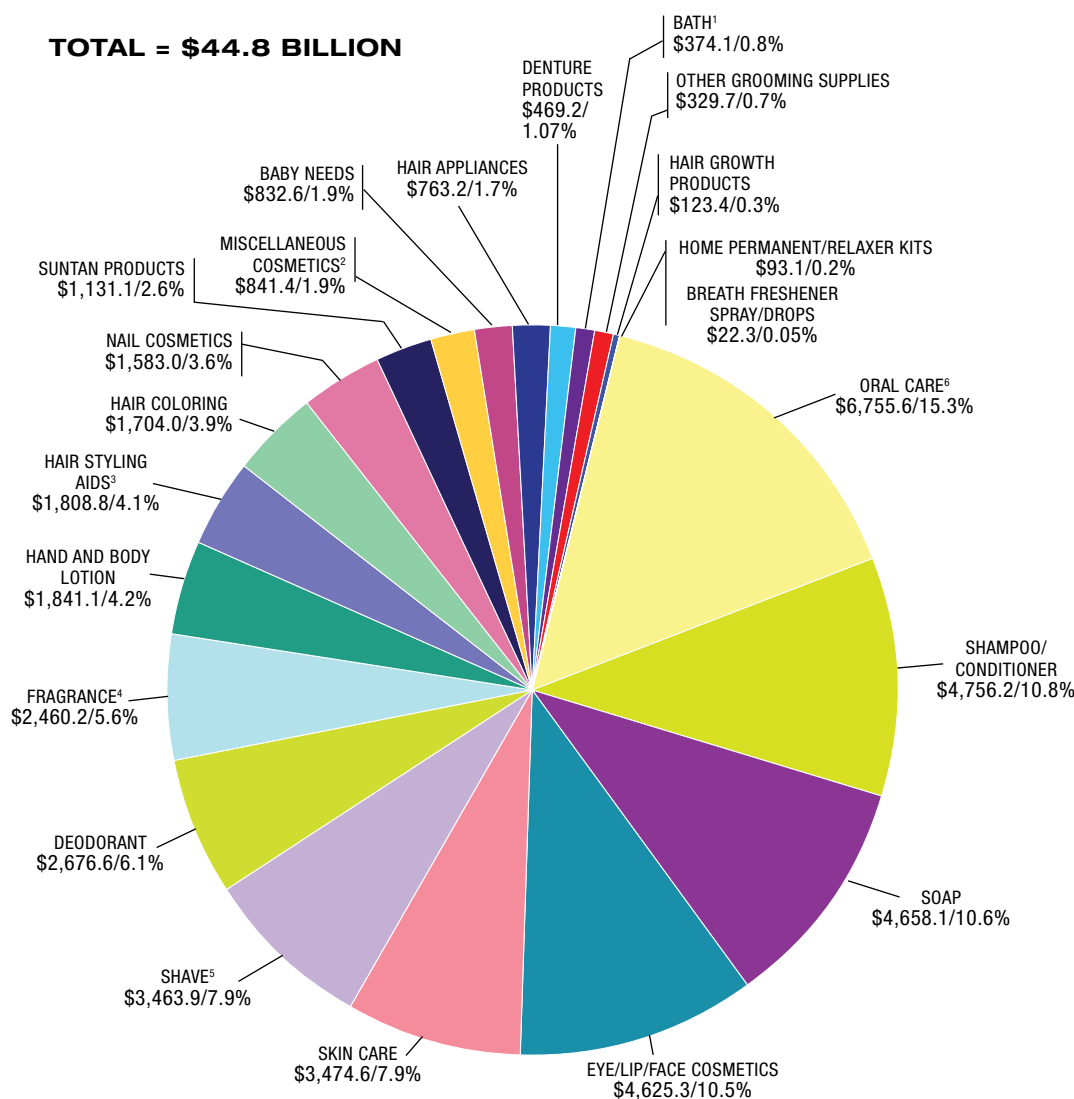


The revolution will be digitized

BEAUTY AND PERSONAL CARE MARKET*

SECTION BY ANTOINETTE ALEXANDER

TOTAL = \$44.8 BILLION



* In billions; percent reflects share of total beauty segments

1 Includes bath products, bath/body scrubbers/massagers. 2 Includes cosmetic accessories, cosmetic storage. 3 Includes hair spray/ hair styling gel/mousse. 4 Includes women's fragrances, women's body mists, men's fragrances, men's body mists, and toiletries and grooming. 5 Includes razors, blades, shaving cream. 6 Includes toothbrush/dental accessories, toothpaste and mouthwash. Source: IRI for the 52 weeks ended Dec. 28, 2014, across total U.S. multi-outlets (supermarkets, drug stores, mass market retailers, military commissaries and select club and dollar retail chains)

Are we in the midst of a beauty revolution? Perhaps. It is no secret that the ever-changing beauty category is all about trends, but one could argue that we are embarking on an especially interesting time in beauty as technology is changing the way consumers shop and new innovations strive to break through the noise.

One of the greatest changes sweeping the beauty and fashion landscape is technology. While the Internet and hand-held devices are obviously changing the way consumers shop out of store, such in-store technologies as RFID tags and interactive shelving units are taking the in-store experience to a whole new level.

Meanwhile, several mass market retailers are rethinking their approach to beauty by revamping the product mix, offering more in-store services and elevating customer service via specially trained beauty advisers.

Now fold in the innovations taking hold at the manufacturer level as beauty brands look to break through the clutter with enhanced formulas, new technologies and products that aim to appeal to today's educated and highly discerning beauty shopper.

Within the pages of this beauty report, *Drug Store News* takes a deeper dive into some of the leading trends that are reshaping beauty.

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Raising the bar with in-store beauty advisers

The old adage may claim that “beauty is only skin deep,” but what today’s retailers are realizing is that beauty is as deep as the customer experience. This has given rise to a heightened focus on new services, higher-end offerings and staffing beauty departments with specially trained beauty advisers.

The reality is that today’s beauty shoppers are demanding greater personalization and a higher level of customer service. They want an experience. Those retailers that successfully deliver on this demand stand to win.

Within the mass market, perhaps the greatest example of this is Walgreens, which is on a mission to “Go Big in Beauty.” The retailer has an army of more than 26,000 beauty advisers across its store network. The beauty advisers are front and center in the retailer’s Look Boutiques. These upscale beauty departments not only feature prestige and niche beauty brands, but also offer such in-store beauty services as brow shaping.

As part of this mission, Walgreens debuted last March an exclusive beauty publication called *Discover Beauty Within*. Lebharr-Friedman Publishing, in collaboration with Walgreens, launched the quarterly magazine — marking the first exclusive beauty publication for the mass retailer.

CVS/pharmacy, which also has beauty advisers in select store locations nationwide, also is looking to enhance the beauty experience. “We plan to continue giving our customers what they want to enhance the beauty experience at CVS, leveraging our enterprise assets to create an unbeatable beauty proposition,” Helena Foulkes, EVP and president of CVS/pharmacy, told analysts during the company’s Annual Analyst Day in December. “We’re driving the beauty experience further. We will continue to launch with new and exclusive brands. We will bring the look and feel of our beauty offerings up-market to create an accessible specialty look and feel, and permanently dedicate some of our most valuable space to elevated beauty offerings.” Over the next year, shoppers will see an upgraded cosmetics wall in many stores, a stepped up facial care look and feel, endcaps dedicated to beauty elevation, and an increased focus on



Walgreens beauty advisers assist customers with a range of beauty services, including brow shaping and makeup application tutorials. There are currently more than 26,000 beauty advisers across the Walgreens store network.

naturals and healthy solutions.

Rite Aid also is working to improve its beauty departments with a new beauty offering that builds on innovations featured in previous Wellness remodels — such as illuminated displays and a free-standing nail bar — by incorporating upscale brands into an expanded product mix.

In addition to offering more upscale brands, stores piloting this concept also have specially trained beauty advisers who can demonstrate how products are used and help customers learn about new brands, color-matching and other current trends.

“As we move forward, we’re also expanding the level of service that we can provide in the beauty category. We now have 50 Wellness stores with expanded beauty departments that feature a broader selection of prestige brands and specially trained beauty advisers,” said Rite Aid president and COO Ken Martindale during the company’s third quarter conference call in late December.

Martindale noted that, so far, the company is “pretty excited about the early read on the beauty advisers.”

Meanwhile, Target began testing its Beauty Concierge program in July 2012 in Chicago-area stores. The program has since expanded and is

“AS WE MOVE FORWARD, WE’RE ALSO EXPANDING THE LEVEL OF SERVICE THAT WE CAN PROVIDE IN THE BEAUTY CATEGORY. WE NOW HAVE 50 WELLNESS STORES WITH EXPANDED BEAUTY DEPARTMENTS THAT FEATURE A BROADER SELECTION OF PRESTIGE BRANDS AND SPECIALLY TRAINED BEAUTY ADVISERS.”

— KEN MARTINDALE, PRESIDENT AND COO, RITE AID

currently offered in more than 400 stores.

Armed with an iPad, mirrors and product samples, Target’s Beauty Concierges are clad in black and wear beauty concierge-embossed aprons.

In addition to staffing hundreds of its stores with beauty advisers, Target also has revamped the look and feel of its beauty department and stepped up its beauty offerings by adding premium skin care products to more than 700 locations.

“In beauty, we continue to see strong results from this year’s refresh of displays throughout the United States, while featuring the beauty concierge service in more than 400 stores,” Brian Cornell, Target’s chairman and CEO, told analysts during the company’s second quarter conference call in August.

Tech features enhance shopper experience

Today's retailers are increasingly going high tech, embracing the latest technologies to further elevate the in-store shopping experience. This trend is especially evident in the beauty and fashion space — and for good reason. Such technologies enable shoppers to easily “try before they buy” and quickly access product information. Below are examples of some of the latest technologies hitting retail.

Dove Interactive Display

Intel showcased several innovations at the recent National Retail Federation Big Show, including an interactive merchandising display featuring Unilever's Dove beauty products.

Features of the four-sided, freestanding display include slots for product placement. A video screen detects when a shopper has removed a product from the display and automatically launches an informational video about that specific product.

This feature is especially key as research has found that as many as half of consumers don't buy a product in store, even after looking at it, because they believe they don't have enough information about that product.

The display also enables shoppers to scan their loyalty card to receive Dove offers based on their purchasing behavior.

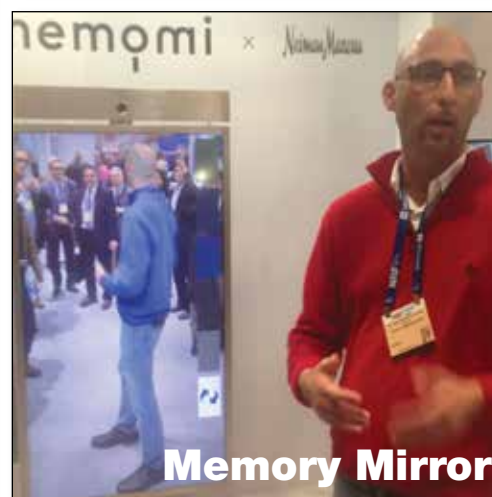
Memory Mirror

Currently deployed at Neiman Marcus, the Intel Core i7-based Memory Mirror by Memo-Mi offers customers a side-by-side comparison of a current outfit with outfits previously tried on using intuitive hand gestures.

Shoppers also can view photos and videos of previous outfits, digitally change the color of an outfit and share outfits with friends through social media. According to an Intel spokesperson, the technology is easily adapted for application in the beauty department.

Rebecca Minkoff Connected Store

Designer Rebecca Minkoff is catering to next-generation shoppers with the brand's first flagship location, which debuts an immersive shopping experience and Connected Store



developed in partnership with eBay.

The store debuted in November and is located in New York City's SoHo neighborhood. Highlights of the store include:

- A “connected wall”: Shoppers can view and select their preferred looks. Shoppers also can order a beverage directly from the wall to further enjoy the space as they shop.
- Interactive fitting rooms: A touchscreen mirror automatically recognizes items in the room through radio-frequency identification, or RFID, and identifies other sizes and colors that are available in the store. If the shopper needs a different size, a touch of the mirror submits the request to a store associate. In addition, shoppers can save their fitting room session for later review in an online Rebecca Minkoff experience.

UGG Concept Store

Deckers Brands recently celebrated the

grand opening of its first-ever UGG Australia technology-driven concept store, located in the Washington, D.C., metro area.

The store serves as Deckers' second “Innovation Lab” — the first is located in the company's Brand Showcase store in the Santa Barbara, Calif., area — to test the latest omnichannel models, merchandising approaches and other innovations that can be deployed across company-owned retail locations.

By introducing elements of online shopping into the physical brick-and-mortar store, Deckers is giving UGG consumers the opportunity to shop the nearly 230 SKUs on display, as well as Infinite UGG products — an “endless aisle” of merchandise not found in store.

Furthermore, RFID technology allows consumers trying on merchandise to view digitally triggered content on four high-definition touchscreens throughout the store, including product information and options, style tips, videos, related marketing campaigns and suggested complementary products.

Devices: Sharing beauty's 'best kept secret'

Beauty devices were once coined as "beauty's best kept secret," but the secret is getting out.

Globally, the beauty devices market is witnessing impressive growth thanks to an increase in disposable incomes, an aging population and a growing prevalence of skin diseases and awareness of the harmful effects of ultraviolet radiation, not to mention increased awareness of such devices.

The global beauty devices market was valued at \$19.4 billion in 2014 and is expected to reach an estimated value of

\$54.2 billion in 2020, according to a new market report, "Global Market Study on Beauty Devices: Asia to Witness Highest Growth by 2020," published by Persistence Market Research.

In North America, an aging population and the availability of advanced devices are fueling the market, according to the report. In addition, there are around 750,000 beauty salons and spas in the United States, which have propelled the demand for beauty devices and personal care products in order to offer better services to their customers.

According to research released last year by Kline & Co., which queried women from China, France, Germany, Japan, the United Kingdom and the United States, nearly 70% of respondents are either "satisfied" or "very satisfied" with such devices. Yet despite the high satisfaction rates, the awareness of such devices has been relatively low.

Kline acknowledged that a key challenge for marketers of at-home skin care devices is to not only introduce but also educate consumers on the benefits and merits of at-home devices. For example, brands could encourage their satisfied customers to talk about the devices within their social media circles.

Examples of such beauty devices include JeNu, which launched in January. Positioned as the first professional-quality, at-home ultrasound system, JeNu is designed to create a more efficient delivery for skin products, allowing the key actives to fully absorb into the skin.

In addition, Tria Beauty, a maker of light-based skin care, received clearance from the Food and Drug Administration for the company's Age-Defying Laser, which is designed to treat multiple signs of facial aging. The product expands the Tria portfolio into the anti-aging category and furthers Tria's mission of providing consumers with advanced skin care solutions previously only available in-office — and at a fraction of the cost and with the convenience of home use.

At last year's Cosmoprop North America, Pulsaderm, a U.S.-based maker of skin care devices, announced the launch of the FDA-cleared Pulsaderm LED Blue. The Pulsaderm LED Blue features advanced blue light LED technology to deliver a non-invasive and painless treatment for mild to moderate inflammatory acne.

Meanwhile, DermaWand, an at-home, hand-held radio frequency beauty tool, continues to see international demand and growth opportunities, according to International Commercial Television, a direct-response marketing and branding company focused on the health and beauty sector. The DIY beauty device works to reduce the appearance of fine lines and wrinkles and improves overall skin appearance.

Then there's Clarisonic — a clear-cut market leader. Created by a group of scientists and Sonicare engineers in Seattle in 2001, and snapped up by beauty giant L'Oréal in 2011, Clarisonic has undoubtedly changed skin care and helped fuel growth in the burgeoning beauty devices market.



JeNu (left) and Pulsaderm LED Blue (right)

Clarisonic brand installations give department stores a face lift

Understanding the importance of consumer education to drive sales of at-home beauty devices, Clarisonic opened last year its first brand installation within Macy's Union Square location in San Francisco.

In addition to personalized skin care consultations, the departments also offer hands-on trials and devices for demo.

Currently, Clarisonic has installations in 19 Macy's locations, including Macy's Herald Square in Manhattan, and six Belk department stores.

According to Kline & Co., "Clarisonic is the only brand to have usage by 50% or more of cleansing device users in all countries examined."



Clarisonic opened its first brand installation in 2014 in Macy's Union Square location in San Francisco.

Sales show shoppers prefer natural ingredients

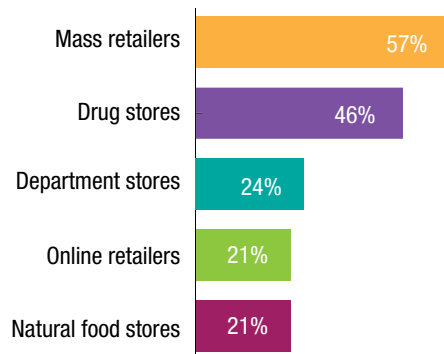
Consumers are becoming increasingly aware of synthetic chemicals in cosmetics and toiletries, and they desire truly natural alternatives, and that is propelling growth within the natural personal care industry. But that's not to say that challenges don't exist.

Sales of the global natural personal care market increased by nearly 10% in 2014, and is projected to continue to grow at a compounded growth rate of 10% per year through 2019, according to consulting and research firm Kline & Co.

The popularity of natural-inspired products is higher in less mature markets; however, Kline found that in such mature markets as the United States and Europe, a growing number of consumers are purchasing products containing predominantly natural ingredients. Many manufacturers are responding by reformulating with a higher proportion of truly natural ingredients. In fact, Kline's ratings system, which analyzes brands' 'naturalness' on a scale of 1 to 10, with 10 being completely natural, uncovered shifts in the natural positioning in several U.S. and European brands, including Avalon Organics, Jäsön, Annemarie Borlind and Melvita, all receiving higher ratings in 2014 when compared with prior years.

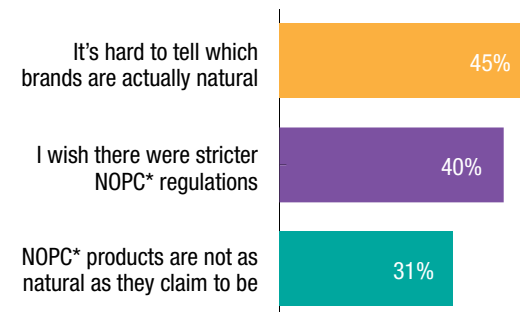
"These reformulations are the next natural step for companies aiming to establish strong natural concepts, with high importance given to the trust between the brand and the consumers. Moving upward in the natural ratings is a great way for natural brands to gain acceptance from a larger consumer base in the mid- to long-term," said Agnieszka Saintemarie, project manager, consumer products at Kline.

TOP FIVE RETAIL CHANNELS WHERE NATURAL PRODUCTS ARE PURCHASED



* Natural organic personal care
Source: Mintel, September 2013

SKEPTICISM PERSISTS: ATTITUDES REGARDING NATURAL AND ORGANIC PRODUCTS



One factor likely hampering even greater growth and hindering consumer confidence is a lack of industry standards, according to some industry sources. Unlike the food industry, the beauty and personal care category lacks standardized regulations regarding definitions for natural and organic claims.

"There has been some degree of greenwashing in the category, as consumers may feel misled regarding claims that appear to be environmentally friendly," research firm Mintel stated in its most recent "Natural and Organic Personal Care Consumer" report. "Consequently, consumers are having a hard time deciphering which products are actually natural, resulting in some consumer backlash in the category."

While some may argue that price is an issue, Kline's research found that con-

sumers are actually willing to invest in the often-pricey, truly natural products — but only if they deliver effective results. As such, it is important that marketers increasingly focus on product efficacy and become more transparent in their communication about quality ingredients, certification and the company's values.

Despite the barriers, the reality is that consumers are looking to live greener and healthier lives. "Mintel's research shows that, despite being dubious of claims, consumers find [natural and organic personal care] products appealing," Mintel stated in its report. "Furthermore, reasons for using [natural and organic personal care] products vary by age, with younger consumers focusing on quality and convenience, while older shoppers are more concerned about health-and-wellness benefits."

Product SPOTLIGHT

Kiss My Face intros natural moisturizing lotion
GARDINER, N.Y. — Kiss My Face is looking to take the natural personal care segment to new heights with its first-ever 100% natural, chemical-free continuous spray moisturizer.

Kiss My Face Air Kiss 2-in-1 Light Moisturizing Lotion is designed to instantly hydrate and protect skin against free radicals with such ingredients as

aloe vera, chamomile and calendula.

Packaged in an ergonomic air-powered container, it utilizes compressed air technology, as opposed to chemical propellants, to provide a light yet powerful, continuous moisturizing mist to cover hard-to-reach areas.

Priced at \$9.99 each, Air Kiss 2-in-1



Kiss My Face
Air Kiss 2-in-1 Light
Moisturizing Lotion

Light Moisturizing Lotion is available in three variants — Aah Lavender Shea, Mmm Tropical Coconut and Fragrance-Free Olive and Aloe.

Air Kiss, like all other Kiss My Face products, does not contain parabens, phthalates and animal ingredients, and is not tested on animals.

Trending now: No-makeup look, bold brows

This year's hot beauty look is all about balance, with beauty mavens selecting a natural, no-makeup look on the skin, paired with a bold eye — especially a bold brow.

Put those tweezers away as beauty experts agree that we are in the midst of a big brow trend that isn't about to fizzle anytime soon, as evidenced by the looks that graced the spring/summer 2015 fashion week shows.



NYX Eyebrow Gel



The trend toward statement brows has been in for several years, but as celebrities and models increasingly flaunt the look, consumers are following suit and seeking products and services that will help them get lush brows.

As celebrity eyebrow specialist Elke Von Freudenberg told *Drug Store News* in a recent interview, she is seeing a change in the look for next spring and summer. There is a move away from the drawn-on look; instead, women are growing the

hairs much longer, and growing more hair underneath the brow. The hairs in the front of the brow particularly are much longer, with no trimming. The result: A brow that isn't as perfect, but yet thicker and sexy.

The brow frenzy is spelling dollars for retailers as consumers are snapping up products that will help them achieve a bold brow look. According to the most recent data from IRI, eyebrow makeup soared a robust 22% for the 52 weeks ended Dec. 28, 2014, at U.S. multi-outlets.

The trend is also playing out in the prestige channel as sales of eyebrow products have increased by double digits over the past three years, and now represent \$122 million and 11% of total U.S. prestige eye makeup sales, according to The NPDP Group.

The NPDP Group also noted that, while the West is the largest region in terms of U.S. prestige eyebrow makeup sales, there is potential for additional growth in the South where just 70% of prestige stores are selling brow makeup products. In addition, the southern region, which accounts for nearly one-third of all U.S. prestige eyebrow makeup sales, is not performing as strongly when compared with the total market.

Shoppers turn to falsies for va-va voom lashes

Sporting lush lashes is key to creating that perfect bold eye, and more women seem to be bringing some va-va-voom to their beauty regimen with false lashes.

While sales of mascara slipped 0.6%, sales of false eyelashes and adhesives rose nearly 7% to \$95.5 million during the 52 weeks ended Dec. 28, 2014, at total U.S. multi-outlets, according to IRI.

What is driving the growth? Celebrities are increasingly flaunting faux lashes, and beauty shoppers are following suit. In addition, manufacturers are bolstering their portfolios with styles that promise to deliver a more natural look. For example, among the brands enjoying the greatest growth, according to IRI, is KISS' Looks So Natural lash.

Manufacturers are hoping that the momentum continues and remain hard at work to educate consumers, make the segment easier to shop at retail, enhance application and create styles that are suitable for all tastes. This is important because, despite the growing acceptance, there's still some hesitation among shoppers and room for more consumer education.



KISS' Looks So Natural false eyelashes

Top 10 eyebrow makeup brands

BRAND	SALES*	% SALES CHG	\$ SHARE	\$ SHARE CHG	UNIT SALES*	% UNIT CHG	AVG PRICE	AVG PRICE CHG
CoverGirl Brow and Eyemakers	\$12.2	4.0%	11.5%	-2.0%	3.2	-2.1%	\$3.86	\$0.23
Revlon Brow Fantasy	11.8	15.6	11.1	-0.7	1.6	13.1	7.35	0.16
Maybelline Define-A-Brow	11.0	2.6	10.3	-2.0	1.7	1.5	6.61	0.07
Maybelline Expert Wear	9.7	2.2	9.1	-1.8	2.7	2.5	3.52	-0.01
Maybelline Eyestudio Master Shape	8.0	-16.3	7.5	-3.5	1.2	-11.4	6.78	-0.39
Wet n Wild	5.6	15.5	5.3	-0.3	6.1	19.3	0.92	-0.03
Maybelline Expert Eyes	5.3	0.5	5.0	-1.1	1.6	1.9	3.32	-0.04
Maybelline EyeStudio Brow Drama	5.1	NA	4.8	4.8	0.7	NA	7.21	NA
L'Oréal Brow Stylist	4.8	59.2	4.5	1.0	0.5	65.3	9.28	-0.36
NYX	4.5	444.8	4.2	3.3	0.7	371.3	6.87	0.93
TOTAL	\$106.7	22.4%	100.0%	NA	27.7	17.6%	\$3.85	\$0.15

* In millions

Source: IRI for the 52 weeks ended Dec. 28, 2014, Total U.S. Multi-Outlet (supermarkets, drug stores, mass market retailers, military commissaries and select club and dollar retail chains)

'Color is key' in eye makeup segment

While nails were all the rage a few years back, today color is all about eyes and lips.

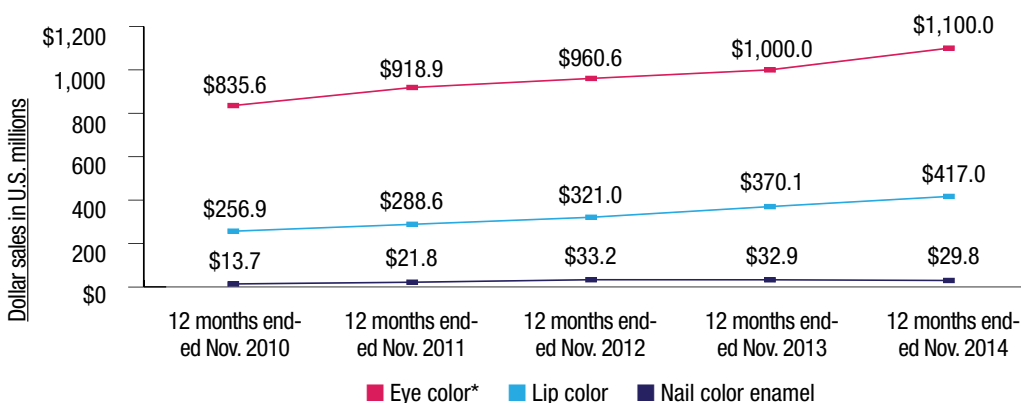
"The shift in where women focus their color needs and desires is a natural one, and it will no doubt change again," said Karen Grant, global beauty industry analyst at global information company, The NPD Group. "Color is key when it comes to makeup. It's the area where consumers play with fashion and are willing to experiment as they seek ways to make bold statements and refresh their look."

Eyebrow makeup is hot — red hot — but eye shadow is another segment with the greatest growth within eye makeup in the prestige channel, according to The NPD Group. For the 12 months ended November 2014, sales of eye shadow increased 9%.

"Consumers are paying attention to the marketing focus around eye and lip color, and responding to multi-color palettes that have become more prevalent, but that is just part of the dynamic at play," Grant said. "Marketers and consumers are seeing that makeup and color are affordable ways to try what's new and in vogue. Much of the power lies in speed-of-response and putting that in the hands of trend-setters, as well as the early adopters. This responsiveness to the consumer environment will continue to shape the future of color in beauty."

Across U.S. multi-outlets, eye shadow sales

U.S. PRESTIGE MAKEUP SEGMENT PERFORMANCE



* Eye color includes eyebrow makeup, eyeliner, eye shadow and mascara
Source: The NPD Group, Beauty Trends, U.S. Prestige Retail Dollar Sales, Dec. 2009-Nov. 2014

are not as robust — having slipped 3.6% for the 52 weeks ended Dec. 28, 2014, according to IRI. However, manufacturers have rolled out an array of new products for 2015 in hopes of fueling growth.

Milani Cosmetics recently launched its most technologically advanced and dynamic cosmetic collection yet — Bella Eyes Gel Powder Eyeshadow. Bella Eyes Gel Powder Eyeshadow is available in 30 shades. The formula, which is rich in pigment, starts as a gel and is then transformed into a powder

eye shadow. They can be worn as shadow or highlighter, and used wet or dry to ensure an eye-popping look.

In addition, Maybelline New York launched for 2015 its new EyeStudio Color Molten Duo cream-powder eye shadow. Available in eight shades, the cream-powder formula provides the intensity of a cream with the ease and convenience of a powder.

Meanwhile, sales of eyeliner increased about 4% across U.S. multi-outlets, according to IRI, fueled in part by the bold eye trend.

MinuteClinic to offer eyelash lengthening services

Are you yearning for thicker, lusher lashes? Consider stopping by your local MinuteClinic.

That's right. CVS Health's MinuteClinic is expanding beyond acute and chronic care with the testing of some beauty services, such as eyelash lengthening.

Patients can stop by MinuteClinic for a consultation and, if it's right for them, can receive a prescription for Latisse, an at-home treatment for longer, thicker lashes.

"We will leverage our enterprise assets to enhance the beauty experience. We will continue to launch new and exclusive brands and bring the look and feel of our beauty offerings up market to create an accessible look and feel. And you'll see as we go forward a tighter enterprise integra-

tion in beauty with more clinical solutions and services," said CVS Health president and CEO, Larry Merlo, in speaking at the 33rd Annual J.P. Morgan Healthcare Conference in January.

The move is not only in line with CVS Health's ongoing effort to position itself as a health and beauty destination, but also is part of a larger trend whereby retailers are working to enhance the shopping experience through expanded in-store services, enhanced customer service and greater product offerings.

Clinic operator RediClinic — which operates about 30 in-store clinics inside H-E-B grocery stores in Houston, Austin and San Antonio — also offers cosmetics services. At RediClinic, patients can receive consultations on Latisse lash



MinuteClinic is testing some beauty services, such as eyelash lengthening in an effort to enhance the beauty experience.

growth treatment, Lustra for skin discolorations and Vaniqa for unwanted facial hair on women.

Shoppers seek male-specific products

The men's grooming segment — largely comprised of antiperspirant and deodorant and shave products — has benefited from the fact that many of the products are used by guys as part of a daily regimen; however, there are market factors that are spelling further growth for the category.

According to Mintel's most recent "Men's Personal Care – U.S." report, the market will grow by an additional 13% through 2018, achieving sales of \$4.4 billion in 2018.

"Category growth today is largely driven by the product segments that have high market penetration, high usage frequency, and that have traditionally been divided along gender lines. The [antiperspirant and deodorant], shaving and body care segments have largely been responsible for this market's growth in the past few years, and these segments will continue to be the main generators of overall category sales into 2018," the market research firm stated in the report.

The body and hair care and facial skin care segments are smaller because these segments have not traditionally been segmented along gender lines, and general market products are more abundant, Mintel noted. However, that is changing. For example, men are gravitating more toward male-specific shower gel and body wash products because they offer both a masculine scent and the ability to get soap and hair

care products in one multi-functional product, and skin care brands are increasingly developing products designed just for him.

It is also important to note that population growth in both the black and Hispanic male populations is expected to be a positive market driver in the next few years, as Hispanic and black men tend to over-index in their use of several different types of men's personal care products, most notably skin care products.

Then there's fragrance. Nearly all men report fragrance usage, with 8-out-of-10 men using some type of scented product, and nearly all of fine fragrance users also using scented body products, according to the 2014 Men's FragranceTrack Report issued by global information company, The NPD Group.

The data also found that men pay close attention to their fragrance usage, especially when they need to restock their scent of choice, as 6-in-10 men's purchases are for replenishment reasons. The top motivators behind men's fine fragrance purchases are the need to replenish, along with in-store influencers and price.

Within U.S. multi-outlets, sales of men's fragrance are on the decline, but sales of men's body mists are enjoying very robust growth of nearly 50% for the 52 weeks ended Dec. 28, according to IRI. Driving much of that growth is Unilever's Axe brand.

Product SPOTLIGHT

Axe expands portfolio with White Label line

ENGLEWOOD CLIFFS, N.J. — Unilever's Axe brand has broadened its portfolio with Axe White Label — a refined product line developed with complex fragrances and sleek packaging for today's multi-faceted, sophisticated guy.

According to Unilever, the line addresses the evolving needs of men, as 71% of guys agree that it's important to look good physically in order to succeed professionally and personally. With the White Label launch — centered on the idea that "how you feel says it all" — Axe is striking a broader take on confidence that reflects the mindset of the modern man.

Axe White Label products are available in four variants — Night, Forest, Island and Air. Consisting of an innovative Dry Spray antiperspirant — and an antiperspirant solid, body wash, 2-in-1 shampoo + conditioner, style refresher and cooling style cream — the White Label line features entirely new packaging that captures the brand's refined take on a contemporary masculine aesthetic.



Unilever's Axe White Label

Top 10 men's body mists

BRAND	SALES*	% SALES CHG	\$ SHARE	\$ SHARE CHG	UNIT SALES*	% UNIT CHG	AVG PRICE	AVG PRICE CHG
Axe Apollo	\$37.0	107.1%	11.4%	3.2%	6.2	48.4%	\$5.95	\$1.69
Axe Phoenix	29.6	42.0	9.1	-0.5	6.0	7.1	4.95	1.22
Axe Anarchy	23.8	55.3	7.3	0.3	4.5	9.9	5.34	1.56
Axe Dark Temptation	22.7	-7.4	7.0	-4.3	4.2	-14.1	5.46	0.40
Axe Peace	21.2	NA	6.5	6.4	3.2	NA	6.53	2.44
Old Spice Wild collection	21.1	100.0	6.5	1.6	5.1	97.1	4.14	0.06
Axe Excite	17.5	-4.5	5.4	-3.0	3.1	-22.6	5.62	1.06
Old Spice Fresh collection	16.1	143.5	4.9	1.9	2.8	74.4	5.82	1.65
Axe Essence	15.4	-14.4	4.7	-3.5	3.0	-14.0	5.08	-0.02
Old Spice Red Zone	14.0	26.1	4.3	-0.8	1.5	-41.9	9.08	4.90
TOTAL	\$325.6	49.4%	100.0%	0.0%	65.1	22.0%	\$5.00	\$0.92

* In millions

Source: IRI for the 52 weeks ended Dec. 28, 2014, Total U.S. Multi-Outlet (supermarkets, drug stores, mass market retailers, military commissaries and select club and dollar retail chains)

In U.S., three angles stunt shave's growth

The shave category is facing its share of challenges, but manufacturers are hitting the drawing board to develop new innovations and evolve their business models to overcome the pressures restricting growth.

"We have a very specific challenge in the United States where the male shaving business is under pressure from three different angles. First, shaving incidence is down, driven by societal and fashion trends. Second, an increasing number of consumers are interested in value and having trouble, we believe, perceiving what constitutes real value. As a result, the barriers to trial — and specifically trade-in and trade-up — have increased. Third, the emergence of new e-commerce Shave Club competitors leveraging convenience in value is changing the competitive landscape," said Procter & Gamble's chairman, president and CEO A.G. Lafley during the company's Annual Analyst Meeting in November.

Despite the challenges, manufacturers are not resting on their laurels.

Procter & Gamble, for example, is driving big innovations with its Gillette FlexBall, and is looking to bring more men into the category and the Gillette brand franchise by shifting its

focus from shaving to grooming the face and body.

"This year, for the first time in several, we will aspire to reach 100% of 18-year-olds with strong trial and education tools and, of course, the new FlexBall razor. We're driving Gillette subscription via our retail partners' programs, as well as our own Gillette Shave Club," Lafley said.

P&G is trying to convert more disposable users than ever, and has increased its value messaging and lowered its opening price points.

Meanwhile, Energizer Holdings is growing its Hydro franchise on both the men's and women's side, and also is growing Hydro through the use of continuing innovation, such as trimmers.

As noted in the company's fourth-quarter conference call in November, the Hydro franchise showed continued strength in the United States, with consumption up more than 15% versus a year ago, driven by higher advertising and promotion spend and new product launches.

Judging by the numbers, the efforts appear to be gaining traction. According to IRI, sales of razors increased more than 9% for the 52 weeks ended Dec. 28, 2014, across total U.S. multi-outlets.

Product SPOTLIGHT

Venus Swirl joins Gillette's FlexBall lineup

NEW YORK — Following the raved-about launch of the Gillette Fusion ProGlide with FlexBall technology, Procter & Gamble unveiled in January its sister — the new Venus Swirl.

The new Swirl is positioned as Venus' most advanced razor technology, culminating more than five years of research and tested on more than 7,000 legs, according to the company. With the FlexBall technology, the Venus Swirl moves in multiple directions to navigate tricky areas.

There's no doubt that P&G is banking on seeing continued market growth with the debut of Venus Swirl.

Following last year's launch of the Gillette Fusion ProGlide with FlexBall technology, P&G has seen improvement in U.S. blades and razors market growth, including a more than 30% spike in razor sales versus a year ago, and sequential improvement in its razor shares, said David Taylor, group president, global health and grooming, during P&G's Annual Analyst Meeting in November.

P&G will begin the global expansion of ProGlide FlexBall in early 2015.



Procter & Gamble's Venus Swirl razor

Top 10 razors

BRAND	SALES*	% SALES CHG	\$ SHARE	\$ SHARE CHG	UNIT SALES*	% UNIT CHG	AVG PRICE	AVG PRICE CHG
Gillette Venus Embrace	\$41.3	-3.6%	8.6%	-1.2%	4.5	-11.2%	\$9.21	\$0.73
Schick Hydro 5	40.1	4.4	8.4	-0.4	3.3	-9.3	12.26	1.61
Gillette Fusion ProGlide	30.2	-30.7	6.3	-3.6	3.3	-25.9	9.04	-0.62
Gillette Fusion	27.1	1.7	5.7	-0.4	2.6	-8.7	10.27	1.05
Gillette Fusion ProGlide FlexBall	24.1	NA	5.0	5.0	2.4	NA	10.23	NA
Private label	21.8	9.4	4.5	0.0	4.9	5.1	4.49	0.18
Schick Xtreme3	20.2	-27.6	4.2	-2.2	1.7	-29.6	11.80	0.33
Schick Quattro for Women	19.5	70.8	4.1	1.5	1.8	35.0	10.70	2.24
Gillette Venus and Olay	18.3	-35.8	3.8	-2.7	1.9	-36.4	9.74	0.09
Schick Hydro Silk	18.2	-31.0	3.8	-2.2	1.6	-41.9	11.24	1.78
TOTAL	\$479.5	9.4%	100.0%	0.0%	56.3	1.1%	\$8.52	\$0.65

* In millions

Source: IRI for the 52 weeks ended Dec. 28, 2014, Total U.S. Multi-Outlet (supermarkets, drug stores, mass market retailers, military commissaries and select club and dollar retail chains)

Younger shoppers spur lip color sales surge

Women are looking to make a bold statement — with their lips.

Lip color is still a rock star of the beauty aisle as the color movement in makeup shifts from nail color to lip and eye, as noted by global information company The NPD Group. In the prestige market, lip color drove growth in lip makeup, climbing 13% for the 12 months ended November 2014.

According to The NPD Group, the use of lip color has risen with younger women in particular, and the appeal is based on both fashion and function. Sales gains in this category are driven primarily by increases in unit sales, as the average price spent on lip color has remained relatively flat over the past year, pointing back to the spending behavior of younger consumers. In November 2014 alone, almost 1.8 million prestige lip color products were sold in the United States — a 22% increase over November 2013. NPD's 2014 Makeup In-Depth Consumer Report found that lip color currently is the preferred lip product among consumers, and 33% of women use it more than once a day.

Echoing the sentiment, market research firm Mintel stated in its most recent "Color Cosmetics - U.S." that, "while lip cosmetics account for the smallest percentage

of total category sales, it's currently the strongest-performing segment in terms of growth. After declining by more than 2% between 2011 and 2013, lip makeup posted gains of nearly 9% between 2012 and 2014, thanks to its current status as a must-have beauty item."

Mintel also noted that bold lip color has been a hot trend, fueling interest in intense lip color among women ages 18 years to 24 years.

In fact, nearly one-third (32%) of lip product users ages 18 years to 24 years are looking for intense lip colors. This compares with less than 20% of respondents ages 25 years and older, according to Mintel.

Manufacturers are no doubt heeding the call, developing lip color that promises to be long wearing, moisturizing and bursting with intense pigments, which is helping to fuel sales not only in the prestige channel but also within U.S. multi-outlets.

According to the most recent data provided by IRI, sales of lipstick rose 6% for the 52 weeks ended Dec. 28, 2014, across U.S. multi-outlets.

Meanwhile, lip liners also are benefiting from the demand for lip color. According to IRI, sales of lip liner rose nearly 10% during the same period.

Product SPOTLIGHT

L'Oréal Paris launches pro-inspired two-step color

NEW YORK — Recognizing that statement lips are taking center stage, beauty brand L'Oréal Paris has launched for 2015 its new L'Oréal Paris Infallible Pro-Last Color.

The professionally inspired, two-step formula is infused with hyaluronic acid gel, high-intensity pigments and an illuminating finishing balm. Step one imparts ultra high-definition color formulated with an intense concentration of color pigments with true color payoff that won't transfer, fade or bleed. Step two is a polishing balm, which captures and seals in color for extended wear.

The pro-applicator allows for precise application and perfectly defined lips, with continuous smoothness for color that does not crease, and continuous moisture for comfort. It is available in 24 shades priced at \$11.99 each.



L'Oréal Paris Infallible Pro-Last Color

Top 10 lipstick brands

BRAND	SALES*	% SALES CHG	\$ SHARE	\$ SHARE CHG	UNIT SALES*	% UNIT CHG	AVG PRICE	AVG PRICE CHG
Revlon Super Lustrous	\$55.8	1.6%	10.4%	-0.5%	8.9	0.7%	\$6.25	\$0.05
CoverGirl Outlast	52.7	9.6	9.8	0.3	6.9	19.1	7.67	-0.67
Maybelline Color Sensational	42.3	22.5	7.9	1.1	6.8	24.8	6.24	-0.12
L'Oréal Colour Riche	42.2	1.4	7.8	-0.4	5.9	1.9	7.19	-0.03
Maybelline SuperStay 24	23.5	-2.7	4.4	-0.4	2.8	-4.3	8.52	0.14
Revlon ColorStay Overtime	21.2	3.6	3.9	-0.1	2.4	1.5	8.75	0.18
CoverGirl Lip Perfection	17.7	3.9	3.3	-0.1	3.1	10.2	5.73	-0.35
Revlon ColorStay Ultimate Suede	16.8	-26.5	3.1	-1.4	1.9	-28.4	8.64	0.23
Burt's Bees Lip Shimmer	16.7	2.8	3.1	-0.1	3.3	1.4	5.00	0.07
Wet n Wild MegaLast	14.0	15.6	2.6	0.2	7.4	25.4	1.91	-0.16
TOTAL	\$537.5	6.0%	100.0%	NA	105.0	11.1%	\$5.12	\$-0.25

* In millions

Source: IRI for the 52 weeks ended Dec. 28, 2014, Total U.S. Multi-Outlet (supermarkets, drug stores, mass market retailers, military commissaries and select club and dollar retail chains)

Back to beauty basics with 'barely there' look

When it comes to facial makeup, today's beauty mavens are all about no makeup. Well, the appearance of "no makeup."

Propelled by celebrities tweeting selfies sans makeup and hit movies like "Cake" featuring Jennifer Aniston, and "Wild" with Reese Witherspoon, the "no makeup" look is sweeping throughout the beauty industry.

The good news for retailers and beauty manufacturers is that the trick to successfully pulling off the look isn't to forgo makeup, but rather to find the right beauty products to achieve the bare-faced look — think primers, BB Creams, CC Creams, etc.

Manufacturers are heeding the call and developing lightweight facial cosmetics — many of which have such added skin care benefits as anti-aging, moisturizing and sun protection.

In fact, when asked about the most important benefits when selecting facial makeup, respondents ranked long-wearing and lightweight formula as the highest at 35%, followed by moisturizing (32%), sun protection (31%) and adjusts skin tone (31%), according to Mintel's most recent "Color Cosmetics — U.S." report.

"The inclusion of value-added benefits and sophisticated claims, particularly in

the facial cosmetics segment, is encouraging some women to trade up to higher-priced products," Mintel stated.

In 2012, beauty mavens went bonkers for BB creams and manufacturers responded by rolling out an array of these "blemish balms" or "beauty balms." BB creams combine the functionality of primers, SPF and moisturizers, along with the anti-aging benefits of skin serums.

Not long after, CC creams (which stands for "color control" c=reams) hit the market, causing a buzz and hailed by many as the next generation of BB creams. While the difference between CC creams and BB creams is subtle, CC creams tend to address such issues as redness and uneven skin tone.

During TABS Group's "2014 Insights into the Beauty Consumer" webinar in December, which was hosted by *Drug Store News*, David Butcher, EVP and partner at TABS Group, said that BB creams and CC creams tend to skew toward younger women and toward those in the \$75,000 to \$99,000 a year income group.

"What is really important to note here is that 59% of women are stating that they are buying more BB creams and CC creams this year than last year," Butcher said. "So, this really does bode well for the projected growth for 2015 for these particular items."

Product SPOTLIGHT

Lumene blurs lines with Bright Now collection

NEW YORK — Finnish beauty brand Lumene broadened its portfolio with the new Bright Now Blur Line and Pore Minimizer.

Joining the Lumene Bright Now skin care line, the new Bright Now Blur Line and Pore Minimizer is a primer that promises to deliver an instant optical line- and pore-minimizing effect, according to the company.

Ideal for beauty mavens who want to keep oily skin matte, the oil-free blurring cream leverages the potency of arctic cloudberries. Arctic cloudberries contain antioxidant ellagitannin to help battle signs of aging and protect from further damage. Additionally, the berries' nectar contains strong detoxifying properties, the company said.

The new Bright Now Blur Line and Pore Minimizer launched in January for \$19.99.



Lumene's Bright Now Blur Line and Pore Minimizer

Top 10 foundation brands

BRAND	SALES*	% SALES CHG	\$ SHARE	\$ SHARE CHG	UNIT SALES*	% UNIT CHG	AVG PRICE	AVG PRICE CHG
Revlon ColorStay	\$53.5	8.7%	5.6%	0.6%	4.9	7.0%	\$10.85	\$0.17
L'Oréal True Match	47.8	4.2	5.0	0.3	5.0	6.7	9.59	-0.22
CoverGirl Clean	46.6	-4.2	4.9	-0.1	7.5	-4.9	6.24	0.04
CoverGirl TruBlend	30.7	24.9	3.2	0.7	3.6	25.2	8.45	-0.02
Maybelline Dream Liquid Mousse	29.2	5.4	3.1	0.2	3.5	5.3	8.41	0.01
CoverGirl and Olay Simply Ageless	25.7	-10.5	2.7	-0.2	1.9	-11.9	13.44	0.20
L'Oréal Visible Lift Serum Absolute	25.1	-7.6	2.6	-0.1	1.8	-7.6	13.62	0.01
Revlon Age-Defying	23.1	12.3	2.4	0.3	1.9	-6.5	12.50	2.09
CoverGirl Advanced Radiance	23.1	-2.4	2.4	-0.0	2.6	-1.5	8.78	-0.08
CoverGirl Outlast Stay Fabulous	22.8	2.3	2.4	0.1	2.2	-1.7	10.18	0.40
TOTAL	\$947.7	-2.4%	100.0%	NA	102.2	-1.3%	\$9.27	\$-0.11

* In millions

Source: IRI for the 52 weeks ended Dec. 28, 2014, Total U.S. Multi-Outlet (supermarkets, drug stores, mass market retailers, military commissaries and select club and dollar retail chains)