

# THE PRIVATE LABEL BEAUTY CONSUMER – GERMANY – 2022

Private label beauty is highly regarded by German consumers and already covers most BPC categories. Colourants, fragrances and men's care have more potential.



Susanne Krenz, Principal Research Analyst - Beauty and Personal Care



# The Private Label Beauty Consumer - Germany - 2022

## This report looks at the following areas:

- The impact of inflation and rising cost of living on the private label beauty sector
- The purchase of branded vs private label beauty products across multiple categories
- Private label beauty products' locations of purchase
- Reasons for buying private label beauty products
- Factors that would encourage the purchasing of private label beauty products
- Shopping habits for private label beauty products

## Overview

83% of German own-label BPC buyers buy from drugstores, making this by far the most dominant channel. Price plays an important role – 65% of buyers buy own-label BPC because it's cheaper than branded beauty – and pandemic- and inflation-related economic influences such as job losses/financial insecurity will undoubtedly further contribute to market growth.

Private label purchase isn't just tied to income, however, as 82% of buyers who describe their financial situation as healthy buy drugstore own-label beauty.



Private label beauty is highly regarded by German consumers and already covers most BPC categories. Colourants, fragrances and men's care have more potential.

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Private labels are well respected, with **54% of buyers** choosing own-label BPC products because they perform just as well as, or better than, branded products. **21%** have shopped at a specific retailer based on the own labels stocked.

Eco-friendly and refillable options are amongst the biggest opportunities for encouraging own-label beauty purchases; **43% of adults\*** agree ethical beauty is worth paying more for, and **39% of BPC buyers** would choose own-label products over branded ones if they were eco-friendly.

Private label beauty brands can also explore new categories such as nutritional supplements and beauty foods and focus more on categories still dominated by retail brands, such as hair colourants. Another opportunity is customisation, and men's beauty is also an area with NPD potential.

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## Report Content



### EXECUTIVE SUMMARY

#### Key issues covered in this Report

- Overview

#### The impact of COVID-19 on private label beauty

- COVID-19 mainly impacts private labels sold through non-essential stores
- COVID-19's impact on private label beauty and German consumer behaviour

#### Market context

- Drugstore private labels lead the way
- Perfumery and single-brand retailer own-labels lag behind
- Facial skincare, bath & body care and suncare have the highest private label purchase
- Private labels are trustworthy and convenient

#### Opportunities

- Engage male consumers to increase traction
  - Graph 1: exclusive purchase of own-label products, by category, men, 2021
- Highlight colourants
- Own-label scents can find their niche
  - Graph 2: purchase of branded vs private label fragrances, by gender and age, 2021
- Explore the world of beauty supplements
- Make beauty more personalised
- Increase the sustainability footprint of private labels
  - Graph 3: % of respondents who would buy own-label BPC products over branded versions if they were eco-friendly, by gender and age, 2021

#### The competitive landscape

- A focus on value for money benefits private label NPD
  - Graph 4: branded vs private label BPC product launches, 2001-21
- Drugstores dominate the competitive landscape
- Expansion plans have seen varying success
- Quick download resources

### MARKET DRIVERS

- German economy hit hard by COVID-19 disruptions

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- Strong post-COVID-19 bounceback followed by a period of slower growth
  - Graph 5: key economic data, in real terms, 2019-23
- Consumers tighten their belts
  - Graph 6: consumers whose financial situations are worse off since the start of the COVID-19 outbreak, 2020-21
- Middle-aged consumers have been most impacted financially by COVID-19...
  - Graph 7: change in financial situation since the start of the COVID-19 outbreak, by age group, 2021
- ...and are amongst the least well off financially
  - Graph 8: financial situation, by age group, 2021
- Struggling households and younger shoppers give higher priority to value for money
  - Graph 9: changing priorities towards value for money when buying BPC products since the COVID-19 outbreak, by age and 'struggling' finances, 2021
- Lockdown has kicked online shopping into high gear
  - Graph 10: change in select shopping behaviours since the COVID-19 outbreak, 2020-21
- Consumer protection magazines are influential
- Major consumer influence: Stiftung Warentest
- Major consumer influence: Ökotest

## WHAT CONSUMERS WANT AND WHY

### Purchase of private label BPC products

- Facial skincare, bath & bodycare and makeup have high private label purchasing
  - Graph 11: purchase of branded vs private label BPC products, by category buyers, 2021
- Own-label fans put their best face forward
  - Graph 12: purchase of branded vs private label facial skincare products, by gender and age, 2021
- Drugstore beats perfumery own-labels
  - Graph 13: facial skincare own-label purchases among women, by age, 2021
- Germans are the most enthusiastic about own-labels
  - Graph 14: facial skincare own-label purchases among women, 2021
- Sophisticated and playful
- Bath and bodycare is a good entry point
- Limited editions offer cross-category fun
- Own-label suncare brings high value
- Suncare: seasonal but popular
- Appeal to men with own-label colourants
  - Graph 15: purchase of branded vs private label colourants, by gender and age, 2021
- Customisation offers potential for own-label colourants
- Drugstores ramp up their colourant offerings
- Private label colourants respond to pandemic-driven demand

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- Private label fragrances need to find their niche
  - Graph 16: purchase of branded vs private label fragrances, by gender and age, 2021
- Exploring the fragrance market
- Men indulge in scents
- Private label appeals to male BPC shoppers
  - Graph 17: exclusive purchase of own-label products by category, by gender, 2021
- Encourage loyalty from younger male shoppers
- More room for men's care
- Exploring the nutritional supplements sector
- Beauty supplements from Rossmann's Alterra

## Purchase channels for private label BPC

- Drugstore retail leads the way
  - Graph 18: private label BPC purchasing by outlet type, 2021
- All demographics and income groups prefer drugstore own-labels
  - Graph 19: private label BPC purchasing in drugstores, by age, 2021
- Supermarket private label appeals to men
  - Graph 20: private label BPC purchasing by outlet type, by gender, 2021
- A need for better marketing to men
- Younger buyers visit a larger number of outlets
  - Graph 21: repertoire of outlets where private label BPC is bought, by age within gender, 2021
- All age groups prefer to buy own-label in stores
  - Graph 22: private label BPC purchasing by channel, by age, 2021
- Douglas invests in digital and own-labels

## Reasons for buying private label BPC

- Consumers trust own-label product quality
  - Graph 23: reasons for buying private label BPC products, 2021
- Consumers expect value for money...
- ...and private label manufacturers are happy to oblige
  - Graph 24: BPC launches by price positioning, private labels vs brands, 2018-21
- Quality and innovation are important
- Perception of private label quality rises with age
  - Graph 25: quality-related reasons for buying private label BPC products, by age, 2021
- Over-55s are engaged with BPC ingredients
- Good reviews are important drivers of private label purchases
- Own-labels have a constant stream of NPD...
- ...with frequent limited editions
- Convenience ranks highly for younger families...

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- Graph 26: purchase of private label BPC products because they are convenient to shop for, by age, 2021
- ...and drugstores are a popular place for parents
- Own-labels appeal to sensitive skin
  - Graph 27: BPC launches by skin sensitivity claims, 2017-21

## Purchase factors

- Eco-friendliness and personalisation will drive conversion...
  - Graph 28: factors that would encourage purchase of own-labels over branded BPC products, 2021
- ...especially among women
  - Graph 29: factors that would encourage purchase of own-labels over branded BPC products, by gender, 2021
- Focus on the eco-friendliness of own-label beauty
  - Graph 30: would buy own-label BPC over branded versions if they were eco-friendly, by gender and age, 2021
- Ethical and sustainable packaging is important
  - Graph 31: eco-friendly packaging expectations for BPC beauty products, 2020
- Ethical and sustainable packaging
- Climate-positive beauty from dm
- More in-store refill options
- The Body Shop rolls out refill stations
- Sponsor charity initiatives
- Extend refill concepts to other categories like colour cosmetics
- Zara Beauty offers refills for selected makeup items
- Offer the option to customise
  - Graph 32: would buy own-label BPC over branded versions if they could be personalised to suit skin/hair needs, by gender and age, 2021
- Customisation options
- Consumers want on-trend own-labels
- Trend ingredient: hyaluronic acid
- Trend ingredient: vitamin C
- Trend ingredient: hemp
- Scope for more own-label gifting
- Attractive limited edition gift sets
- Pretty packaging draws in 16-34 year olds

## Behaviours related to private label BPC products

- Private labels inspire impulse purchasing
  - Graph 33: [no title]
- Follow your impulse
- Private labels offer beauty dupes
  - Graph 34: have looked for own-label alternatives to branded products when shopping for BPC, by age, 2021

- L'Oréal 8 Seconds Wonder Water dupe
- Schwarzkopf Bye Bye Baby Hair styling stick
- Price-led parents are the most interested in dupes
- Inspire experimentation with own-label beauty boxes
- Younger buyers discover own-label launches on social media
- dm's own-label brands are on Instagram
- Rossmann is more active on TikTok
- Sponsor events to engage consumers

## LAUNCH ACTIVITY AND INNOVATION

- Private label NPD offers value for money
  - Graph 35: branded vs private label launches of BPC products, 2001-21
- dm leads private label beauty launches
  - Graph 36: top companies for private label BPC launches, 2017-21
- Private label is more innovative in SBS and skincare
  - Graph 37: BPC launches by category, private label vs brands, 2017-21
- On trend: microbiome skincare
- On trend: concentrated beauty boosters
- On trend: oral care
- Ethical, natural and 'suitable for' claims grow fastest
  - Graph 38: BPC own-label launches by top 10 claim categories, 2017 and 2021
- Environmentally solid
- Organic and vegan on the rise
  - Graph 39: private label BPC launches with organic and vegan claims, 2017-21
- Upcycled plant power

## Advertising and marketing activity

- Glow by dm goes virtual
- Rival loves me x Giacomo
- Douglas Collection presents makeup routines for him on social media
- Yves Rocher launches live streaming...
- ...while dm is also going live
- Edeka's elkos brand reaches out to influencers

## MARKET SHARE

- Growing shares for private labels
- Private labels account for around 14% of BPC sales



## Retailer profiles

- Leading drugstore chains: dm-drogerie markt
- Leading drugstore chains: Rossmann
- Leading drugstore chains: Müller and Budnikowsky
- A return for Schlecker?
- Supermarket/discounter own-labels
- Leading supermarket and discounters: Edeka and Rewe
- Leading supermarket and discounters: Lidl and Aldi
- Perfumery own-labels: Douglas
- Perfumery own-labels: Sephora
- Single-brand beauty

## APPENDIX

### Appendix – products covered, abbreviations, consumer research methodology and language usage

- Products covered in this Report
- Abbreviations
- Consumer research methodology
- CHAID methodology
- Over-55s are engaged with BPC ingredients
- Price-led parents are most interested in dupes
- A note on language

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