

# ANNUAL REPORT

*Cosmetic industry and market in Italy 2009*



# The cosmetics industry turnover

- In 2009, the turnover achieved by the Italian cosmetics industry – i.e. the **value of its production** – exceeded 8,100 million Euros, down by 3.2% on the previous year.
- The consistent impact of the world financial crisis on economies all over the globe, starting in the summer of 2008, has conditioned foreign markets more than Italy's domestic market, obviously with regard to its effect on the cosmetics industry.
- In practice, **domestic demand** impacted positively on production volumes, increasing by 0.3% to a value of more than 6,056 million Euros. Taking the classifications of turnover in the domestic market as a benchmark, a positive performance was achieved by several retail channels, such as pharmacies (+3.2%) and door-to-door and mail order sales (+1.9%), although the most striking was mass distribution (+2.6%), while the professional channels (beauticians and hairdressers) once again reported negative figures, as their turnovers shrank by an average of 5%.
- A heavy blow came from the drop in **exports**, which were down by 12.2% to a value of 2,043 million Euros. Behind this reduction is not so much any loss in market shares by Italian firms as the drastic shrinkage of foreign markets as a whole, which have been more exposed than Italy to the world crisis.

It is significant to note that **imports** fell by 11.4%, confirming an important recuperation of market shares by Italian firms in the country's own domestic market, which, in terms of contribution to their turnover, ended up achieving more or less the same values as in the previous year.

## COSMETICS INDUSTRY TURNOVER BY DISTRIBUTION CHANNEL

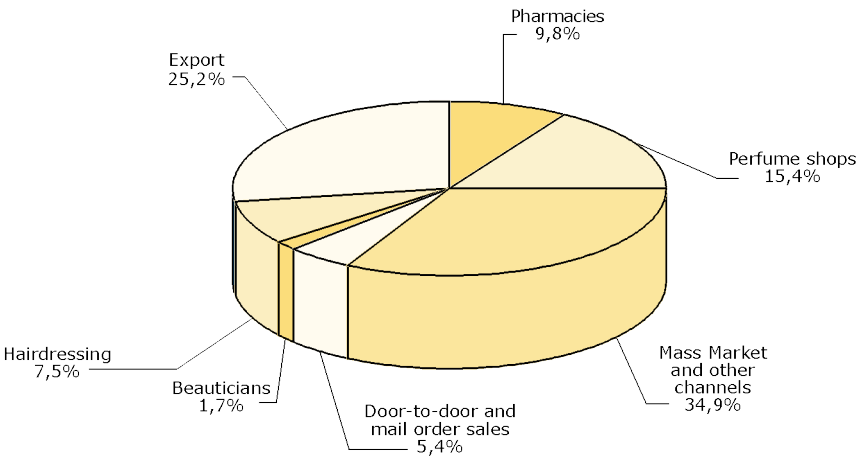
(Figures in millions of Euros)

	2008		2009	
	Value	% Var.	Value	% Var.
<b>ITALIAN MARKET TURNOVER</b>	<b>6.037,6</b>	<b>1,0%</b>	<b>6.056,6</b>	<b>0,3%</b>
<b>Traditional channels:</b>	<b>5.253,1</b>	<b>1,6%</b>	<b>5.311,1</b>	<b>1,1%</b>
– Pharmacy	770,8	3,8%	795,3	3,2%
– Perfume shop	1.292,6	-1,1%	1.246,8	-3,5%
– Mass market and other channels (*)	2.757,0	1,6%	2.828,0	2,6%
– Door-to-door and mail order	432,7	5,5%	441,0	1,9%
<b>Professional channels:</b>	<b>784,50</b>	<b>-2,3%</b>	<b>745,50</b>	<b>-5,0%</b>
– Beauty salon	146,50	5,2%	140,00	-4,4%
– Hairdressing	638,00	-3,9%	605,50	-5,1%
<b>EXPORTS</b>	<b>2.328,3</b>	<b>1,4%</b>	<b>2.043,9</b>	<b>-12,2%</b>
<b>OVERALL COSMETICS INDUSTRY TURNOVER</b>	<b>8.365,9</b>	<b>1,1%</b>	<b>8.100,5</b>	<b>-3,2%</b>

(\*) Includes **Herbalist** Shops with a 2008 turnover of 164.5 million Euros and a 2009 turnover of 172,6 million Euros: an increase of 4.9%.

- Not very much has changed in the **percentage shares of turnover** compared to 2008: approximately one third is accounted for by mass distribution – to be precise, it has a share of 34.9% – followed by perfume shops with 15.4% and pharmacies with 9.8%.  
The significance of door-to-door and mail order sales has become a constant, with an important share of 5.4%.
- The fact that cosmetic firms have maintained their turnovers at a time when the economic scenario is still subject to tension confirms on the one hand the industrial system’s robust health and competitive capacity, while on the other also reiterating the suitability of the investment decisions made by those firms. In fact, efforts once again continued throughout 2009 to cater for a market that is increasingly aware of the importance of quality and service. Firms’ decisions are influenced substantially by the processes of polarisation of consumption and segmentation of the supply side, as the industry does everything in its power to draw closer to what consumers really need, including in the area of safety and reliability.
- Uncertainty that abounds with regard to the evolution of policies to support the economy and to tensions in consumers’ propensity to buy nevertheless impacts heavily on the outlook for development.

PERCENTAGE SHARES OF GROSS DOMESTIC  
TURNOVER BY CHANNELS OF DISTRIBUTION



# Italy by regions

- There is an evident concentration of cosmetic firms in northern Italy, which accounts for more than 70% of the entire peninsula in **geographical terms**.
- The region with the highest density of cosmetic firms is Lombardy, with nearly 54% of the total, followed by Piedmont with 6.6%, Emilia Romagna with 10% and Veneto with 6.1%.
- Basilicata, Calabria, Sardinia and Molise have no industrial facilities at all on their company registers, while Campania, with a share of 2.3%, has recorded an increase in cosmetic firms since the previous census conducted by the Italian national statistics office ISTAT.

## GEOGRAFICAL DISTRIBUTION OF COSMETICS BUSINESSES

(by percentage)

ABRUZZO	1,1%
CAMPANIA	2,3%
EMILIA ROMAGNA	10,0%
FRIULI VENEZIA GIULIA	1,5%
LAZIO	5,9%
LIGURIA	2,8%
LOMBARDIA	53,8%
MARCHE	1,1%
PIEMONTE	6,6%
PUGLIA	0,8%
SICILIA	0,8%
TOSCANA	4,4%
TRENTINO ALTO ADIGE	1,3%
UMBRIA	1,5%
VENETO	6,1%
TOTAL	100%

- The analysis of the **geographical distribution** of the most important points of sale drawn up by GfK Eurisko, which examined a customer base of more than 49 million consumers, classified by geographical areas and by the size of their places of residence, displays some very heterogeneous indices of concentration (see note on page 4).
- If we analyse the **mass distribution** segment (see the definition on page 15), of the 25 million consumers who prefer to shop in supermarkets, the highest index (108) is found in the north-west, while hypermarkets peak more evidently in the north-east (123) and large department stores in central Italy (131).
- If this analysis is cross-referenced with the size of the **population centres** that host them, hypermarkets, with a concentration index of 165, are found to be located in towns with a population from 100 to 500 thousand, while large department stores, with a concentration index of 66, tend to be in the next category up, with more than 500,000 inhabitants.
- If specialised points of sale, where perfume shops are favoured by nearly 19 million inhabitants, are subjected to the same analysis, the highest concentration index is found in central Italy for herbalist shops (with an index of 125) and in the north-east for pharmacies (with an index of 116).
- By studying the size of the population centres, it is apparent that perfume shops, which have a concentration index of 128, are located in towns with more than 500,000 inhabitants, while pharmacies, with a concentration index of 125, are more concentrated in towns with from 100,000 to 500,000 inhabitants.

GEOGRAPHICAL DISTRIBUTION OF MAIN COSMETICS RETAIL OUTLETS (INDICES OF CONCENTRATION)

(Consumption in millions of Euros)

	Total Population	MASS DISTRIBUTION		SPECIALISED POINTS OF SALE		
		Total Supermarket	Total Hypermarket	Total Large Stores	Total Perfume Shops	Total Pharmacies
	<b>49,100,000</b>	<b>25,200,000</b>	<b>9,200,000</b>	<b>2,900,000</b>	<b>18,800,000</b>	<b>2,700,000</b>
<b><u>GEOGRAPHICAL AREAS</u></b>						<b>1,500,000</b>
North-West	26,7	108	113	90	96	98
North-East	19,1	95	<b>123</b>	88	98	116
Central Italy	19,7	106	90	<b>131</b>	109	91
South and Islands	34,5	93	83	97	99	98
<b><u>SIZE OF POPULATION CENTRES</u></b>						
Up to 10,000 inhabitants	31,7	96	86	<b>63</b>	<b>78</b>	94
10,000-100,000 inhabitants	44,8	101	91	99	105	97
100,000-500,000 inhabitants	11,4	102	<b>165</b>	<b>135</b>	113	<b>125</b>
more than 500,000 inhabitants	12,1	104	109	<b>166</b>	<b>128</b>	103

Source: "Analisi del posizionamento differenziale dei punti vendita di prodotti cosmetici (Analysis of the differential locations of cosmetics retail outlets)", survey edited by GfK Eurisko.

The **indices of concentration** express the mathematical relationship (multiplied by 100) between the percentage of a variable's penetration in a given segment (e.g. Pharmacy customers) and the corresponding figure in the relevant Total. In this sense, if an index is equal to 100, the phenomenon under consideration has a percentage equal to that of the benchmark mean (in this case, the Total population). If the index is greater than 100, it means that the phenomenon has a greater-than-average concentration. If, on the other hand, it has a value of less than 100, it means that the concentration is less than average.

As a practical example, let's suppose we have a characteristic that registers a 10.5% penetration percentage in the benchmark Total and a 16.3% penetration percentage in the channel under observation. The index of concentration is achieved by calculating the ratio between these two percentages, 16.3/10.5 =1.55, then multiplying this value by 100. This gives us a value of 155 (1.55 x 100), which expresses a 55% greater concentration of the characteristic in question in this particular segment than the benchmark mean.

# Distribution channels

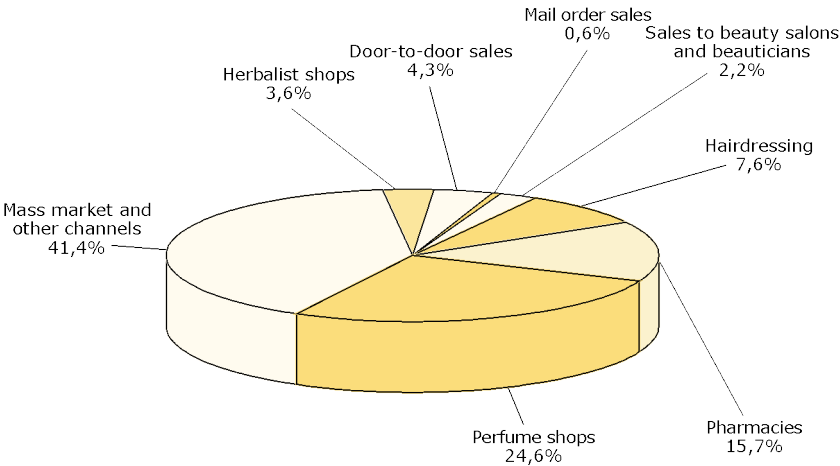
- The value of the **cosmetics consumed** in Italy in 2009 was 9,100 million Euros, an increase of 0.3% over the previous financial year. If we consider the dampening effect on consumers' propensity to buy that conditioned their behaviour in the period after the advent of the world economic crisis in autumn 2008, this result is more than merely satisfactory. Despite the tensions at work in the world's economy, **domestic demand** for cosmetics was again supported by cosmetics consumers' diversified approaches, as they tended to identify with increasingly specific, selective and ultimately inescapable types of buying habit.
- Practically all the **traditional channels of consumption** increased, with the exception of sales through perfume shops, which fell by 3.5%, and of mail order sales, which were down by 10%.
- Once again in 2009, the most dynamic trends were found in pharmacies, up by 3.2%, together with herbalist shops, which grew by 4.9%, and door-to-door sales, increasing by 3.7%, which account for a far from marginal share of the market, a little more than 4%, and now constitute a well-entrenched phenomenon on the Italian scene.

## TOTAL ITALIAN COSMETIC MARKET IN 2009

Consumption in millions of Euros – Retail prices, including VAT

		% Var. 2009
Total sector	9.106,6	0,3%
Pharmacies	1.431,5	3,2%
Perfume shops	2.244,2	-3,5%
Mass market and other channels	3.772,7	2,4%
Herbalist shops	328,0	4,9%
Door-to-door sales	390,6	3,7%
Mail order sales	50,4	-10,0%
Sales to beauty salons and beauticians	196,0	-4,5%
Hairdressing	693,2	-5,1%

## PERCENTAGE SHARE OF CONSUMPTION BY DISTRIBUTION CHANNEL IN 2009



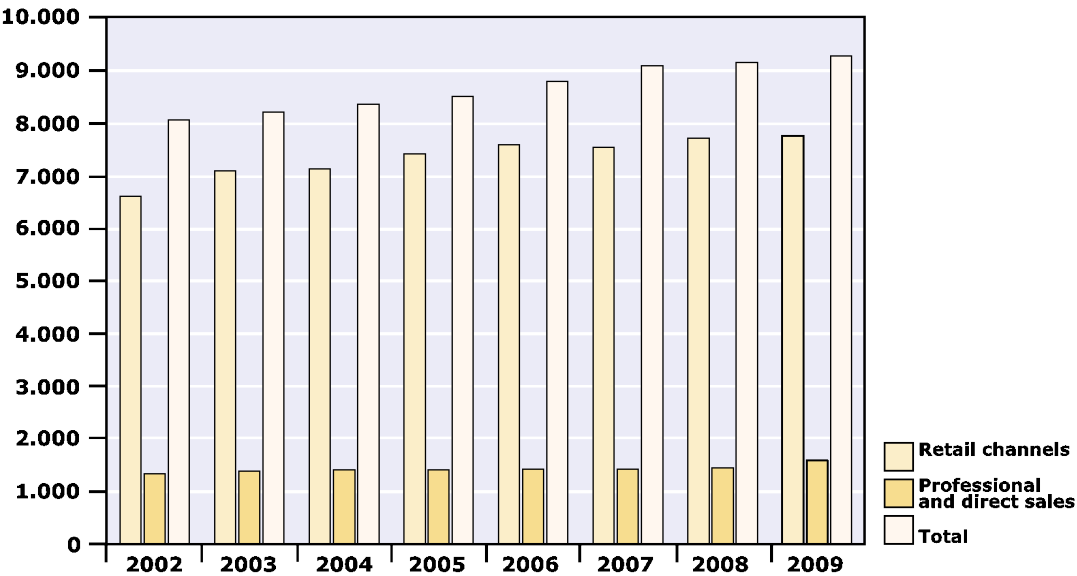
- Increasing by 2.4%, a significant contribution was made by mass distribution, which accounts for more than 41.4% of the total cosmetics market and has proven its ability to respond to the tensions that afflict consumption with a lively reaction in terms of promotions and of optimising the supply on offer.
- In 2009, the behaviour of **cosmetics prices** was in line with levels in previous financial years, increasing by 1.6%. They increased by 3.4% in perfume shops, while remaining practically stable in pharmacies, where prices were up by just 1.4%. At 3.5%, price increases in the professional channels were above average.

TRENDS IN THE COSMETICS INDUSTRY  
BY DISTRIBUTION CHANNELS

DISTRIBUTION CHANNELS	PERCENTAGE VARIATION 2009/2008		
	Consumption	Quantity	Prices
Pharmacies	3,2%	1,7%	1,4%
Perfume shops	-3,5%	-6,7%	3,4%
Other channels	2,6%	2,6%	0
Of which supermarkets and hypermarkets	1,0%	1,0%	0
<b>Total traditional channels</b>	<b>0,8%</b>	<b>-0,4%</b>	<b>1,3%</b>
Door-to-door and mail order sales	3,7%	0,2%	3,5%
Sales to beauty salons and beauticians	-10,0%	-13,5%	4,0%
Professional products consumed in hairdressing salons	-4,5%	-8,6%	4,5%
Hairdressing	-5,1%	-7,4%	2,5%
<b>Overall total</b>	<b>0,3%</b>	<b>-1,2%</b>	<b>1,6%</b>

THE EVOLUTION IN COSMETICS CONSUMPTION  
IN THE PERIOD 2002 - 2009

Real values, retail prices, including VAT

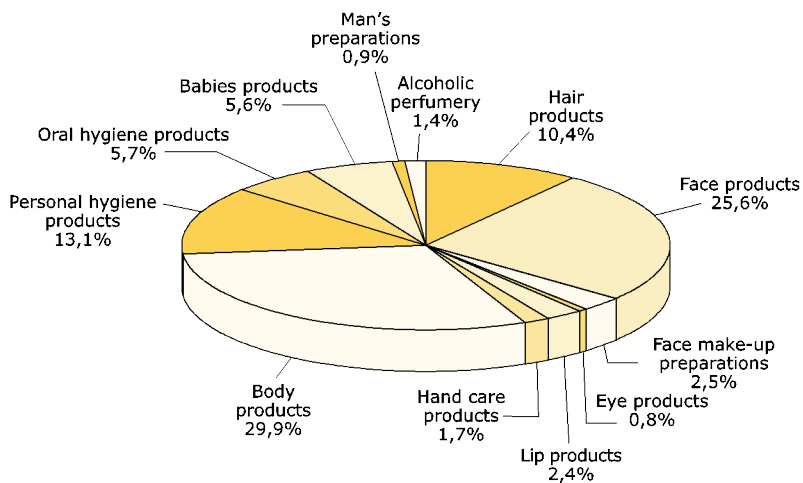




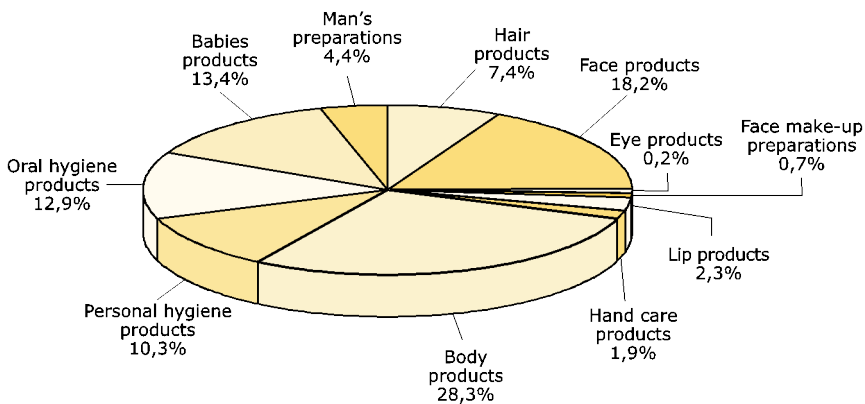
## PHARMACIES

- In 2009, the increase in consumption of cosmetics bought through the **pharmacy** channel continued with a constant trend, although it has now slowed down to a certain extent when compared to the performance of a few years ago. Sales reached 1,431 million Euros, rising at a rate of 3.2% compared to the previous year. This channel accounts for 15.7% of all cosmetics sold in Italy, a share that is increasing constantly, confirming the trust it enjoys among consumers, who recognise that the pharmacy practises higher levels of specialisation and care for service than other distribution outlets.
- The phenomenon of the **para-pharmacies** is also interesting: although it is still difficult to quantify, it certainly makes a fundamental contribution to the success of the channel as a whole. The graphs drawn up on the basis of IMS statistics for corners show evidence of a very up-to-date and dynamic situation.
- As for the channel's salient characteristics, a change in the range of products sold has generated an increase in the value of overall sales while volumes have remained constant.
- Recent investigations conducted by the association have once again confirmed that the decisions that have induced consumers to favour the pharmacy channel are related both to the specialised service it offers and to the range of products available, which always pays considerable attention to quality, to product innovation and to diversification.

**Para-pharmacies composition**



**CORNERS COMPOSITION**



PERFUME SHOPS

- In 2009, the **selective perfumery** channel reported a contraction of 3.5% to a market value of something over 2,240 million Euros, accounting for 24.6% of the entire domestic cosmetics market.
- There is still evidence of considerable differentiation in this channel of distribution, as the major distribution chains practise very dynamic activities in their supply-side policies. The causes for concern that afflicted previous years, leading to the closure of many points of sale, still remain.
- There are still evident tensions at work with regard to the channel's ability to hold its own in the medium term, partly because of the competition of other channels and partly because of the difficulties of promoting the right channel identity that are encountered in some branches of the industry.
- New product launches, the reduction of stocks and price controls were the phenomena that best identified the channel in 2009, but they were not sufficient to stimulate a revival, especially in view of the critical situation of many of the independent points of sale. In general, the selective brands tended to hold their own in this channel, to the detriment of the mass brands.
- The channel's future evolution will depend on shopkeepers' ability to develop identity strategies for their industry that must not, however, be allowed to neglect the profound changes taking place among consumers.

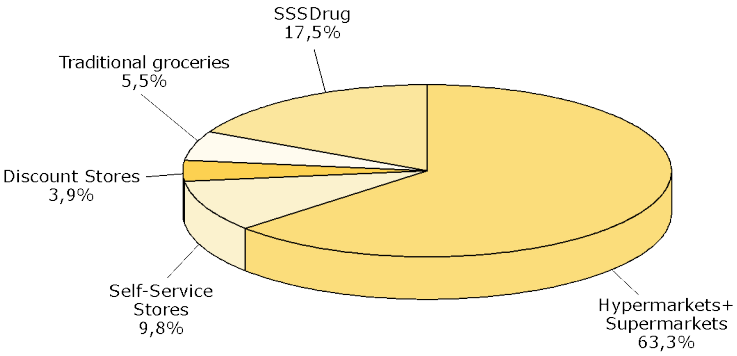
MASS DISTRIBUTION AND OTHER CHANNELS

- Selling goods worth more than 3,770 million Euros and increasing by 2.4% over the previous year, **mass distribution** accounted for 41.4% of the entire Italian cosmetics market in 2009.
- These figures also remain consistent within the segment when they are applied to retail through supermarkets and hypermarkets, where the quantity of consumption increased by 2.6% while price increases were practically zero.
- In a year when the impact of the world economy was heavily negative, the mass market benefited from the dynamics of specialised points of sale, the new features in this distribution channel for the home and personal care and a recent and very modern development with the capacity to offer a more specific, complete service.
- There is very clear evidence in mass distribution of the same phenomenon of polarisation of consumption that can be found throughout the entire Italian cosmetics market. Demand is found to be alert, especially to niche and specialised products, on the one hand, and to products with a high quality-to-price ratio on the other.
- In order to support demand and counteract the competition of the specialised channels, firms that target the mass market have invested substantially not only in product innovation, but also in communications and promotions.

Classification of point of sale

Hypermarkets	Retail shop with a sales surface of more than or equal to 2,500 square metres
Supermarkets	Retail shop with a sales surface of from 400 to 2,499 square metres
Self-Service Stores	Retail shop with a sales surface of from 100 to 399 square metres
Discount Stores	Retail shop selling a range of unbranded products
Traditional Groceries	Retail shop with a sales surface of more than 100 square metres, but missing even only one of the characteristics necessary to qualify as a Self-Service Store; the shop must stock at least three of the following products: Toothpastes, Hair Lacquers, Toilet Soaps, Shampoos, Shaving Products, Personal Deodorants, Sanitary Towels
SSSDrug	Retail shop that stocks primarily products for the home, toiletries and nappies/diapers (more than 50% of its turnover)

Consumption 2009	Var. % 2009/2008
Hypermarkets + Supermarkets	1,0%
Self-Service Stores	-2,9%
Discount Stores	14,3%
Traditional groceries	-0,3%
SSSDrug	5,6%



Best performance analysis

Modern distribution (Hyper+super+self-service)	Creams for treatments for men	+14,4%
	Mouth washes	+11,7%
	Sun products	+4,7%
Discount stores	Shampoos	+13,5%
	Deodorants	+13,4%
	Bath/Shower Foams	+10,1%
Traditional groceries	Perfume products for men	+39,2%
	Perfume products for women	+10,6%
	Anti-wrinkle creams	+13,7%
SSSDrug	Nail varnishes	+32,1%
	Sun products	+10,0%
	Balsams	+10,0%

DIRECT SALES CHANNELS

- **Door-to-door and mail order sales** are the channels used to distribute goods directly to consumers: in 2009, the market recorded substantial growth compared to the previous year, as the total value sold exceeded 440 million Euros, accounting for 4.9% of the entire domestic cosmetics market.
- That being said, however, the trend is not uniform in the two sub-channels: **door-to-door sales** were up by 3.7% to a value in excess of 390 million Euros, as new methods of supply combined with specialisation of customer service to explain the success of a channel that is alone responsible for more than 4% of total Italian cosmetics consumption, while **mail order sales**, worth 50 million Euros, actually contracted by 10%.
- These trends are influenced by consumers’ new buying habits, as they begin to be very wary of sales that are not backed up by assistance.
- The situation of **sales via the Internet** is evidently developing: recent surveys indicate a 20% increase in sales, even though volumes are still not very significant. On the other hand, the web is coming to be used more and more substantially as a tool for communications and information.

HERBALIST SHOPS

- The value of the cosmetics sold through **herbalist shops** in 2009 was nearly 330 million Euros, denoting an increase of 4.9%, the highest of all the traditional channels and in line with the important dynamics that have been at work in the consumption of herbal products over the last ten years. The herbalist shop channel accounts for 3.6% of the entire Italian cosmetics market.
- Just as in the case of sales of cosmetics through the pharmacy channel, sales through the herbalist shop channel confirm that some groups of consumers have developed selective buying habits that favour assisted sales with counselling, enabling them to apply their concepts of health and natural lifestyles increasingly decisively to their buying options.
- Another factor is the increasing significance of the environmental conscience and awareness about bio and natural products, for which the range of products on offer in the herbalist shop is a coherent benchmark.
- The progressive increase in specialised corners and the launch of new points of sale confirm that this dynamic is evolving all the time.

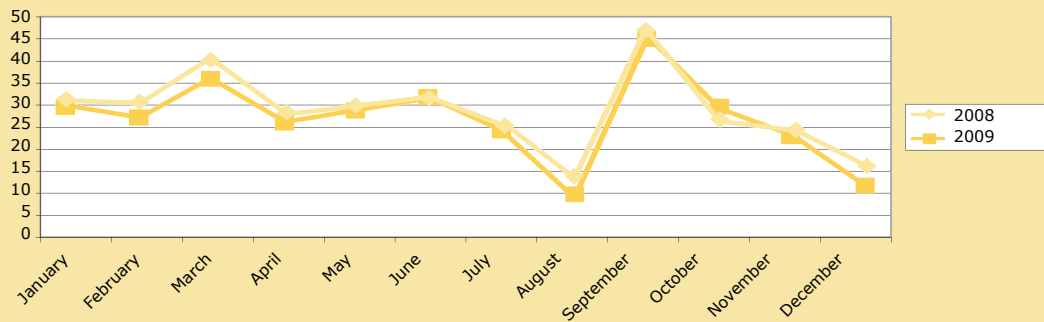
## BEAUTY CENTRES

- The cosmetics sold in **beauty centres** account for 2.2% of the total market, although consumption here has been diminishing steadily for the last few years and was down by a further 4.5% in 2009, to a total value of 196 million Euros.
- Quite apart from the reduction in visits caused by the economic crisis, this phenomenon is influenced by a series of reorganisations in the structures of distribution that have evidently not yet settled in completely.
- In quantity terms, the volume of this channel's consumption fell by 8.6%, while the price increases it practised, at 4.5%, put it above average.
- Any analysis of this channel's dynamics is still influenced by the difficulties encountered in evaluating certain important emerging phenomena, such as spas and wellness centres, which in future will certainly account for increasingly generous shares of consumption of cosmetics with a professional beauty connotation.

## HAIRDRESSING SALONS

- In 2009, the consumption of cosmetics through the **professional hairdressing channel** suffered a net reduction of 5.1% compared to the previous financial year, achieving a value of just over 690 million Euros.
- This market's value is calculated by adding together the value of products for services sold and used directly in the salon and the value of products that are sold and used outside the salon. The latter sub-heading accounts for approximately 15% of the total.
- In **quantity** terms, the contraction was even more notable, with a drop of 7.4%, while the 2.5% average increase in **prices** was relatively slight.
- The survey conducted by Marketing & Telematica, which like every other year completes the picture of evaluations about the professional channel, confirms the trend that set in during the last few years.
- **Monthly trend** figures in 2008 and in 2009 reiterate the fact that consumption in this channel is seasonal and is not moving away from its traditional positive peaks (in March and September) and negative troughs (in August and December).

**Monthly trends in sales by value**  
(in millions of millimetres)



- With regard to sales volumes, the largest reductions were found in the following product families: shampoos, dyes, balsams, creams and conditioners with rinse, developers and oxidants, and gels, waxes and polishes.
- In quantity terms, consumption dropped from the 11.6 million litres of 2008 to the 11 million litres of 2009, a reduction that is therefore more marginal than that of value.

## Expenditure on products classified by regions

- As recorded by the Italian national statistics office ISTAT, when analysed by region, the consumption of cosmetics in Italy shows an evident concentration in the north of the country, where 37.6% of products for personal care are sold and the figure for the cosmetic products used and sold through the professional channels is even higher, at 41.2%.
- At 17.1%, Lombardy is the region that consumes the largest share of products for personal care, followed by Veneto with 9% and Campania with 8.8%.
- Accounting for a total of 28.8%, the south of Italy and the islands absorb substantially higher proportions of these products than of other categories of goods, demonstrating that their consumption is spread evenly not only across segments of the population, but also up and down the length of the country.

### ABSOLUTE CONSUMPTION BY REGIONS - PERCENTAGE DISTRIBUTION

	Products for personal care	Barbers, hairdressers, beauty salons
ABRUZZO	2,7%	2,2%
BASILICATA	1,0%	0,8%
CALABRIA	3,1%	2,6%
CAMPANIA	8,8%	7,3%
EMILIA ROMAGNA	7,8%	8,1%
FRIULI VENEZIA GIULIA	2,0%	2,1%
LAZIO	8,6%	9,1%
LIGURIA	2,4%	2,7%
LOMBARDIA	17,1%	19,4%
MARCHE	2,4%	2,5%
MOLISE	0,7%	0,6%
PIEMONTE	7,5%	8,5%
PUGLIA	6,6%	5,5%
SARDEGNA	2,9%	2,4%
SICILIA	7,2%	6,0%
TOSCANA	6,7%	7,1%
TRENTINO ALTO ADIGE	1,7%	1,7%
UMBRIA	1,6%	1,7%
VALLE D'AOSTA	0,2%	0,2%
VENETO	9,0%	9,3%
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>

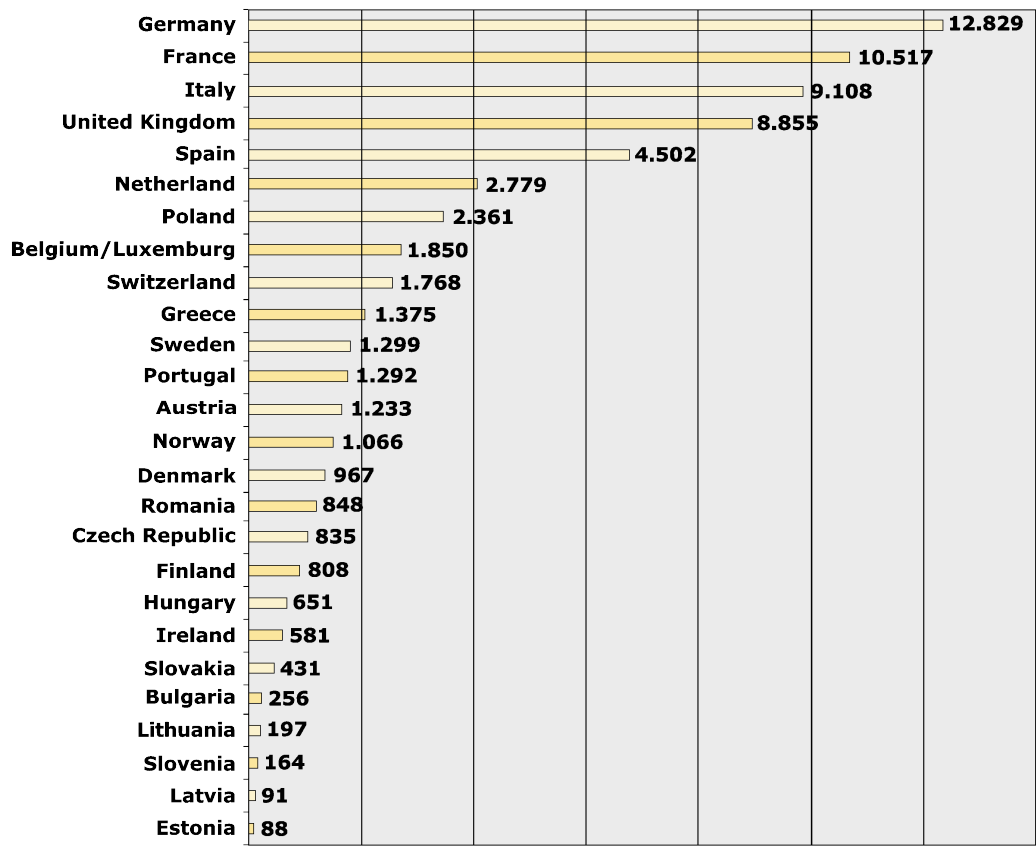
ISTAT data processed by Unipro Economic and Statistical research

# Cosmetics in Europe

- The latest figures published by Colipa, the European Cosmetics Industry Association, confirm that Germany led the field of cosmetics consumption again in 2009 with 12,829 million Euros, followed by France with 10,517 million Euros and then Italy, which for the first time overtook the United Kingdom, motionless at 8,855 million Euros.
- The index of concentration confirms that the first five countries account for just under 70% of the entire European market.
- The products that sell most in Europe are cosmetics for skin care, which account for 25.8% of total sales.

## EUROPEAN CONSUMPTION

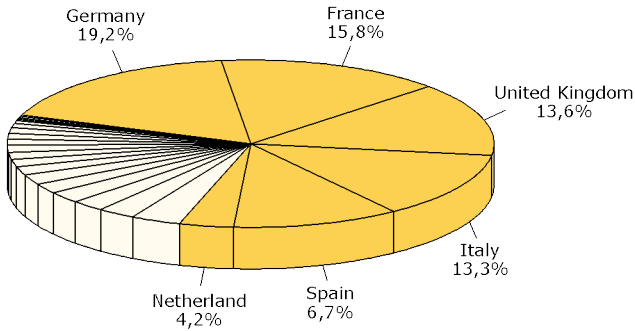
(Millions of Euros - Consumer prices)



Source: Colipa, 2009

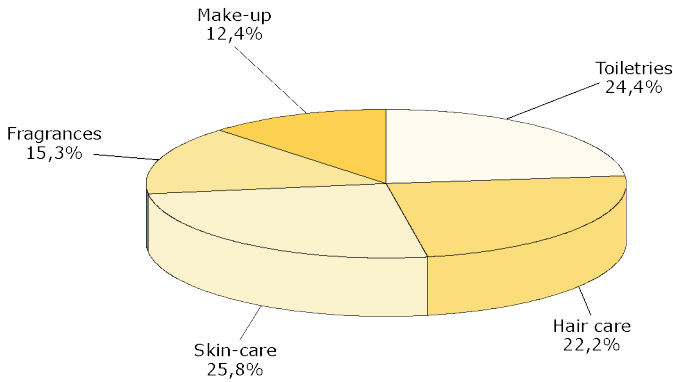
COUNTRY SHARES (%)

Estonia 0,1%  
Latvia 0,1%  
Slovenia 0,2%  
Lithuania 0,3%  
Bulgaria 0,4%  
Slovakia 0,6%  
Ireland 0,9%  
Hungary 1,0%  
Finland 1,2%  
Rep. Czech 1,3%  
Rumania 1,3%  
Denmark 1,4%  
Norway 1,6%  
Portugal 1,9%  
Austria 1,8%  
Greece 2,1%  
Switzerland 2,6%  
Sweden 1,9%  
Belgium/Luxemburg 2,8%  
Poland 3,5%



Source: Colipa, 2009

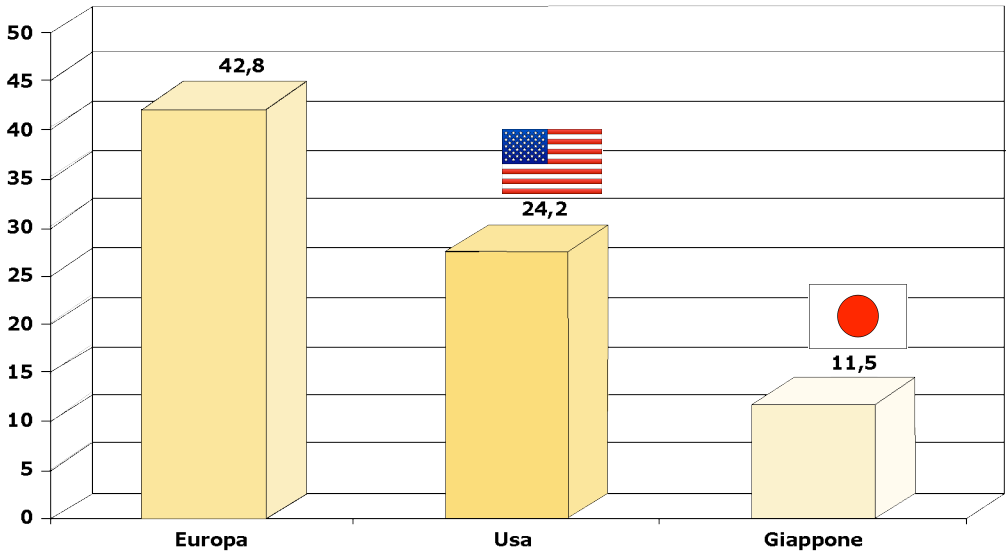
MARKET SHARE BY PRODUCT CATEGORY



Source: Colipa, 2008

VALUE OF EUROPEAN, USA AND JAPANESE MARKETS 2008

(Turnover in billion euros)



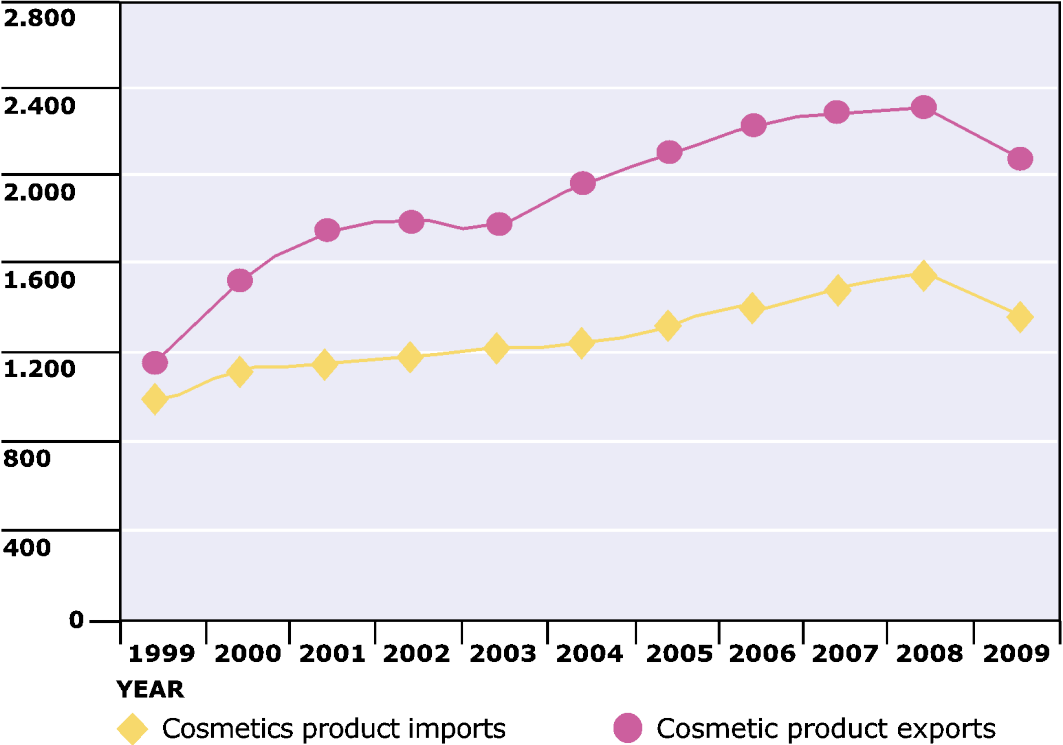
Source: Colipa, 2008

# Imports and exports

- Our analysis of foreign trade figures is based on the statistics that are drawn up every year by our Study Centre, starting from the data provided by the Italian national statistics office ISTAT. It is worth mentioning that, every year, ISTAT applies the corrections that come into play even during the course of the period of data collection in question, for the purposes of revising the previous year's data: as a result, the statistics developed by Unipro obviously also update the values relative to the corresponding years. That being said, however, the significance of the resulting shifts is nearly always marginal, with rare exceptions.
- The **contraction of exports** that took place in 2009 was comparable to the previous time when they stopped short in 2007, after more than a decade of constant growth. Although the value of Italian cosmetics exported dropped by 12.2%, it still exceeded 2,040 million Euros. If the data are analysed in quantity terms, we find that the reduction was only 1.9%, which is rather small compared to previous years, demonstrating that the crisis in consumption impacted most heavily on products at the higher end of the price scale.
- 2009 brought an equally important reduction in **imports**, whose value of 1,400 million Euros was 11.4% down compared to 2008.
- Despite the tensions on foreign markets, Italy's balance of trade confirms the trend that started in 1995, when the value of her cosmetics exports overtook that of her imports. In 2009, the cosmetics trade achieved a **surplus** of more than 640 million Euros.

## TREND IN THE BALANCE OF TRADE

Billions of Euros



ISTAT data processed by Unipro Economic and Statistical research



- Italy's cosmetics exports were certainly influenced in 2009 by the fall in value of the US dollar against the Euro and the weakening of several export markets, but it was the international economic crisis in the summer of 2008 that applied the heaviest damper to foreign demand. Meanwhile, the fact that Italy's industry held on to its shares of individual markets confirms the quality of the ranges on offer, which are capable both of being competitive and of providing a service, as well as combining both of these properties with the safety of their formulations and constant product innovation.
- In 2009, the ratio of **exports to turnover** reached 25.2%, a value that was certainly influenced by the fact that the Italian domestic market performed better than export markets, although it is still a very low value if it is to be wielded to make the case for the cosmetics industry's vocation to partake of processes of internationalisation; nevertheless, it is significant in terms of prospects and opportunities of development on international markets.
- The **types of products** that contributed most to enabling Italian exports to hold their own in 2009 were **other hair-care products**, whose total volume of more than 260 million Euros was up by 2% over the previous year, **other products for oral hygiene**, up by 135.8% to a value of more than 77 million Euros, and **deodorants**, up by 13.7% to a value, also in this case, of more than 77 million Euros. On the negative side, **creams and other products** were down by 10.2% to a value of just over 420 million Euros, while sales of **perfumes, eaux de toilette and eaux de cologne** dropped by more than 24% to a value of 455 million Euros.

## FINISHED AND SEMI-PROCESSED PRODUCT EXPORTS

(January - December 2008 - 2009)

EXPORTS	QUANTITIES (Tonnes)			VALUE (thousands of Euros)		
	2008	2009	VAR %	2008	2009	VAR %
Shampoos	48.564,8	49.333,6	1,6%	97.480,0	91.869,2	-5,8%
Preparations for hair	1.766,0	2.026,8	14,8%	7.606,3	8.246,2	8,4%
Lacquers	8.784,6	6.629,2	-24,5%	23.280,5	17.692,4	-24,0%
Hair lotions	3.427,9	1.989,4	-42,0%	16.402,9	13.995,4	-14,7%
Other haircare products	48.967,2	53.240,1	8,7%	256.244,0	261.427,1	2,0%
Loose and compact powders	4.309,4	3.983,3	-7,6%	117.287,4	89.581,4	-23,6%
Creams and other products	53.623,9	48.422,2	-9,7%	468.666,9	420.645,5	-10,2%
Lip make-up products	3.717,4	2.582,5	-30,5%	113.567,5	75.367,6	-33,6%
Eye make-up products	3.826,9	3.460,5	-9,6%	156.430,7	139.489,9	-10,8%
Nailcare products	835,6	1.041,8	24,7%	9.504,3	12.966,2	36,4%
Toilet soaps	72.136,4	61.792,3	-14,3%	122.947,5	99.888,6	-18,8%
Bath preparations	36.090,0	29.915,1	-17,1%	80.258,5	67.614,5	-15,8%
Personal deodorants	12.741,5	14.289,8	12,2%	68.005,9	77.324,5	13,7%
Toothpastes	3.475,0	2.929,8	-15,7%	13.918,6	13.647,9	-1,9%
Other oral hygiene products	13.674,2	36.745,9	168,7%	32.909,3	77.601,8	135,8%
Beard, pre- and after-shave products	12.291,9	13.631,8	10,9%	42.216,5	41.164,7	-2,5%
Perfumes and eaux de parfum	7.113,5	5.480,5	-23,0%	180.448,1	154.380,3	-14,4%
Eaux de toilettes and colognes	15.965,1	10.819,0	-32,2%	423.300,5	300.760,5	-28,9%
Other perfume and toiletry products	22.004,5	18.003,0	-18,2%	97.852,1	80.316,4	-17,9%
<b>TOTAL EXPORTS</b>	<b>373.315,8</b>	<b>366.316,6</b>	<b>-1,9%</b>	<b>2.328.327,5</b>	<b>2.043.980,1</b>	<b>-12,2%</b>

ISTAT data processed by Unipro Economic and Statistical research

- The export rates of **toilet soaps** also fell, by 18.8%, to a total value of approximately 100 million Euros. **Make-up products for both lips and eyes** also fell drastically, by 20.4%, although a total value of more than 200 million Euros was still exported.
- On the side of **imports**, **creams** were still the most important products, although their value fell by 13.4% to over 465 million Euros, while **other hair-care products** were down by 15.8% to a value of 123 million Euros.
- Foreign trade flows were again influenced in 2009 by tensions at work in individual countries' economies, which shared the common denominator of having to tackle the financial crisis that has been a typical trait of the last few years. In this context, the **contraction of export sales** of Italian cosmetics is the result of objective shrinkage in local consumption, rather than of the loss of competitive edge.
- Italy's leading export market for cosmetics is still **Europe**, which absorbed products worth more than 1,400 million Euros, despite the contraction of consumption in countries like France, Germany, Great Britain and Spain.
- The countries where exports actually increased include the Netherlands, up by 4.6%, Hong Kong, up by 0.3%, Australia, up by 12.5%, and Slovakia, which bought in 83.9% more, although the total volumes of the last two countries were only about 20 million Euros: certainly marginal, but interesting for future developments.
- In general, the spread in the reduction of value of Italian cosmetic exports was fairly smooth: **Asia** absorbed 8.4% less, for a total value of nearly 320 million Euros, **America** was down by 22.1% to 225 million Euros and **Africa** bought 1.1% less. Only **Oceania** imported more from Italy, 2.4% more than in 2008, although the total value was only slightly over 36 million Euros.

FINISHED AND SEMI-PROCESSED PRODUCT IMPORTS

(January - December 2008 - 2009)

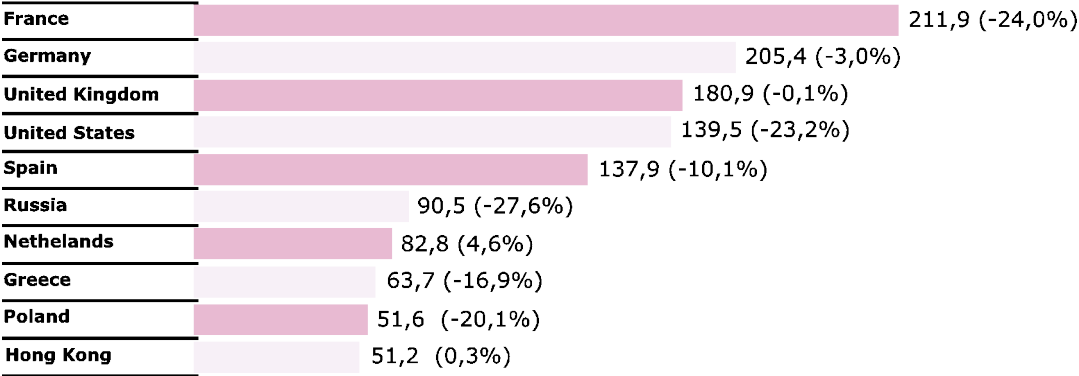
IMPORTS	QUANTITIES (Tonnes)			VALUE (thousands of Euros)		
	2008	2009	VAR %	2008	2009	VAR %
Shampoos	34.594,3	39.774,3	15,0%	71.530,5	77.458,4	8,3%
Preparations for hair	267,9	265,7	-0,8%	1.544,2	1.679,9	8,8%
Lacquers	2.160,2	2.051,4	-5,0%	7.244,3	7.669,9	5,9%
Hair lotions	1.619,9	1.947,7	20,2%	8.287,6	9.458,9	14,1%
Other haircare products	33.211,4	31.654,5	-4,7%	146.046,3	122.941,2	-15,8%
Loose and compact powders	672,6	781,1	16,1%	21.143,5	18.806,8	-11,1%
Creams and other products	41.299,1	37.155,9	-10,0%	537.269,7	465.493,1	-13,4%
Lip make-up products	1.040,9	1.078,7	3,6%	41.427,8	42.262,9	2,0%
Eye make-up products	1.475,4	1.243,9	-15,7%	53.734,8	49.742,8	-7,4%
Nailcare products	2.359,1	2.634,8	11,7%	27.826,3	32.675,0	17,4%
Toilet soaps	25.001,6	20.167,3	-19,3%	47.213,7	36.653,6	-22,4%
Bath preparations	24.899,9	16.098,8	-35,3%	46.614,3	30.106,8	-35,4%
Personal deodorants	6.668,2	8.716,3	30,7%	49.881,3	51.498,3	3,2%
Toothpastes	29.012,9	25.577,8	-11,8%	87.712,0	77.428,9	-11,7%
Other oral hygiene products	8.989,1	7.410,3	-17,6%	32.175,2	31.243,7	-2,9%
Beard, pre- and after-shave products	5.398,1	4.779,0	-11,5%	25.769,3	23.425,3	-9,1%
Perfumes and eaux de parfum	5.679,7	5.139,0	-9,5%	102.027,5	84.943,5	-16,7%
Eaux de toilettes and colognes	7.561,7	6.895,8	-8,8%	226.553,0	192.310,8	-15,1%
Other perfume and toiletry products	7.881,1	7.763,0	-1,5%	47.310,3	44.608,6	-5,7%
TOTAL IMPORTS	239.793,1	221.135,3	-7,8%	1.581.311,6	1.400.408,4	-11,4%

ISTAT data processed by Unipro Economic and Statistical research

# Areas of internationalisation

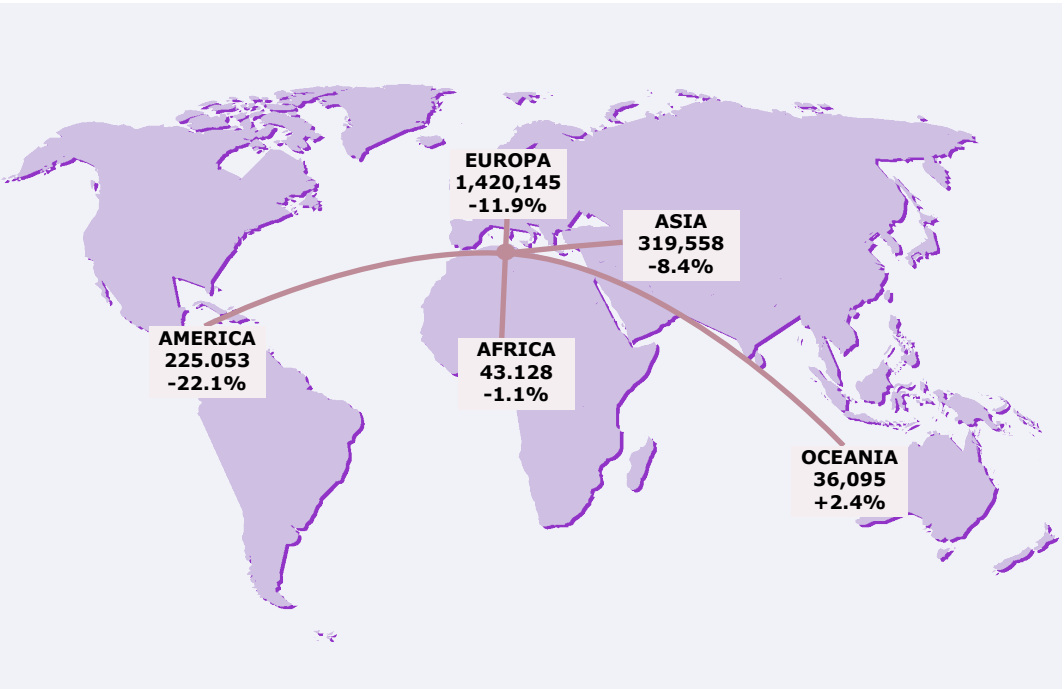
## ITALIAN COSMETIC INDUSTRY EXPORT - TOP TEN COUNTRIES

(Values in millions of euros)



## INTERNATIONAL FLOW

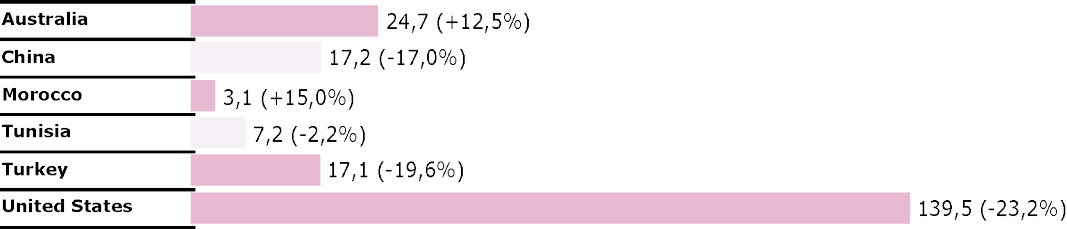
(Export - Thousands of euros)



Istat data processed by Unipro Economic and Statistical research

**UNIPRO INTERNATIONALISATION PLAN FOR 2010**

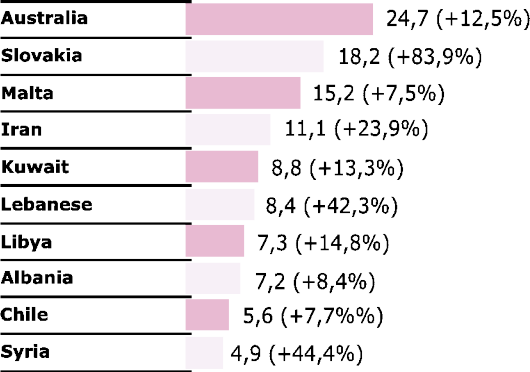
(Export - Millions of euros)



**GEO-ECONOMIC AREAS**

(Export - Millions of euros)

**WHO GOES UP**



**WHO GOES DOWN**

