THE PRIVATE LABEL BEAUTY CONSUMER – GERMANY – 2024

Capitalise on consumer trust and appetite for experimentation. Highlight performance and revamp physical stores to maintain engagement among younger generations.

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The Private Label Beauty Consumer – Germany – 2024

This report looks at the following areas:

- The effect of the cost-of-living crisis on the German PL market
- PL consumer typologies and strategies to engage these different consumer groups
- Purchases of own-label BPC products by category and changes from previous years
- Purchase channels and retailers for own-label BPC products, with supermarkets consolidating their position in the PL beauty space and fashion retailers showing strong up-and-coming potential
- Attitudes towards own-label BPC products, which show that they are seen as attractive, trustworthy and trendy, but they need to better underline their quality
- Perceptions of own-label natural/organic BPC products, with affordability and effectiveness emerging as the main attributes

> Capitalise on consumer trust and appetite for experimentation. Highlight performance and revamp physical stores to maintain engagement among younger generations.

Overview

Germany's economy is on the path of recovery, yet consumer financial confidence remains low, with significant concern over persistent high inflation. This has led to **budget-conscious shopping habits** among Germans, **benefitting the PL market**.

German BPC shoppers hold PL products, including natural/organic options, in high regard, offering opportunities for PL brands to leverage their trust in ingredients, encourage experimentation and streamline strategies to attract different consumer typologies. Quality Seekers in particular stand out in their interest for personalised and high-quality products, offering opportunities for premiumisation.

Increased online purchases of PL BPC products, mainly among Gen Zers and Millennials, provide opportunities to lock in these users. At the same time, retailers are revamping the in-store experience to provide spaces that **entice consumers to linger and foster experimentation**, especially since younger consumers are foregoing drugstores in favour of other retailers.

Despite financial pressures, there's still a demand for quality, indicating that PL options will need to **underline their performance, effectiveness and craftsmanship** to maintain long-term engagement.

Report Content

EXECUTIVE SUMMARY

- The five year outlook for the PL beauty consumer

Market context

- The German economy is on the path to recovery, but financial confidence remains shaky...
- ...suggesting a positive outlook for PL brands
- PL players are active in a dynamic landscape

Opportunities

- Capitalise on increased online purchases of PL BPC products
- Highlight performance and ingredient sourcing to strenghten trust in PL offerings
- Reimagine in-store spaces and take a holistic approach to health to wow Gen Zers
- Streamline strategies to attract different consumer groups
- Tap into Quality Seekers' preference for personalised and high-quality products
- Offer experimentation opportunities and natural/organic options for Private Label Enthusiasts

The competitive landscape

- PL brands made up 15% of all BPC sales in 2023
- Suncare leads in PL sale shares, with SBS and shaving and depilatories battling for second place

  - Graph 1: sale value shares* of branded and PL, by product category, 2024

MARKET DRIVERS

The German economy

- 2024 is expected to be more challenging than initially predicted

  - Graph 2: key economic data, in real terms, 2019-25
- The inflation rate is slowly bouncing back to more conventional levels
- Inflation is still the key factor affecting consumers' finances...
- ...confidence and expenditure

  - Graph 3: financial confidence index, 2022-24
- Budgets and financial confidence still feel the impact of the cost of living crisis...

  - Graph 4: consumer perceptions of the German cost-of-living crisis, 2024
- ...putting PL at an advantage
- Don't skimp on innovation: learnings from previous income squeezes
- Changes in the market players underline a highly competitive environment
- Omnichannel strategies open new avenues to engage consumers

Environmental and demographic factors

- Demographic shifts provide opportunities for PL brands
- The European Union is stamping out greenwashing

WHAT CONSUMERS WANT AND WHY

PL consumer typologies

- PL consumer typologies in the beauty space
- German PL consumer typologies
- Quality Seekers (21%)
  - Graph 5: PL typologies, by age group, Quality Seekers vs total, 2024
- To appeal to Quality Seekers, drive premiumisation…
- …and personalisation
- Get Quality Seekers through the door with family-friendly retail experiences
- Private Label Ingénues (20%)
  - Graph 6: PL typologies, by age group, Private Label Ingénues vs total, 2024
- Trials and testers can sway Private Label Ingénues
- Private Label Enthusiasts (18%)
  - Graph 7: PL typologies, by age group, Private Label Enthusiasts vs total, 2024
- To attract Private Label Enthusiasts, highlight experimentation opportunities…
- …and natural/organic ingredients
- Savvy Private Label Shoppers (16%)
  - Graph 8: PL typologies, by age group, Savvy Private Label Shoppers vs total, 2024
- Appeal to Savvy Private Label Shoppers with loyalty programmes and super packs
- Disengaged Private Label Shoppers (25%)
  - Graph 9: PL typologies, by age group, Disengaged Private Label Shoppers vs total, 2024
- Introduce selected products to lower barriers to entry

Purchases of PL vs branded products

- PL facial skincare and bath and shower products are popular among Germans
  - Graph 10: purchasing of PL vs branded products, by category buyers, 2024
- PL purchases are picking up in previously overlooked categories
- Established categories like bodycare and colour cosmetics are seeing a slight decrease in purchases compared to 2023
  - Graph 11: purchasing of PL only or PL and branded products, by category buyers, 2021, 2023 and 2024
- Women mix and match while men are brand loyal in facial skincare and SBS
- Brand loyalty is high in fragrances and hair colourants

Purchase channels for PL BPC

- Online purchases have shown a steady increase since 2021
  - Graph 12: purchase channels for own-label beauty and grooming products, 2021-24
- The younger generation is buying more online to the detriment of in-store purchases
  - Graph 13: online purchases of own-label beauty and grooming products, by gender and age, 2023 and 2024
- Position high-end products online for middle and high earners
  - Graph 14: online purchases of own-label beauty and grooming products, by net monthly household income, 2021, 2023 and 2024
- Make it mine
- Capitalise on the increased online purchases through personalised offers…
- …and by highlighting omnichannel strategies
- In-store shopping comes with clear benefits
- Drugstores still reign supreme, but online-only retailers are gaining ground
  - Graph 15: types of retailers where own-label beauty and grooming products are typically purchased, 2021-24
- Gen Zers are foregoing drugstores in favour of other retailers…
  - Graph 16: types of retailers where Gen Zers typically buy own-label beauty and grooming products, 2021, 2023 and 2024
- …across all product categories
  - Graph 17: percentage point difference in Gen Zers' purchases of own-label BPC products, by retailer and product category, 2024 vs 2023
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  - Graph 18: percentage point difference in Gen Zers' purchases of own-label BPC products, by retailer and product category, 2024 vs 2023
- To lock in younger shoppers, revamp the in-store experience…
- …leverage social media…
- …and follow a holistic approach to health

Attitudes towards PL products

- Own-label products have trustworthy ingredients and are on trend
  - Graph 19: attitudes towards the quality of own-label products, 2024
- Capitalise on the trust in ingredients
- Underline quality with science-backed claims
- Put performance at the forefront of communication to highlight quality
- The affordability of PL products encourages experimentation, but shoppers want more testing opportunities
  - Graph 20: attitudes towards experimentation around PL products, 2024
- Leverage the appetite for experimentation by lowering financial commitment…
- …and highlighting possible add-ons
- Trendy on a budget

- Social media posts around 'dupes' are mostly positive and driven by women
- Extend the conversation around PL 'dupes'
- The packaging of own-label products is attractive, but labels could be more condensed
  - Graph 21: attitudes towards own-label product packaging, 2024
- Make a long story short for younger generations
- Big packs strike a budget-friendly nerve

Perceptions of PL natural/organic products

- PL natural/organic options are seen as affordable and effective
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- The prices of drugstore natural/organic options stand out
- Natural/organic options are more affordable than regular products in certain categories
  - Graph 23: percentage difference in price/100ml for natural/organic vs regular products, by category, 2021-23
- Perception of the affordability of natural/organic own-label products rises with age
- Appeal to Gen Zers and men with price positioning
- Adapt to the needs of Baby Boomers in natural/organic BPC
- Younger consumers need more convincing

LAUNCH ACTIVITY AND INNOVATION

- PL launches represented 15% of all BPC launches in the first three months of 2024
  - Graph 24: PL and branded BPC product launches, 2019-24
- Rossmann overtook dm in product launches in 2023, while other players have exited the market
  - Graph 25: PL launches in BPC, by the top 10 companies, 2022-24
- KIKO ventures into haircare and expands its skincare range
- Fashion retailers are extending their BPC ranges
- The percentage of colour cosmetics launches is declining, while hair products and fragrances are on an upward trend
  - Graph 26: PL launches in BPC, by category, 2022-24
- PL haircare launches stand out
- Lead the "skinification" of fragrances
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  - Graph 27: PL launches in BPC, by claim category, 2022-24
- PL has caught up on UV protection claims...
  - Graph 28: BPC launches with UV protection claims, PL vs branded, 2019-24
- ...but is lagging behind in protection against the elements
  - Graph 29: BPC launches with protection against elements claims, PL vs branded, 2019-24
- Inspiration: beauty products that offer protection against elements...
- Be mindful when making brightening/illuminating claims
- Don't skip eco-friendly claims

- Graph 30: PL launches in BPC, by vegan and the top five ethical and environmental claims, 2022-24

- Müller offers refill options for its PL brands
- PLs are leveraging AI-powered solutions
- The 'skinification' of PL colour cosmetics is in full swing
- Dermacosmetic ranges appeal to health-conscious shoppers
- PLs keep pace with brands when it comes to appealing packaging

Advertising and marketing activity

- TikTok Shop could boost interest in live shopping
- Rossmanns's first TV ad for its PL brand Isana focuses on its value proposition
- KIKO's Beauty Tram invited passengers to get their makeup done during Milan Fashion Week
- Rituals celebrated World Gratitude Day with billboards of consumers in their hometowns

MARKET SHARE

- Suncare leads in PL sales share, while hair styling is picking up the pace
- Own label amounted to almost 15% of all BPC sales in 2023

APPENDIX

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

- Products covered in this Report
- Abbreviations
- Consumer research methodology
- Infegy Atlas – coverage
- Infegy Atlas – full list of search terms used
- A note on language

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