BEAUTY AND PERSONAL CARE RETAILING – GERMANY – 2020

Value is a priority for German BPC consumers, but price wars are making it difficult to compete on price alone and retailers need to find new ways to drive growth.

Bettina Krechel, Research Director - German Reports

MINTEL

Report Content

EXECUTIVE SUMMARY

- Mintel's perspective

Market context

- The economic backdrop is less optimistic
- Beauty and personal care is a non-discretionary purchase for many consumers
- Beauty and personal care is a non-discretionary purchase for many consumers
- Challenges may lie ahead for BPC retailers

Mintel predicts

- Retail sales growth is expected to slow
- Encouraging full-price purchases will be imperative
- Spending will be impacted by simplified regimes
- Retailers that persuade consumers to trade-up will be best placed to succeed

What consumers want and why

- Consumers want: value for money

  - Graph 1: beauty and personal care brand preferences, November 2019
- An underlying demand for products that are cost-effective
- Consumers want: online improvements
- Consumers want: online improvements
- Retailers need to monitor delivery and website navigation
- Consumers want: sustainable BPC alternatives

  - Graph 2: interest in in-store beauty and personal care retail innovations, November 2019
- The eco mindset is infiltrating BPC purchases
- Consumers want: informative content

  - Graph 3: beauty and personal care shopping experience and guidance behaviours, November 2019
- Overwhelmed consumers stick to what they know
- Overwhelmed consumers stick to what they know

Opportunities

- Innovation and NPD should focus on value
- Create a seamless online and offline experience
- Approach sustainability in a holistic and accessible manner
- Use education to drive value growth

The competitive landscape

- BPC specialists capture two-thirds of consumer spending
  - Graph 4: estimated distribution of spending on beauty and personal care products, 2019
- The health and beauty sector is fragmented
- The health and beauty sector is fragmented
- Quick download resources

MARKET DRIVERS

- GDP growth is slowing
  - Graph 5: gross domestic product, price-adjusted, 2009-19
- Inflation remains low
  - Graph 6: consumer prices of personal care items, annual % change, 2014-19
- Price competition in the German retail market is intense, exacerbated by the rise of online
- Disposable income growth is positive for the BPC market
  - Graph 7: real wage growth – inflation vs disposable income, 2015-19
- An ageing population will shape the retail landscape
  - Graph 8: annual % change in the population, by age, 2014-18
- BPC consumers are becoming more eco and ethically conscious, and this is shaping their purchase decisions

MARKET ACTIVITY

Sector size and forecast

- Retail sales growth remains robust, but slowed in 2019
- Note on the sector size
- Cosmetics and perfumery specialists are struggling

Consumer spending

- Spending growth expected to slow in 2019
- The core categories performed well in 2019
- Consumers are investing more time and money in their oral hygiene
- Consumers are investing more time and money in their oral hygiene
- An appetite for experimentation is driving the facial skincare market
- Personalisation and seasonal ranges could boost sales of bodycare products

Channels of distribution

- Specialists dominate the market
  - Graph 9: estimated distribution of spending on beauty and personal care products, 2019
- Zalando ups the ante on beauty

- Primark is also strengthening its offer

WHAT CONSUMERS WANT, AND WHY

Purchase of beauty and personal care products

- Beauty and personal care products are widely purchased
  - Graph 10: beauty and personal care items purchased in the last 12 months, November 2019
- Beauty purchasing is driven by skincare
  - Graph 11: beauty items purchased in the last 12 months, November 2019
- Oral hygiene and SBS are the most purchased personal care products
  - Graph 12: personal care items purchased in the last 12 months, November 2019
- Fragrance brands are failing to engage young men
  - Graph 13: beauty and personal care items purchased in the last 12 months, by age and gender, November 2019
- Women buy a much broader range of products
  - Graph 14: repertoire of beauty and personal care items purchased in the last 12 months, by gender, November 2019
- Women have an emotional attachment to beauty
  - Graph 15: attitudes towards beauty and grooming, 2019

Brand preferences

- Consumers prefer value and mass-market brands
  - Graph 16: beauty and personal care brand preferences, November 2019
- The German prestige fragrance market is lagging behind the UK
- The German prestige fragrance market is lagging behind the UK
- The weakness of the prestige beauty market aligns with a decline in luxury goods purchasing
- The weakness of the prestige beauty market aligns with a decline in luxury goods purchasing

Channels used

- Online growth is being driven by women
- Channel usage is not significantly influenced by age
  - Graph 17: channels used to purchase beauty and personal care items in the last 12 months, by age, November 2019
- Consumers are embracing multi-channel shopping behaviours
- There are opportunities to better connect the online and offline retail worlds

Retailers used

- German BPC shoppers favour specialists
  - Graph 18: types of retailer used to purchase beauty and personal care items in the last 12 months, November 2019
- DM Drogerie Markt leads the way
  - Graph 19: specialist retailers used to purchase beauty and personal care items in the last 12 months, November 2019
- Edeka is the most popular grocery retailer for BPC purchases

- Graph 20: grocery/discount retailers used to purchase beauty and personal care items in the last 12 months, November 2019

- Amazon is capturing online BPC buyers

  - Graph 21: other retailers used to purchase beauty and personal care items in the last 12 months, November 2019

- Specialists and online-only retailers more popular with women

  - Graph 22: types of retailer used to purchase beauty and personal care items in the last 12 months, by gender, November 2019

- dm-Drogerie Markt strengthens its male BPC offer
- Young men feel under-served
- Supermarket usage peaks amongst older BPC shoppers

  - Graph 23: types of retailer used to purchase beauty and personal care items in the last 12 months, by age, November 2019

- Most only shop with one or two different retailers

  - Graph 24: repertoire of retailers used to purchase beauty and personal care items in the last 12 months, by gender, November 2019

Satisfaction with the retail experience

- Consumers are less satisfied with the online experience

  - Graph 25: satisfaction with the retailer where consumers spent the most on beauty and personal care products in the last 12 months, November 2019

- Key driver analysis
- Key driver analysis

  - Graph 26: overall satisfaction with the retailer where consumers spent the most on beauty and personal care products in the last 12 months – key driver output, November 2019

Interest in innovations

- Eco-conscious shoppers want refills and provenance

  - Graph 27: interest in in-store beauty and personal care retail innovations, November 2019

- Refill services are becoming more mainstream
- Savvy shoppers are doing their ingredient homework
- Retailers are tapping into the desire for ingredient information
- Young consumers want to see more in-store innovation

  - Graph 28: interest in in-store beauty and personal care retail innovations, by age, November 2019

- A different way to deliver in-store expertise
- A different way to deliver in-store expertise

Purchasing behaviours

- The in-store experience can be a differentiator

  - Graph 29: beauty and personal care shopping experience and guidance behaviours, November 2019

- Retailers have an opportunity to tap into consumer appetite for guidance

- New stores tap into the experiential retail trend
- In-store experience is less important to young men
  - Graph 30: beauty and personal care shopping experience and guidance behaviours, by age and gender, November 2019
- Sustainability is at the forefront of the consumer's mind
  - Graph 31: beauty and personal care sustainable purchasing behaviours, November 2019
- Older women are more passionate about green beauty
  - Graph 32: beauty and personal care sustainable purchasing behaviours, by age and gender, November 2019
- Packaging-free concepts are appealing
- The rising interest in sustainability could impact demand for naturals
- The rising interest in sustainability could impact demand for naturals
- Brand loyalty is strong
  - Graph 33: beauty and personal care brand and product selection behaviours, November 2019
- The demand for all-in-one solutions aligns with simplifying regimes
- Young men want convenience, older men want familiarity
  - Graph 34: beauty and personal care brand and product selection behaviours, by age and gender, November 2019
- Instagram-worthy masstige brands are making premium beauty products available to the masses

RETAILER ACTIVITY

Leading Specialists

- The post-Schlecker party is over
- A number of the leading players are struggling

Market share

- In a fragmented market the leading players have room for growth
- dm-Drogerie Markt leads, but Rossmann is rapidly catching up
  - Graph 35: leading BPC specialist's estimated share of all consumer spending on beauty and personal care, 2018
  - Graph 36: leading BPC specialists' estimated share of all retail sales through health and beauty specialists, 2018
- A number of the leading players have lost market share
- Rossmann has made significant market share gains

Online

- Three out of four consumers in Germany are now shopping online
  - Graph 37: online purchases in the last 12 months, 2013-18
- Online penetration continues to rise
  - Graph 38: online sales of drugstore products, 2014-18
- Leading retailer's in the online BPC market
- Amazon leads the way in Germany's online retail market

- Sector size and forecast – value
- Market size and forecast – value
- Sector size and forecast – value – best- and worst-case
- Market size and forecast – value – best- and worst-case

About Mintel Reports: Germany

Access our reports now and get the most accurate, credible and powerful data, insights and analysis. Mintel Reports Germany gives you everything you need to know about what German consumers want and why.

In each report, we're analysing the market, new product innovations and the competitive landscape, as well as consumer behaviours across Germany. Our local analysts, supported by our team of global experts then translate it into what it means for you.

What makes us unique?

- A 360-degree view of German markets
- Experienced analysts based in Germany
- Expert-led support from global category experts

How Mintel Reports Germany will help your business grow:

01

Identify future opportunities by understanding what German consumers want and why

02

Make better decisions faster by keeping informed on what's happening across your market

03

See the trends and innovations impacting Germany both on a local and global level

Disclaimer
This is marketing intelligence published by Mintel. The consumer research exclusively commissioned by Mintel was conducted by a German licensed market survey agent (see Research Methodology Europe for more information).

Terms and Conditions of use
Any use and/or copying of this document is subject to Mintel's standard terms and conditions, which are available at http://www.mintel.com/terms

If you have any questions regarding usage of this document please contact your account manager or call your local helpdesk.

Published by Mintel Group Ltd
www.mintel.com
email: store@mintel.com

Help desk

UK	+44 (0)20 7778 7155
US	+1 (312) 932 0600
Australia	+61 (0)2 8284 8100
China	+86 (21) 6386 6609
Germany	+49 211 2409023
India	+91 22 4090 7217
Japan	+81 (3) 6228 6595
Singapore	+65 (0)6 818 9850

MINTEL