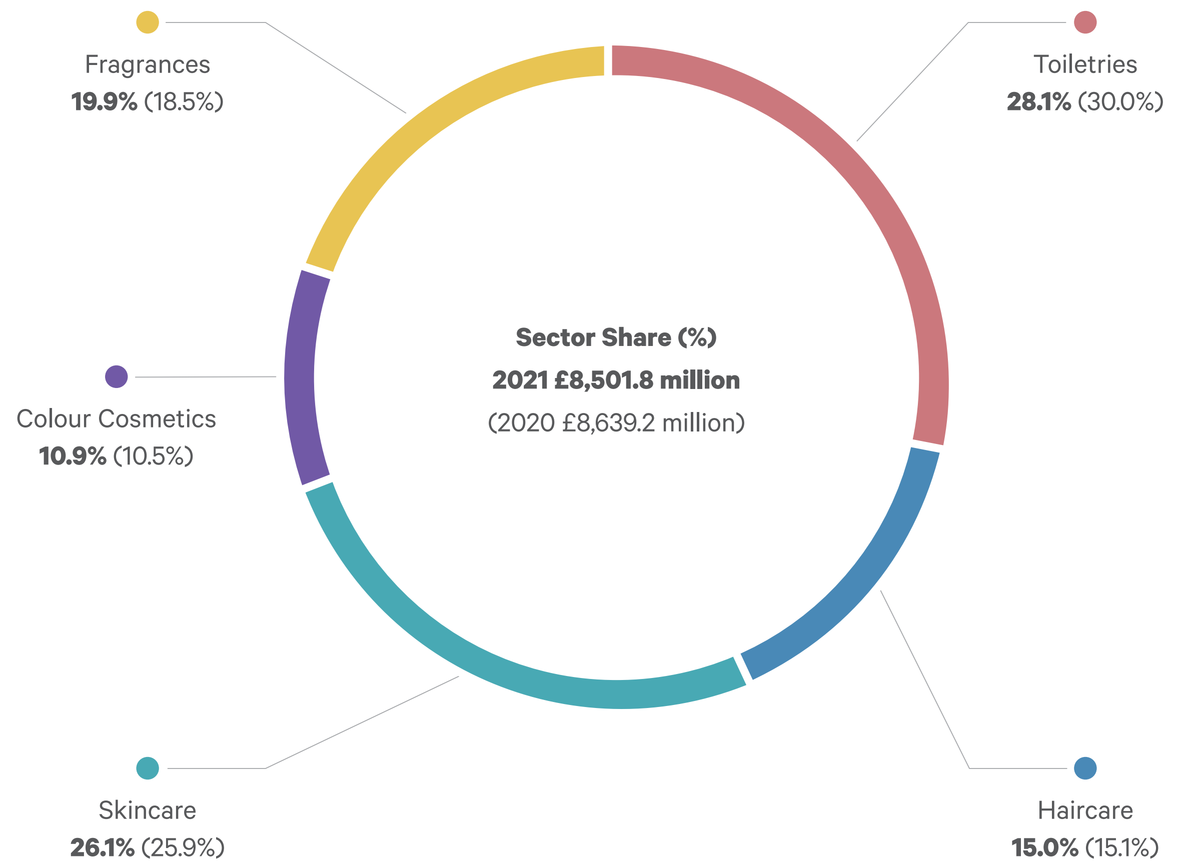
In more mainstream toiletries, grocery online sales also peaked during the pandemic but considerable investment from the grocery trade into home delivery has seen them promoting this channel to capitalise on their expenditure, toiletries spend using the grocery online channel has grown 3% v 2020.

Sector Share (%) of Category Dec '21 vs Dec '20 by Units



Sector Share (%) **Dec 2021 2,516.7 million Units** (versus 2020 2,664.0 million Units)

Sector Share (%) of Category Dec '21 vs Dec '20 by Value (RSP)



Category Estimates December 2021 (£000s)

	£000s Dec-20	£000s Dec-21	% Change
Fragrance *	**1,596,486**	**1,695,833**	**6.2**
Female Fine Fragrance	794,703	839,391	5.6
Male Fine Fragrance	534,855	561,339	5.0
Female Mass Fragrance	115,821	124,923	7.9
Male Mass Fragrance	90,896	104,860	15.4
Unisex Fine Fragrance	53,809	58,683	9.1
Unisex Mass Fragrance	6,402	6,637	3.7
* includes gift packs/coffrets			
Colour Cosmetics	**907,877**	**927,232**	**2.1**
Face	353,953	346,108	-2.2
Lips	153,314	169,706	10.7
Eyes	305,723	315,496	3.2
Nails	78,843	80,297	1.8
Palettes/Gift Packs	16,044	15,625	-2.6
Skincare	**2,237,824**	**2,215,291**	**-1.0**
Prestige Skincare Total inc Gift Packs	537,507	495,544	-7.8
Face Care Non-medicated	1,000,856	996,283	-0.5
Face Care Medicated	92,878	84,686	-8.8
Face Care Male	82,651	73,802	-10.7
Hand Care	66,229	62,095	-6.2
Body Creams and Lotions	201,016	202,881	0.9
Baby Care Products	25,938	24,294	-6.3
Lipsalves	59,639	62,892	5.5
Sun Preparations	171,111	212,814	24.4
Haircare	**1,301,005**	**1,278,212**	**-1.8**
Shampoo	474,860	473,874	-0.2
Hair Colorants Inc Lightening	326,954	299,084	-8.5
Conditioners	318,482	323,936	1.7
Hair Sprays and Setting Sprays	88,309	87,961	-0.4
Hair Creams/Waxes and Gels	72,414	74,152	2.4
Settings Lotions and Mousses	14,768	15,781	6.9
Home Perms	5,218	3,424	-34.4
Toiletries	**2,596,041**	**2,385,212**	**-8.1**
Toothpaste	542,563	542,361	0.0
Depilatories	43,818	41,771	-4.7
Foot Preparations	122,070	116,426	-4.6
Deodorants	531,441	516,566	-2.8
Shaving Soaps	56,343	53,753	-4.6
Mouthwashes	207,069	213,431	3.1
Talcum Powder	16,266	15,890	-2.3
Bath Additives	154,485	160,419	3.8
Shower and Body Wash	383,023	354,766	-7.4
Liquid Soap	437,183	288,139	-34.1
Toilet Soap	101,780	81,690	-19.7

The Near Future

Overall for toiletries, skincare and haircare, we shop less often and spend less per buyer. This is a concern as we move into a high inflation and restricted household spending era. Discounters and bargain stores look set to improve their market share as shoppers will look around for value for money.

We could also see a growth in own label for the same reasons, traditionally lower shares than, for example, in food markets, where we are seeing own label growth.

Issues such as sustainability, packaging and recycling are important but for less well-off shoppers perhaps less so?

The new challenge, therefore, as we move into 2022 and beyond, is recovering from COVID and seeing reduced spending power from consumers as prices increase.

Our industry has tended to lag behind other markets in terms of inflation but with rising transport, labour and material costs we will see prices increase and shoppers hunting out the best bargains.

Good luck!

What do we mean by Cosmetics?

UK/EU Legal Definition:
A 'cosmetic product' shall mean any substance or mixture intended to be placed in contact with the various external parts of the human body (epidermis, hair system, nails, lips and external genital organs) or with the teeth and the mucous membranes of the oral cavity with a view exclusively or mainly to...

Clean Protect Perfume

Change appearance

Correct body odour

Keep in good condition

Methodology & Data Sources

IRI market tracking data:
Census EPoS data from Asda, Boots, Iceland, Morrisons, Sainsbury's, Superdrug, Tesco, Waitrose, Wilkinson, The Cooperative Group.

Sample EPoS data from Symbol Grocers, other Coops, independents and chemists.

Other data representation (audit and estimation methodology) from convenience stores, petrol forecourts, chemists and other impulse outlets.

Kantar Worldpanel Purchasing data (Worldpanel)
Individual purchasing data from a panel of 30,000 households which for this report will cover other GB outlets not mentioned in IRI tracking plus Aldi, Costco, Holland & Barrett, Lidl, Marks & Spencer, Savers, The Body Shop, bargain stores (such as Poundland, B&M Bargains, Home Bargains, 99p Stores) and other smaller outlets.

Kantar Beauty Panel
A panel of 15,000 individuals who record their purchasing of fragrances, colour cosmetics and skincare products across all relevant outlets (including department stores, Boots, The Body Shop, Internet, mail order and direct sales) via online data entry.

Report Definitions
Measures:
Value Sales = £ sold (in 000s)
% Chg = % change versus same time a year ago

Further Details
IRI
www.iriworldwide.co.uk

Kantar Worldpanel
www.kantarworldpanel.com