

THE ROMANIAN COSMETICS, BEAUTY AND PERSONAL CARE MARKET



DEMO REPORT

by

FRD CENTER



Summary:

1. General considerations
2. Major players and brands
3. Imports
4. Distribution & retail



1. General considerations

The Romanian market of beauty and personal care products showed growth in 2011, continuing the y/y expansion registered in the last years.

The beauty and care market in Romania was estimated at over 950 million EUR in 2011 and the forecasts on the sector's development are optimistic. The increasing trend of the sector is expected to continue in the next years, based on the opening of new stores, the launching of new brands and the fact that the consumers will be better informed.

The annual consumption of cosmetics and personal care products in Romania is estimated to record a growing rate of over 10% in the next years. The Romanian market of derma-cosmetics is estimated at 30 million EUR, with some 1.5 million products having been sold in 2011.

The beauty and personal care in Romania is dominated by the big multinationals, such as L'Oreal, Beiersdorf or Procter&Gamble. The multinational companies hold some 85% of the market, in terms of volume, while the Romanian producers (such as Farmec, Elmiplant or Genmar) have a share of some 15%.

The economic crisis in the last years has favoured the local producers that offer cheaper products and characterised by a good quality - price relation. Also, the Romanian companies have a strong position in the sectors of the skin protection and sun protection products.

The local cosmetics producer Farmec in Cluj Napoca plans for 2012 to grow its exports by 40% and to increase the production of private label products. Also, the firm intends to invest some 0.6 million EUR in technological upgrades in 2012.

Farmec recorded a turnover of 26.2 million EUR in 2011, up by 15.6% compared to 2010. In the first five months of 2012, the company registered a turnover of 11.5 million EUR. The company's best-selling product ranges outside Romania are Gerovital H3 and Gerovital H3 Evolution, both anti-aging products, and also Gerovital Plant and AslaVital.

The sales of cosmetics and personal care products (in thousand EUR) in Romania, during the period 2009 – 2011 and the forecasts for 2014 are presented below.

Product	2009	2010	2011	2014	Increase 2014 vs 2011 (%)
Soap	289	303.6	318	360.8	13
Bath products	52.9	55.9	59	68.8	17
Shampoo	98	112.5	127.5	172.8	36
Conditioner	8.7	9.7	10.6	13.5	27
Deodorants	52.9	55.8	58.8	68.3	16
Fragrances	215	242.4	272	364.7	34
Hair dye	47.1	52.3	57.5	72	25
Makeup	29.5	32.3	35.3	45.5	29
Nail lacquer	13.7	14.9	16.1	20.3	26
Shaving preparations	6.7	7.7	8.7	12.6	45

Source: Datamonitor & FRD Center calculations

2. Major players and brands

2.1 Players

The net turnover (in million EUR) of some of the main players on the Romanian market, during the period 2009 – 2011, is presented below.

Company	2009	2010	2011
Unilever South Central Europe	176.9	179.7	171.6
Procter & Gamble Distribution	280.0	300.4	295.9
Henkel Romania	134.8	132.6	128.0
Colgate Palmolive Romania	65.6	65.2	58.7
L'Oreal Romania	56.2	56.1	51.9
Beiersdorf Romania	42.2	40.0	43.4
Cosmetics Oriflame Romania	23.3	23.3	32.9
Avon Cosmetics Romania	111.8	113.9	104.9
Coty Cosmetics Romania	15.7	16.3	16.3
Amway Romania Marketing	27.5	21.7	18.5

Source: Ministry of Public Finances

2.2 Brands

The market share of the ten main brands on the Romanian market in 2009 is presented below.

Brand	Company	Market share in 2009 (%)
Dove	Unilever South Central Europe	2.1
Colgate	Colgate Palmolive Romania	1.9
Oriflame	Cosmetics Oriflame Romania	1.6
Maybelline	L'Oreal Romania	1.6
Fa	Henkel Romania	1.5
Nivea Visage	Beiersdorf Romania	1.4
Avon	Avon Cosmetics Romania	1.4
Amway	Amway Romania Marketing	1.4
Blend-a-Med	Procter & Gamble Distribution	1.3
Nivea Bath Care	Beiersdorf Romania	1.3

Source: Datamonitor

Gerovital is a Romanian brand of cosmetics, on the segment of the personal care products. According to data published by ACNielsen, during the period January - April 2012, Gerovital was on the second position on the segment of the personal care products, both in volume (with a market share of 12.5%) and value (with a market share of 11.1%). On the segment of the hair treatments, the Gerovital Plant Treatment range is the market leader in terms of value, with a market share of 31.9%.

According to Nielsen, five brands - Nivea, Gerovital, L'Oreal and Garnier Avene – share about half the market share of cosmetics for face and eyes, by volume,. By value, five brands - Nivea, Gerovital, L'Oreal, Vichy and Garnier - have 54.6% market share.

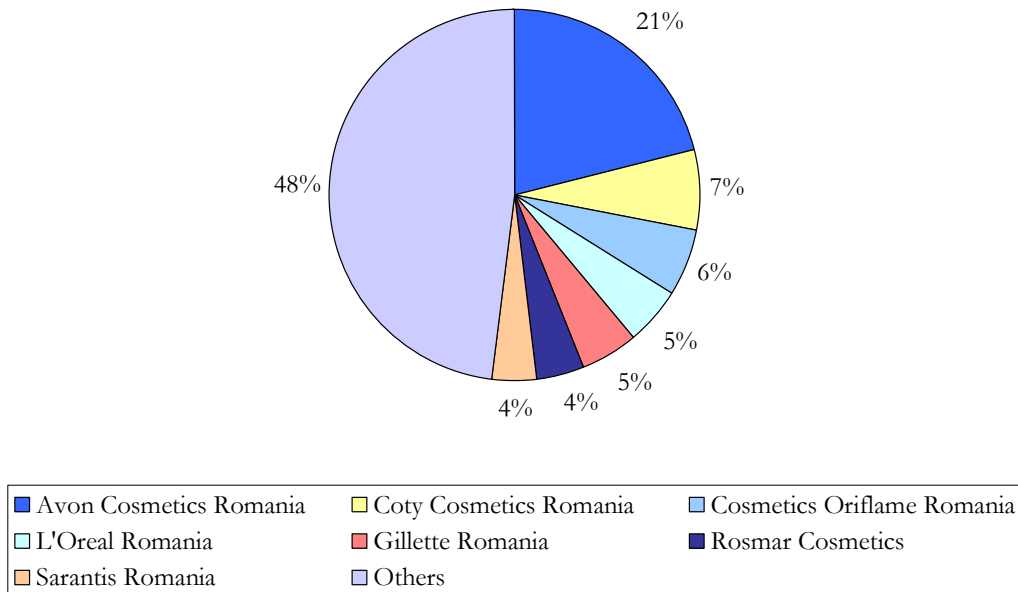
The presence of Avene and Vichy in the top shows the importance of derma-cosmetics on a market dominated by commercial products, which have the advantage of a more affordable price. The two brands make of the Dermatological Laboratories Avene and L'Oreal two of the largest manufacturers in Romania as sales volume and value.



2.2.1 Perfumery

On the Romanian perfumery market in 2010, Avon was the leader with a market share of some 21%. Avon focused its activity on the development of the direct sales (door-to-door sales).

Market share - fragrances market in Romania in 2010



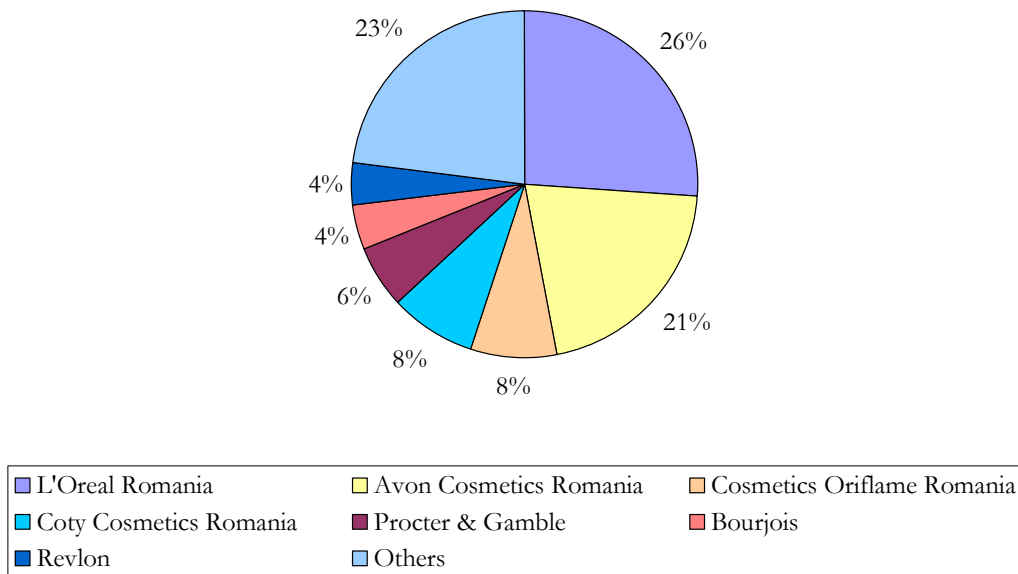
Source: Euromonitor



2.2.2 Make-up and colour cosmetics

On the make-up and colour cosmetics market in Romania in 2010, L'Oreal was the leader with a market share of some 26%, being followed by two companies that perform activities of direct sales: Avon (some 21%) and Oriflame (some 8%).

Market share - makeup and cosmetics market in Romania in 2010



Source: Euromonitor

Some of the main brands of make-up and colour cosmetics on the Romanian market are:

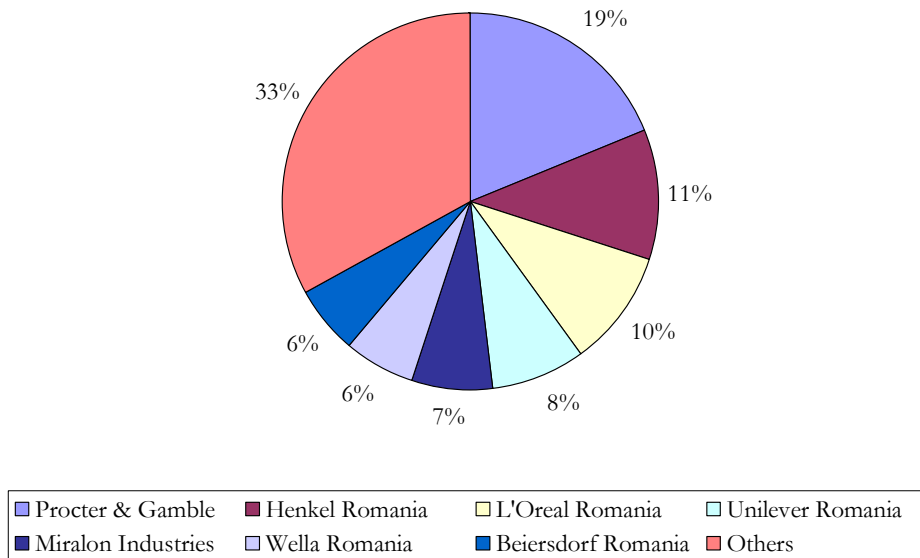
- L'Oreal Perfection (L'Oreal)
- Maybelline (L'Oreal)
- Oriflame (Oriflame Cosmetics)
- Giordani (Oriflame Cosmetics)

- Miss Sporty (Coty)
- Rimmel (Coty)
- Avon (Avon Products)
- Amway (Amway Corp)
- Nivea Beaute (Beiersdorf)
- Alix Avien (Kopas Kozmetik)
- Color Intrigue (Elizabeth Arden)
- Estee Lauder (Estee Lauder)
- Farmec (Farmec SA)
- Seventeen (Hellenica)
- Revlon (Revlon)

2.2.3 Hair care products

The Romanian market of hair care products is dominated by multinationals.

Market share - hair care market in Romania in 2010



Source: Euromonitor

Some main brands of hair care products on the Romanian market are:

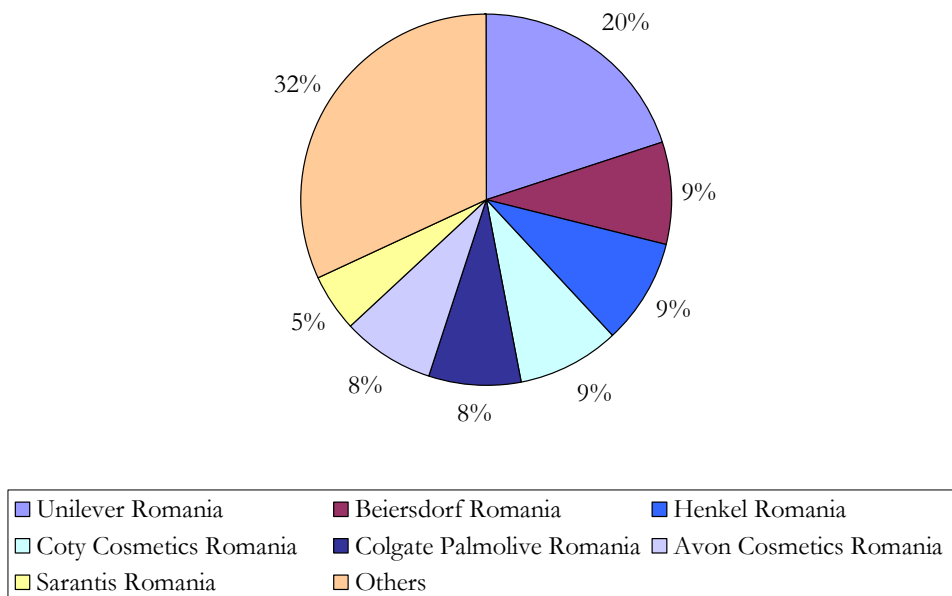
- Head & Shoulders (Procter & Gamble)
- Pantene (Procter & Gamble)
- Wash & Go (Procter & Gamble)

- Wella (Procter & Gamble)
- Elseve (L'Oreal)
- Garnier Nutrisse (L'Oreal)
- Dove (Unilever)
- Nivea Hair Care (Beiersdorf)
- Palmolive Naturals (Colgate Palmolive)
- Gerovital Plant (Farmec)
- Schauma (Henkel)
- Palette (Henkel)
- Taft (Henkel)
- Nizoral (Johnson & Johnson)
- Intesa (Mirato Nuova)
- Loncolor (Miralon Industries)

2.2.4 Personal hygiene products

The Romanian market is characterized by an abundant offer of personal hygiene products. In 2010, Unilever was the leader of the market, with a share of some 20%.

Market share - personal hygiene market in Romania in 2010



Source: Euromonitor

2.2.5 Examples of prices

- Dove Beauty Cream Bar Soap, 100 g: 4.18 RON (in Cora Arad, on 03.06.2012)
- Head & Shoulders Natural Menthol Shampoo, 200 ml: 11.19 RON (in Carrefour Polus Center Cluj, on 03.06.2012)
- Nivea aerosol deodorant, 150 ml: 10.73 RON (in Mega Image Brasov, on 03.06.2012)
- Colgate Advanced White Toothpaste, 150 g: 8.99 RON (in Profi Targu Jiu, on 03.06.2012)

2.2.6 New entries

Some recently launched cosmetics, beauty products & personal care products on the Romanian market are:

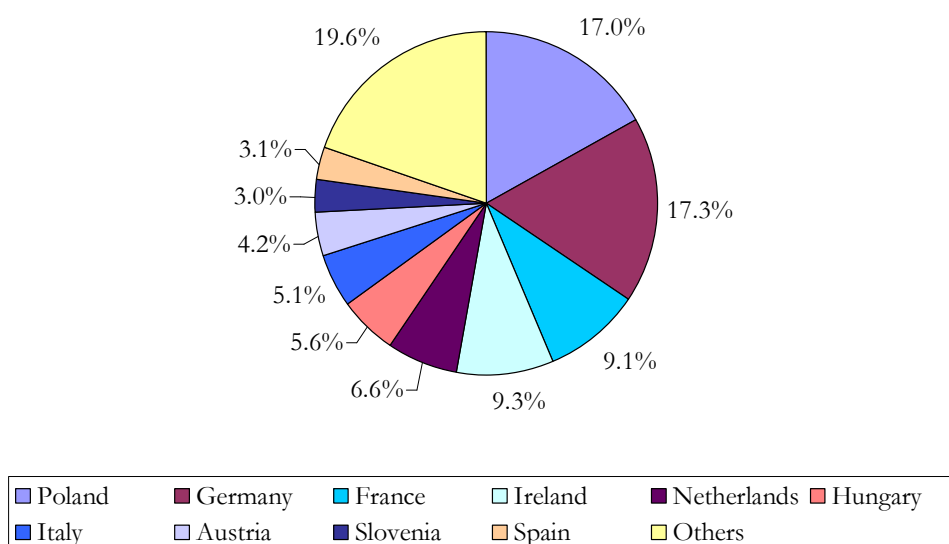
- Fa Natural & Care range produced by Henkel. The range includes: deodorant spray (150 ml), deodorant roll-on (50 ml), shower gel (250 ml), solid soap (100 g) and liquid soap (300 ml). The new products are promoted in print, on-line and in-store promotions.
- “STOP! caderii parului” - innovative hair loss products, manufactured by the local manufacturer Cosmetic Plant. The range includes shampoo and lotion. The products are based on an active substance that received an award for innovation at the competition In-Cosmetics Asia 2011.
- Elseve Nutrigloss Cristal shampoo and balsam (for women) and Elseve Multi-Vitamin Fresh shampoo (for men), produced by L’Oreal. The products are distributed in supermarkets, hypermarkets, pharmacies and traditional stores.
- Deodorant Rexona Men Adventure, 150 ml. The product is distributed by Unilever South Central Europe.
- Solid deodorants Lady Speed Stick and Mennen Speed Stick Stainguard distributed by Colgate Palmolive Romania.
- Hair care products Schauma Mint Fresh and Schauma Cream & Oil produced by Henkel.
- Sensodyne Repair & Protect Whitening, a toothpaste with the Novamin technology, distributed by GSK
- Touch Antibacterial Foam Soap distributed by Apollo Mod Distribution. The product is available in package of 500 ml.
- Palmolive Orient Rituel shower gel, in two variants: Energy and Joyous, produced by Colgate Palmolive. The products are available in package of 500 ml.

3. Imports

3.1 Main countries of origin

The imports of essential oils and resinoids, perfumery, cosmetic or toilet preparations in Romania recorded some 542 million USD in 2011. The imports, by country of origin, are presented in the chart below.

Imports of essential oils and resinoids, perfumery, cosmetic or toilet preparations in Romania in 2011, by country of origin



Source: Romanian Center for Trade and Investment

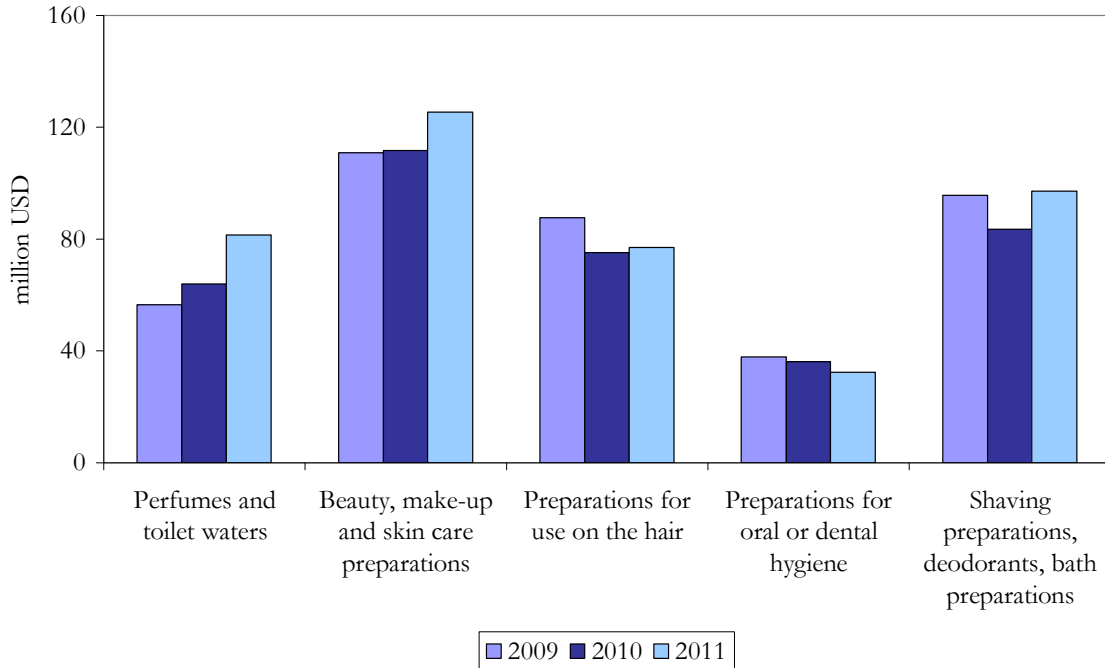
3.2 Imports data

The Romanian imports (in million USD) of the cosmetics products, by category, during the period 2009 – 2011, are presented below.

Product category	2009	2010	2011	Increase / decrease 2011 vs 2010 (%)
Perfumes and toilet waters	57	64	82	28
Beauty, make-up and skin care preparations	111	112	125	12
Preparations for use on the hair	88	75	77	2
Preparations for oral or dental hygiene	38	36	32	-10
Shaving preparations, deodorants, bath preparations	96	83	97	16

Source: Romanian Center for Trade and Investment and FRD Center calculations

Romanian imports of cosmetics



Source: Romanian Center for Trade and Investment

4. Distribution & retail

4.1 Distribution channels

The distribution of cosmetics and personal care products is usually made by each importing company that developed its own network of dealers and distributors.

Generally, the distribution is performed in the followings ways:

- through distribution companies that have contracts signed with big perfumery firms (e.g. Everet)
- through stores and/or networks of stores that acquire goods from distributors (e.g. Ina International).

Examples of three main independent multi-brand importer-distributors in Romania are presented below.

Mediplus Exim



Mediplus Exim is part of the A&D Pharma Group. The Group operates in various business areas: imports and distribution of pharmaceutical and cosmetic products (Mediplus Exim), retail of pharmaceutical and cosmetic products (Sensiblu), marketing& sales business line and private medical services (Anima).

Mediplus Exim has over 4,500 clients that include medical centers and pharmacies. Mediplus has a portfolio of over 8,500 products. The company's logistic network covers the entire country and includes ten warehouses and a national logistic center with an overall storage area of 28,000 m².

Mediplus Exim recorded in 2011 a net turnover of 637.2 million EUR, up by some 15% compared to 2010.

Sarantis Romania



The company is part of the Sarantis Group. Sarantis Romania distributes the products manufactured by the Sarantis Group (masculine fragrances: STR8; feminine fragrances: BU, C-THRU; household products FINO; cosmetic products Elmiplant). Also, the company imports and distributes other brands:

- perfumery: Antonio Banderas
- cosmetic products: La Prairie
- personal care products: Johnson Baby, O.B., Carefree, Johnson Adult, Neutrogena, Listerine;
- oral care products: Aquafresh, Sensodyne, Parodontax, Corega;

Sarantis Romania distributes its products all over the country. The company has ten sales offices and five regional warehouses.

In 2011, Sarantis Romania registered a net turnover of approximately 37 million EUR.

Everet Romania Distribution



The company's portfolio includes the following brands: Lancôme, Biotherm, Giorgio Armani, Cacharel, Ralph Lauren, Diesel, Yves Saint Laurent, Coty Prestige; Chloe, Calvin Klein, Cerrutti, Davidoff, Lancaster, Joop!, Jil Sanders, Kenneth Cole, Marc Jacobs, Vera Wang, Vivienne Westwood, Jennifer Lopez, Sarah Jessica Parker, Max Factor, Deborah, Essence, Lanvin, Van Cleef & Arpels, Clarins, Thierry Mugler, Azzaro, Bvlgari, Shiseido, Serge Lutens, Elizabeth Arden, Juicy Couture, John Varvatos.

At present, Everet Romania Distribution has over 250 clients.

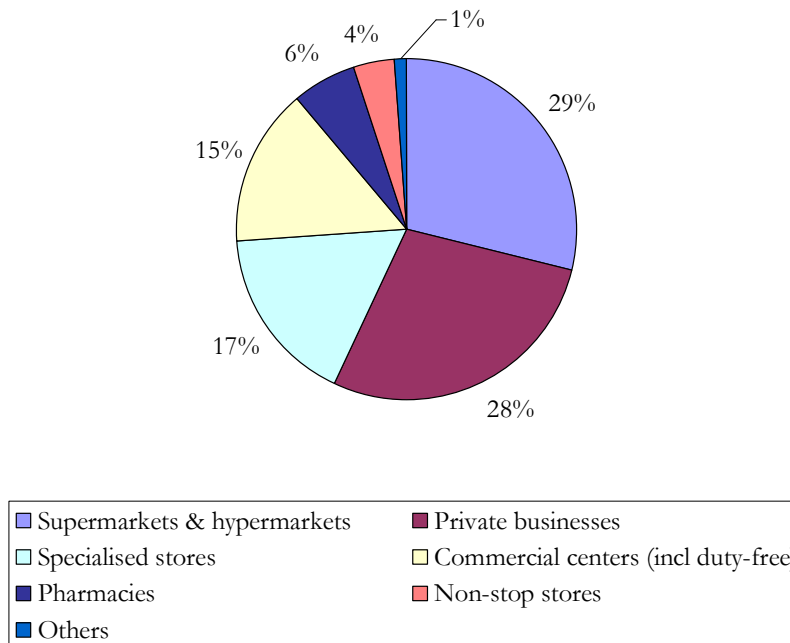
Everet Romania Distribution recorded a net turnover of 13.3 million EUR in 2011, up by some 8% compared to the previous year.



4.2 Retail

4.2.1 Modern retail

Retail of cosmetics and personal hygiene products in Romania in 2010



Source: Euromonitor

The modern retail in Romania becomes a more and more popular centre for the usual shopping of the Romanian consumers based on the increasing number of supermarkets and hypermarkets on the local market.

In regards to the cosmetics and the personal hygiene products, the modern retail offers a wide range of products. The majority of the products with higher prices come from multi-national corporations, while the lower-priced products are usually produced by local manufacturers.

The producers of cosmetics and personal hygiene products try to make loyal clients in supermarkets and hypermarkets, through various promotions and discounts.

The main hypermarkets and supermarkets that sell perfumes, cosmetics and personal care products in Romania are: Carrefour, Cora, Kaufland, Auchan, Real, Metro, Selgros, Mega Image, Billa.

Auchan has recently launched the “Auchan Drogherie” concept of a dedicated health & beauty store outside of the main hypermarket space.



According to data published by Nielsen, the supermarkets, hypermarkets and discount stores represented the main retail channel for the sales of hair conditioner during the period May / June 2011 – March / April 2012, with 75.6% of the sales in volume and 72% in value.

4.2.2 Pharmacies and perfumeries

Usually, the pharmacies that sell cosmetic products in Romania are part of the Groups that are vertically integrated.

Some of the main pharmacies that sell cosmetic products in Romania are:

- Sensiblu - part of the A&D Pharma Group
- Help Net - part of the Farmexim Group
- Catena - part of the Fildas Group
- Centrofarm - part of the Generalcom Group
- Dona

According to data published by Nielsen, during the period May / June 2011 – March / April 2012, the pharmacies and cosmetic stores registered 6.3% of the sales of hair conditioner in volume and 12.4% in value.

Some of the main perfumeries in Romania are presented below.

Sephora



Sephora is part of the Sephora Group, owned by Louis Vuitton Moët Hennessy (LVMH), with HQ in France.

The first Sephora store in Romania was launched in 2000. At present, Sephora has 25 stores in Romania, located in Bucharest, Timisoara, Arad, Cluj Napoca, Constanta, Suceava, Iasi, Bacau, Brasov, Arges.

For the next period, Sephora intends to expand its network in Romania.

dm - drogerie markt



dm drogerie markt is part of the dm - drogerie markt Group with HQ in Germany.

The first dm - drogerie markt store in Romania was launched in 2007 in Timisoara. In 2011, dm - drogerie markt opened its 50th stores on the domestic market.

At the beginning of 2012, the company announced the intention to launch 14 new stores in Romania this year, reaching a total of 64 stores. At present, dm - drogerie markt has stores in over 25 cities in Romania.

The Body Shop

The logo for The Body Shop, consisting of the words 'THE BODY SHOP.' in white, uppercase letters on a dark green rectangular background.

The Body Shop is part of the The Body Shop International Group with HQ in UK.

The first The Body Shop store in Romania was launched in 1999. At present, The Body Shop has five stores in Bucharest and one store in Timisoara.

Douglas

The logo for Douglas, featuring the word 'Douglas' in a light blue, cursive script font.

Douglas is part of the Douglas Group with HQ in Germany.

The first Douglas store in Romania was open in 2007. The Douglas network includes 12 stores in Romania, located in Bucharest, Timisoara, Baia Mare, Cluj Napoca, Constanta, Craiova, Oradea, Iasi, Sibiu, Targu Mures.

Marionnaud

The logo for Marionnaud, featuring the word 'Marionnaud' in a white, serif font on a dark purple rectangular background.

The French Group Marionnaud entered the Romanian market in 2009 through the acquisition of the perfumeries networks Ina International and Privilege. The first store under own brand was launched in Romania in October 2009, in AFI Mall Cotroceni in Bucharest.



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