

## Europe's organic labelers fight for precedence

### INSIDE THIS ISSUE

#### INTERVIEW

**Umesh Dhand,  
Aditya Birla Retail**  
page 7

#### BUSINESS

**European authorities  
probe price-fixing**  
page 3

#### PRODUCTS

**Ground vibrates in  
mascara market**  
page 10

#### SPOTLIGHT

**Celebrity stakes**  
page 12

### Groupe Clarins suspends shares

As *CosmeticNews* went to press, stock market activity for French beauty group Clarins has been suspended, pending an announcement. Industry sources suggest the company is set to announce an acquisition.

Market players in Europe are moving towards finalizing a harmonized European labeling system for natural and organic cosmetics, *CosmeticNews* has learned.

After several years of joint efforts—and disputes—between French certifying body Ecocert and associations Cosmébio (France), the Soil Association (UK), BDIH (Germany), AIAB (Italy) and Ecogarantie (Belgium)—the unification of these labels is imminent.

"The future label will offer two levels," Valérie Lemaire, head manager of the Ecoproducts & Cosmetics Department of Ecocert, reveals. "The 'natural' level will be based on BDIH specifications, while 'organic' will be closer to Ecocert criteria," she says.

While in the past the various bodies have had their differences, they are now singing the same tune. "We'll meet again [with the group] early July, and we hope to finalize our work—there is still a lot to do," Soil Association standards director Francis Blake tells *CosmeticNews*. BDIH managing director Harald Dittmar adds: "Mrs Lemaire speaks for all of us."

Their next step is consultation with other parties, including industry associations like Colipa, consumers and manufacturers. "We hope to have our specifications ready by January 1, 2009, with a two-year deadline for compliance," Lemaire says.

But another European label is fighting for precedence. Lobby group NaTrue was founded last year (see#328) by a group of primarily German manu-

facturers frustrated by stunted negotiations. Despite the announcement from the better-known bodies, NaTrue is sticking to its guns. "NaTrue is not for profit. Every manufacturer of natural and organic cosmetics who respects the NaTrue criteria can use the label, even if they are not a member," NaTrue secretary general Julie Tyrrell comments. "We strive for excellence in product quality [...] and equal opportunity for market access by clarifying a currently confused and complex situation." NaTrue offers three "grades" for products: natural, with organic components, and organic. She specifies that NaTrue certification should begin in September.

"It's not about right or wrong, high or low standards; it's about coming to an agreement," a spokesperson for Wala—one of NaTrue's founding members—recently told *CosmeticNews*. "NaTrue was the fastest way to come up with a common denominator." Not so common, apparently.

French organic beauty company Florame's ceo, and new president of Cosmebio, Thierry Recouvrot suggests: "If there are two labels, each company must decide where they want to position themselves. The German companies have financial muscle [NaTrue's five founding members have combined annual sales of €300m], and they [want] be heard," he says. "Cosmebio has over 200 members, including L'Oréal, for example, which gives us a certain diversity."

Will the determining factor end up as a race to be the first to market...or one of marketing muscle? **CT and AW**

CosmeticNews Weekly

a **Cosmédias**  
p u b l i c a t i o n

**Cosmédias SA**  
2, rue Maurice Hartmann  
92133 Issy-les-Moulineaux Cedex  
Tel. 33 (0)1 46 29 46 00

**Subscriptions:**  
Tel: 33 (0)3 44 62 43 80  
Fax: 33 (0)3 44 12 57 73  
(circ@cosmedias.fr)  
US\$38/€30 per issue  
One year subscription: US\$1,585/€1,250

**Chief Executive Officer and Publisher**  
Antoine Duarte

**Products Managing Director**  
Jean-Louis Potier

**Editorial Director**  
Oonagh Phillips  
(ophillips@reedbusiness.fr)

**Editor-in-Chief**  
Alex Wynne  
(awynne@reedbusiness.fr)

**Product Editor**  
Naomi Marcoulet  
(nmarcoulet@reedbusiness.fr)

**Contributor**  
Aedin Mac Devitt

**Reporter**  
Courtney Traub  
(ctraub@reedbusiness.fr)

**Correspondents**  
**Argentina:** Muireann Prendergast

**Australia:** Andrea Ferrari

**Austria:** Hannelore Hecker

**Belgium:** Laurence Mouton

**Brazil:** Renata Ashcar

**Canada:** Marjo Johné

**China/Hong Kong:**

Serena Cheung

**Germany:** Mark Ehrman

**Italy:** Corinne Blanché

**India:** Mayu Saini

**Japan:** Raphaëlle Choël

**Lebanon:** Tania Tavoukjian

**Mexico:** Ron Buchanan

**Middle East:** Caroline Zerrini

**Portugal:** Ivan Castano

**Russia:** Anna Dycheva

**South Africa:** Nadine Schmal

**South Korea:** Sohjung Yoo

**Spain:** Lola Gavarrón, Ivan Castano

**Switzerland:** Beatriz de Candolle

**UK:** Imogen Matthews

**US:** Kavita Daswani, Laure Guilbault, Lois Pasternak

**Travel Retail:** Kevin Rozario

**Suppliers:** Laëtitia Bonnet-Mundschauf

**European Legislation:** Claire Thévenin

**Finance:** Elea Prizzi

**Interim Copy Editor:** Marie Hawksby

**Editor-Translator:** David Jaggard

**Production:** Thibaut Lefebvre

**Advertising**

**Sales Managing Director**

Carole Dubourg

**Int'l Sales Manager:** Emanuela Treneva

**CosmeticNews.com**

**Editor-in-Chief**

Alex Wynne

**Editorial Director, Internet**

Fabienne Colin

**Webmaster:** Alain Charles

**Circulation Director**

Nicolas Grob

**Subscriptions Sales Manager**

Arthur Peys

(apeys@reedbusiness.fr)

[www.cosmedias.fr](http://www.cosmedias.fr)

**CosmeticNews Weekly**

est édité par

Cosmédias SA

2, rue Maurice Hartmann

92133 Issy-les-Moulineaux Cedex

RCS Paris 394 305 668

N° de CPPAP 0512 T 79344

ISSN 1620-302X

Président et directeur de la publication :

Antoine Duarte

Imprimeur : Dupli-Print

2 rue Descartes ZI Sezac 95330 Domont

Abonnement annuel (42 n°/an) :

1250 € / 1585 US\$

Prix de vente au numéro : 30 € / 38 US\$

CosmeticNews Weekly n° 354

daté du 30 juin au 6 juillet 2008

## PEOPLE

French beauty group **L'Oréal** has named **Florian Chanet** managing director Europe of its Paris-based Luxury Products division, based in Paris. The appointment is effective July 1. Chanet replaces Edgar Huber, who resigned from L'Oréal earlier this month to take up the position of president at US apparel and beauty brand Juicy Couture (see #352).

Anglo-Dutch consumer-goods group **Unilever** has appointed French scientist **Geneviève Berger** chief research and development officer on the executive team, a newly created position. Berger, who will report directly to ceo Patrick Cescau, is currently a non-executive board member at Unilever and professor of medicine at Pierre and Marie Curie University and La Pitié-Salpêtrière teaching hospital, both in Paris, France.

## STRATEGY

### By Terry hits Canada

French premium beauty brand By Terry has entered Canada for the first time with local distributor Quadrant Cosmetics. The brand is currently launching a select line of star products in two LVMH-owned Sephora outlets in Quebec, and is slated to roll out to additional Sephora doors later this year, By Terry chief operating officer Catherine Canovas tells *CosmeticNews*. The brand will also enter two Holt Renfrew department-store doors, in Toronto and Vancouver, in September, followed by three more outlets in 2009. The brand plans to enter Ukraine this summer and will launch in Germany via the Douglas perfumery chain before year-end, Canovas reveals. The brand entered Australia and South Korea earlier this year.

### Unilever trims in West Africa

Anglo-Dutch consumer-goods group Unilever has inked a deal to sell its edible oil business, together with its interests in local palm-oil plantations Palmci and PHCI, to Ivoirian agricul-

tural company SIFCA, and to a 50:50 joint-venture company between SIFCA and Singapore-based companies Wilmar International Limited and Olam International Limited. The deal will allow Unilever to focus on core activities and will also see the group take over the soap businesses of Côte d'Ivoire consumer-products manufacturer Cosmivoire, a subsidiary of SIFCA. Cosmivoire has the capacity to produce up to 225 tonnes of soap per day, which is distributed across West African Economic and Monetary Union (UMEOA) countries.

### Skin Nutrition enters Australia

Facial-care brand Skin Nutrition will enter Australia this August via an agreement with local distributor Brandmakers. The line will initially launch at five David Jones outlets on August 25. Skin Nutrition is currently available in some 500 doors in the US, UK, Canadian and key Asian markets, ceo and founder Richard Purvis tells *CosmeticNews*. The company is currently relocating its headquarters to California, US, from South Africa to facilitate its rapidly expanding international business.

## SOUTH AMERICA

### Neutrolab adds majors

Brazilian cosmetics and fragrance distributor Neutrolab has announced the addition of two major brands to its portfolio as part of a strategy to reinforce its position as one of Brazil's leading cosmetics and fragrance distributors (see #348). The company has taken on the Brazilian distribution of Aramis and Designer Fragrances, which were previously handled by owner The Estée Lauder Companies' local subsidiary. Starting October, Neutrolab will also handle the distribution of French luxury-goods house Chanel's cosmetics and fragrances. Chanel's products were previously distributed in Brazil by PH Arcangeli. The company hopes that the addition will compensate for the loss of the YSL Beauté portfolio, whose partnership with Neutrolab ends next year.

## EUROPE

**L'Oréal plants in Russia**

French beauty giant L'Oréal has signed an agreement with local authorities in the Kaluga region of Russia (180km southwest of Moscow) to build a production plant there, its first in the country. *"The construction of a new state-of-the-art facility will mean that L'Oréal is able to better serve its ever-growing Russian market, as well as a rapidly expanding business in neighboring Central Asian markets,"* the company said. L'Oréal would not confirm news reports that the facility would open in 2010. L'Oréal saw like-for-like sales increases of 37.7% in Russia in 2007, one of the company's highest regional growth rates. The company claims to be the country's haircare market leader.

## ASIA

**Modi Revlon gets professional**

Indian company Modi Revlon has entered the professional haircare market with the June 23 launch of Revlon Professional, targeting beauty salons. *"After establishing our foothold in the retail segment, we're looking at another destination channel, which is beauty parlors and salons [...] We plan to be in 3,000 salons by next year. The professional market is worth an estimated Rs3.5bn/\$81.8m,"* Modi Revlon marketing director Deepak Bhandari tells *CosmeticNews*. Modi Revlon senior marketing manager Raman Deep Puri adds: *"We are launching in the top 35 cities all over the country and have specially formulated colors and packaging for the Indian market."* Modi Revlon has more than 2,500 shop-in-shops in India.

## TRADE NEWS

**FDA enters cosmetic talks**

As part of an ongoing bid to remove regulatory obstacles to global trade while ensuring consumer protection, The US Food and Drug Administration (FDA) will attend the International Cooperation on Cosmetics Regulations (ICCR) steering committee meeting in Washington DC, US on July 28, bringing together international industry representatives and cosmetics regulatory

authorities. At a public forum held by The FDA on June 19, ahead of the ICCR meeting, US non-profit organization Environmental Working Group (EWG) vice president for research Jane Houlihan condemned the FDA for not allowing non-industry organizations to attend the official meeting. Houlihan also heavily criticized the FDA's current cosmetics regulations program, which does not require manufacturers

to register products or ingredients for mandatory review. She did, however, praise the initiatives of the proposed Food and Drug Globalization Act of 2008, which may significantly tighten controls on cosmetics.

**PETA India urges testing ban**

The Indian division of animal-rights activist organization PETA (People for the Ethical Treatment of Animals) ►

## EUROPE

**Authorities probe price-fixing**

Several major industry players, including L'Oréal and Henkel, are currently under investigation for price-fixing practices by controlling bodies in at least two European countries.

**Individual authorities lead inquiries**

The Italian Competition Authority said it launched an inquiry against companies including Henkel Italy, Procter & Gamble Italy and L'Oréal Italy following a complaint that the companies had exchanged information concerning planned price increases, negotiations with distributors and the consequences for new market entrants. The companies had allegedly colluded against distributors to obtain price hikes. The Spanish National Competition Commission (CNC), meanwhile, confirmed in a statement that it had launched three investigations into alleged price-fixing arrangements, and had conducted 13 inspections of companies' Spanish headquarters, including those of beauty groups Puig Beauty & Fashion Group, Henkel Ibérica SA and L'Oréal SA Spain.

The European Commission also carried out unannounced inspections in mid-June at the premises of several producers of consumer detergents suspected of operating price-fixing cartels. However, an EC spokesperson insists that the Commission's investigation is unrelated to those concerning cosmetics and personal-care activities in individual EU member states.

**Industry players remain confident**

L'Oréal confirmed last week that *"some of"* its European subsidiaries had been visited by officials from competition authorities as part of European investigations being conducted among cosmetics, toiletries and detergents companies. *"At L'Oréal, it is strictly forbidden for employees to exchange sensitive information of any kind that could be in breach of competition rules, either directly or indirectly, with competitors,"* the company said. *"L'Oréal is confident of a favorable outcome from these investigations."* A spokesperson for Henkel, meanwhile, tells *CosmeticNews* the company was being investigated by competition authorities in several countries for both its home and beauty care activities, but declined to provide further details. *"What I can say is that Henkel will cooperate fully with authorities,"* he says.

Price-fixing among the beauty market's major competitors has become increasingly common, taking on new transnational dimensions as factors like inflation and rising raw-materials costs put pressure on manufacturers to hike retail prices, according to one industry expert. *"Getting prices up is very difficult, and when they do manage to do so [companies] don't want the competition to decrease their prices. They're also desperate to prevent rogue retailers from [arbitrarily] dropping prices,"* he says, arguing that group share prices would not likely be affected should the companies under investigation be found guilty of the practice. **SD with CTR**

## NORTH AMERICA

## Teo Cabanel expands in US

French niche fragrance brand Teo Cabanel is planning to expand to 50 doors in the US in the next 18 months, general manager Caroline Moncouqut tells *CosmeticNews*. "With the help of our agent, MGL Associates, we intend to be sold at specialty and independent stores," Moncouqut says. In the US, the brand's distribution is currently limited to specialty retailer Henri Bendel and beauty apothecary Miomia in Williamsburg, a trendy area of Brooklyn, New York.

Elsewhere the brand has some 120 points-of-sale in 20 countries, including in the Middle East, where it launched in May. Teo Cabanel generated sales of €300,000 in 2007. Boosted by its international expansion, Moncouqut expects these to reach €500,000 in 2008.

On the product front, the brand is launching a fourth fragrance, dubbed Méloé, a green and fruity eau légère specially created to appeal to the American audience. The global launch took place in June. **LaG**

## SOUTH AMERICA

## New pact to ease beauty trade for Brazil and Argentina

A simplified set of procedures regulating the trade of beauty products between Argentina and Brazil will be introduced in August. "Rather than having to register products with the customs authorities of both countries, companies will now only have to register products in the country of origin. This will remove much red tape and will make the trade process much quicker," Julio Torres, general manager of Argentina's beauty industry authority, CAPA, tells *CosmeticNews*.

This new initiative was agreed upon by the Mercosur countries' beauty regulatory authorities in Buenos Aires in May. Torres explains that the trade initiative, which will have a one-year trial period, will be expanded to include the remaining Mercosur members of Paraguay, Uruguay and Venezuela should it prove effective, and is beginning with Argentina and Brazil because a digital trade system already exists between them.

According to Torres, this initiative is a step towards a common free trade pact between Mercosur countries, along the lines of Europe's. He concludes that for the moment, Mercosur has an "imperfect" trade agreement and that even with the new initiative, companies will have to pay customs fees in both countries. **MP**

► will step up its plea with India's environmental and health ministries to ban cosmetics testing on animals, after receiving an endorsement from the Indian Council of Medical Research (ICMR). PETA India claims the ICMR recently issued a letter to the Ministry of Health and Family Welfare supporting the organization's efforts and calling for a ban on animal testing. The group cited the European Union's REACH legislation, which will force beauty companies to

find alternatives to animal testing by 2009, as a major incentive for Indian manufacturers to end the practice.

## STUDY

## Prestige skincare a hit in China

Premium skincare is seeing a boom in China, according to a new study from market-research firm NPD Group. Sales of prestige skincare—products priced around \$113 and above—grew from 28% of the market dollar share in

the first half of last year to 31% in the second half, while "super premium" skincare products (priced at around \$214 and above) made up 15% of total sales in the second half of 2007—up from a 10% share in the first semester. "Women in China are willing to spend top dollar to look younger. [They] believe if it costs a lot, and is a well-known brand, then it must be good," NPD Group China beauty manager Edward Wang comments. He expects accelerated print and television advertising in the country to further spur prestige skincare this year.

## Regional potential in India

As brands entering India look to emerging markets within the country to invest in, a new survey cites 51 Indian districts that have a combined market potential of almost twice that of the total market of the top cities of Delhi, Mumbai, Chennai and Kolkata. These included districts in the states of Tamil Nadu, Gujarat and Madhya Pradesh. The *RK Swamy Guide to Market Planning* evaluates absolute market potential as well as per-capita potential, and covers 515 districts (out of a total of 593) in 21 states and three union territories. Among the top-five markets, Mumbai remains the biggest, followed by Delhi, Kolkata, Chennai and Bangalore.

## COMMUNICATION

## Chik's shampoo express

Indian consumer-goods company Cavinkare has launched an unusual promotional campaign for its Chik brand, called the Chik Shampoo Express. In a new scheme being offered by India's government, a branded train that runs from Hyderabad to Patna is covered with advertisements for the brand, both inside and out. It will display the ads for a three month period. "The Chik Shampoo Express will provide a platform for the brand to reach out and communicate to our consumers in small [and] big towns," CavinKare executive director Ramesh Vishwanathan tells *CosmeticNews*. Chik is among the top-three shampoo sellers in the country, according to industry estimates. ■

## STRATEGY

### Schwan increases capacity

German pencil manufacturer Schwan-Stabilo Cosmetics is building a new plastic injection molding plant in Weißenburg (Germany) to increase its capacities for the cosmetics market. The company will transfer all production to the new €6m facility, the completion of which is set for December. The planned area of 3,000m<sup>2</sup> will house mould and die production, a color laboratory, pigment storage, as well as office space and a technology area. It will manufacture all plastic components for Schwan Cosmetics' lines (color cosmetics and skin treatments), and serve global markets. In the near future, the cosmetic subgroup will invest a further €4m in equipment for handling new materials to expand its logistics center.

## NORTH AMERICA

### Takasago scents New York

The US arm of Japanese fragrance manufacturer Takasago put its expertise on show June 21 at the Cultural Services department of the French Embassy in New York, hosting a party mixing music and fragrance for the Fête de la Musique, an annual one-day music festival that originated in France. Takasago perfumer Francis Kurkdjian composed a fragrance medley for the occasion, including a marine scent that was released through scent machines. "[This event] is a statement that we are growing our fine-fragrance activity in the US," Takasago Europe president Luc Malfait, who was also recently appointed general manager of global fine fragrance, tells *CosmeticNews*.

## EUROPE

### ISIPCA unveils masters project

Some 50 students in the professional masters in science and technology program at France's Higher Institute of Perfume, Cosmetics and Food Flavorings (ISIPCA) unveiled their end-of-year project in Paris on June 24. Called O'lixir, this year's project had a water theme and the product range

included bath tablets, a pearlized, glossy eyeshadow, a refreshing men's facial cream and a fragrance created around the aquatic iris note. This year's program was sponsored by French packaging company Valois. At the event, ISIPCA also announced that it will introduce a new masters program in international regulations in September.

## ASIA

### CCL Label to expand in Asia

In a move it hopes will allow it to capture a larger share of the Asian market, Canada-based packaging and label manufacturer CCL Industries is investing \$25m over the next two years to more than double the size of its CCL Label operations in the ▶

## SPOTLIGHT

# Developing flower power at IFF

**U**S-based fragrance house International Flavors and Fragrances (IFF) takes its botanical gardens very seriously. Located at the company's facility in Union Beach, New Jersey, the gardens play an important role in the company's overall strategy, used not only for R&D and fragrance creation, but also as a marketing and communications tool.

### Reproducing scents

The 450m<sup>2</sup> garden, home to around 1,600 plants, is like a living library for the company's scientific and creative teams. A spectrum of around 500 aromas used in perfumery have been captured there by using "headspace" technology, a technique that consists of soaking the air out of trapped molecules before reconstituting them. Another technique, living flower technology, reproduces the aroma of living flowers, sampling the scent while flowers are still attached to the plant. While IFF's competitors also use headspace technology, living flower technology has been patented by the company, according to Subha Patel, director of nature-inspired fragrance technology, who oversees the botanical gardens. "Field trips [do] not allow [researchers] to sample the scent of the blossom at any point of its biorhythm," she comments. "Some flowers are more odorant at night. You need to sample them at that precise moment," Patel explains. A set of each new sample is sent to the company's 13 creative centers, giving all IFF perfumers access to it.

### Saving costs

"It is not cheap to run such a facility and the [living flower] technology itself is expensive," an IFF spokesperson says. The company's Nature Inspired Fragrance Technology (NIFT) program is part of the company's R&D, which represented 8.7% of its investment in 2007. However, the technology tends to be a less expensive option than extraction. "Some plants, like sandalwood, are very expensive. In addition, extraction would [exhaust] the natural resources. The [living technology] takes the pressure off," IFF botanist Ben Alexander comments. But the technique has its limits. "Agarwood [whose extracts bring high prices due to its rarity and the high demand for it], has a chemical structure that is too complex. By sampling agarwood, you don't obtain the exact same aroma," Alexander says.

### Getting the word out

On June 5, IFF held an internal event at the botanical gardens. Around 80 people joined in, including senior management, perfumers, marketers and evaluators. But the botanical gardens do not only help the IFF teams to reconnect with nature; they also serve as a showcase to connect to customers, students and journalists. A total of 60 to 70 tours are organized every year. Given today's market climate for naturals, the importance of such projects can only be set to grow. **LaG**



## RESULTS

**Strong Q1 for Falabella**

Chilean multiformat retailer SACI Falabella announced an 11% increase in revenue for the first quarter of 2008, compared with the same period in 2007. The company announced revenues of \$1.7bn for the fiscal first quarter. SACI Falabella attributed this growth to floorspace gains of 19.5% since the prior-year period. At constant currency rates, turnover growth would have reached 16.2%, the company reported. SACI Falabella has operations in Chile, Peru, Colombia and Argentina, including Falabella department stores, Sodimac home-improvement outlets and the Tottus and San Francisco supermarket chains.

## STRATEGY

**Shiseido to axe fashion activity**

Japanese beauty group Shiseido is moving to discontinue its fashion retail activities via domestic subsidiary The Ginza, prompted by what it says are shifting retail conditions. Under the shuttering plan, which the group expects will allow it to focus on its core beauty business, Shiseido will close 18 fashion and accessories shops under its The Ginza banner by March 2009, while converting the remaining three doors into beauty outlets. The company said it expects the discontinued activities to have limited effects on its full fiscal-year financial performance.

## SOUTH AMERICA

**Kartun plots expansion**

Argentine perfumery chain Kartun is to expand its presence in 2008. "We will be launching a store and a gondola in a new shopping mall development in Buenos Aires and beyond that our plan is to develop our presence in the country's key commercial centers," Perfumerias Kartun president Gerardo Kartun tells *CosmeticNews*. Kartun currently has four stores and four gondolas in Argentina. Its points-of-sale (pos) offer leading international beauty brands.

## EUROPE

**Russia's Golden Apple grows**

A new Zolotoye Yabloko (Golden Apple) perfumery will open its doors in Samara, Russia in September. The 2,000m<sup>2</sup> store will be located in premium mall Ego. The company already operates stores in Yekaterinburg and Chelyabinsk. The fragrance market of

Samara is far from maturity and has space for newcomers, according to industry observers. National chains Rive Gauche, Ile de Beaute and L'Etoile are all present, as are French banners Sephora (run as a franchise in Russia) and Yves Rocher and local player Enon Parfum. Cosmetics sales in the region grow by some 20% each year, according to industry sources.

## Interview

Umesh Dhand, *Aditya Birla Retail, general manager for home and personal care*

**Choosing an offer for India**

India's Aditya Birla Retail Ltd is the retail arm of industrial conglomerate Aditya Birla Group. The group is expected to double its store presence by year-end to reach 1,000 outlets. Umesh Dhand, general manager for home and personal care, shares his strategy with *CosmeticNews*.

**How does beauty feature in your retail formats?**

Aditya Birla Retail Ltd launched its first store, More, in Pune last year. With the acquisition of Trinethra Super Retail and rebranding of the Fabmall stores in South India, we have increased the number of stores to more than 500. We follow two retail formats at this time—supermarkets and hypermarkets. The hypermarkets are called More Megastore. Brands available in [our] hypermarkets include Revlon, Chambor, Lakmé, Maybelline, L'Oréal and Neutrogena. We have an assortment of herbal brands as well. The display areas have been designed in such a way that the consumer can sit and try products and also have direct access to products.

**How do beauty areas in the supermarkets differ from these?**

In the supermarkets, we carry skincare brands, but these do not have clearly demarcated areas. The hypermarkets have a much larger beauty area. For example, the hypermarket in Baroda has a total area of 1,000m<sup>2</sup>, with the beauty area approximately 400m<sup>2</sup>. We have just introduced a pilot project in two of the supermarkets to have separate areas with makeup brands in the mass category. These include brands such as Lakmé and Revlon and some fragrance.

**Which are your bestselling products?**

The largest selling segment is [lightening products], followed by anti-aging. In the last year, newly launched brands have invested a lot to grow this segment, which is showing results all over India. In makeup, lipstick and nail color continue to lead sales and the eye segment has also taken off. While earlier this was mainly in the form of kohl, eyeliner and mascara [now] are also high-demand items.

**How do you decide which brands to stock?**

The requirements are different for customers in metropolitan centers [Delhi, Kolkata, Mumbai and Chennai] and in smaller cities. In major cities, for example, the acceptance and understanding of higher-end brands is there. In Tier 2 cities, the exposure to brands is much lower, which itself filters out the kind of brands we would stock. So our brand mix varies according to the type of city, the customer and the area within each city. Customers in the North [invest] more in beauty and, in fact, across most categories. Even if I look at Delhi and Mumbai, the average spending in this category in Delhi would be higher. **MS**

## NORTH AMERICA

## Sephora unveils fragrance GPS

The US arm of beauty retailer Sephora (LVMH) announced last week the introduction of a new device dubbed the Scentsa fragrance finder to 20 select stores in the country. Developed specially for Sephora stores, Scentsa is a custom cataloguing program using touchscreen technology to allow shoppers to search by brand name, fragrance name, fragrances notes and bestsellers. The product is the work of fragrance expert Jan Moran. "Even though the touchscreen technology already has applications in the hotel, airline and wine industries, it is the first time such a technology platform is to be used in the fragrance industry. The proprietary system is very stable for retail [and] has the ability to run all day," Moran tells *CosmeticNews*.

Created in 2007, the demo version received the FiFi award for technological innovation from industry body The Fragrance Foundation last year. At Sephora, the interactive screen is found in the fragrance area, not far from the testers, Moran notes. No plans have been made at this point to expand the technology to the skincare or makeup categories, although it "might be a natural extension", according to Moran. A potential rollout to further stores and other markets is under consideration, she reveals. **LaG**

## EUROPE

## Arbat Prestige suffers in Q1

Russian cosmetics retailer Arbat Prestige has seen its first-quarter sales fall 22.3% to \$79.4m. The drop, registered during the period that is usually the most profitable for cosmetics retail in Russia, was provoked by irregular supplies from distributors after the January arrest of Arbat Prestige owner and ceo Vladimir Nekrasov in connection with tax evasion charges.

Industry sources suggest that Arbat's supply chain ran into trouble when the company found itself unable to pay for products it had taken on credit, causing several suppliers to refuse to work on previously agreed terms and demand 100% prepayment. As a result, several contracts have been discontinued, including Nina Ricci, Paco Rabanne, Dolce & Gabbana and Moschino.

Arbat representatives have aimed to reassure the business community, saying they are re-signing agreements with all of its former suppliers. A new contract with Selective XXI, the Russian distributor of Jean Paul Gaultier, Issey Miyake and Narciso Rodriguez, has already been sealed, while negotiations with Artel Bosco (brands including L'Artisan Parfumeur and Annick Goutal) are in progress, the company says. *CosmeticNews* understands, however, that certain suppliers have begun legal proceedings against the retailer. An undefined number of Arbat's 80 stores have been closed "to optimize overall sales", according to company officials.

Local news reports claim that the company is the victim of an illegal asset grab, and that its future is in the balance. Nekrasov remains in custody. **AD**

## ASIA

## Forest Essentials multiplies

Premium Indian herbal brand Forest Essentials will launch more stand-alone stores this year following the format of exclusive boutiques currently operating in markets and malls

in New Delhi and Mumbai. Twelve new Forest Essentials stores will be launched this year in cities all over India including Ahmedabad, Kolkata, Jaipur, Goa, Chandigarh and Surat. At this time, the brand has seven stand-alone stores—four in New Delhi and three in Mumbai. "We will have only one

store in the most premium mall or location in each city," Manoj Sharma, head of sales and marketing at Forest Essentials, tells *CosmeticNews*. The size will depend on the location, ranging from 80m<sup>2</sup>-140m<sup>2</sup>.

## TRAVEL RETAIL

## Bengaluru open for business

India's new Bengaluru International airport, which opened late May (three months behind schedule) has tied up with joint venture Nuance Group/Shoppers' Stop to offer cosmetics and fragrance retail. "There is a dedicated outlet in domestic departures, [...] Shopper's Stop," an airport-authority official tells *CosmeticNews*. "In international departures, there are large duty free outlets, with perfumes, cosmetics, liquor and tobacco," the official adds. The airport, which replaces HAL Bangalore airport, houses a total of 18 shopping outlets covering a total area of 5,000m<sup>2</sup>. It has been designed to welcome some 12 million passengers annually.

## COMMUNICATIONS

## Myer showcases fragrance

Australian department-store operator Myer has teamed up with the local arm of industry body the Fragrance Foundation to create a novel window event. Exclusive to Myer's Bourke Street store in Melbourne from July 15-28, the exhibition will feature window displays showcasing one-off haute couture items associated with some of the world's best-selling fragrances. The brands participating are Chanel—which showcases the gown worn by Nicole Kidman during Baz Luhrmann's campaign for No5, for example—Dior, Thierry Mugler, Yves Saint Laurent, Viktor & Rolf and Vera Wang. Consumers can then vote for their favorite window by SMS, with the chance to win a trip to Paris, France. "We understand that several retailers around the world are watching closely to evaluate the success of this unprecedented event," Fragrance Foundation Australia chairman Michel-Henri Carriol comments. ■

## FRAGRANCE

**Kate Moss's Velvet Hour**

US beauty company Coty is to launch a second women's fragrance for the Kate Moss brand. Velvet Hour is a woody floral scent signed by Emilie Coppermann of Symrise. It comes in a deep blue, faceted, vintage-style bottle designed by Lutz Hermann. The launch will be backed by a print campaign signed by photographers Mert Alas and Marcus Piggot and a TV spot directed by British film director John Mathieson in collaboration with France-based advertising agency Air Paris and creative director Tho Van Tran—both featuring the British model. The EdT line launches in September in Europe, Asia and Canada and is priced from €17 (15ml) to €49 (100ml). 

**Armani gives men Diamonds**

L'Oréal-owned beauty brand Emporio Armani is launching Diamonds for Men, the masculine counterpart for the Diamonds fragrance for women introduced one year ago and endorsed by US performer Beyoncé Knowles. Diamonds for Men will be incarnated by American actor Josh Hartnett in a print campaign shot by Mario Testino. The woody, aromatic, foody scent is signed by Jacques Cavallier of Firmenich. The EdT launches worldwide beginning September priced at €35 for 30ml and €57 for 75ml. 

**La Prairie extends scent line**

Beiersdorf-owned luxury beauty brand La Prairie is set to launch its second fragrance in global markets. Following on from the prestige Silver Rain scent launched two years ago, the new women's line, dubbed Midnight Rain, is a fruity, floral scent formulated by Firmenich. It comes in the same raindrop-shaped bottle as Silver Rain, differentiated with a holographic covering. The EdP is priced €95 for 50ml, slightly cheaper than the Silver Rain EdP. Already available on the US market, Midnight Rain launches internationally at the end of September. 


## FRAGRANCE

**Givenchy presses Play**

French luxury brand Givenchy (LVMH) is 'playing' on consumer-gadgetry trends for its latest men's fragrance, backed by American R&B artist Justin Timberlake. The packaging for the scent, dubbed Play, is designed to look like an MP3 player in a smoked-glass rectangular bottle with a black resin ring around it and a rubber push button. It was designed by Serge Mansau.

The brand asked perfumers to create a single note, and then develop two manifestations of it, Parfums Givenchy ceo Alain Lorenzo explained at the launch in Paris last week. The result is an EdT and an Intense EdT based on a common note, amyris wood, native to the Caribbean. "These are two fragrances that have the same story, [but one] is less accessible [than the other]," Lorenzo explained. "We wanted to make a fragrance that will be perennial." The two scents were created by Emilie Coppermann and Lucas Sieuzac (Symrise) under the direction of Françoise Donche, Givenchy's house nose.

Several advertising visuals have been created showing a smart but ruffled Timberlake in black and white, on an airplane, in the recording studio or listening to music outdoors. The visuals were photographed by Tom Munro.


The EdT line is priced from €49.50 (50ml) to €70 (100ml) and the Intense EdT is priced at €75 (100ml). The fragrance is set for a two-phase launch beginning in September in France, the UK, Russia, Belgium, Kuwait and Spain, followed by the rest of the world next year. **AW** 

**Zirh introduces an Ikon**

US beauty brand Zirh (Zirh Holdings) is putting a major investment behind the launch of its new men's fragrance Ikon, set to arrive this fall in international markets. The heavily supported launch will be represented by model David Gandy—also the face for the Dolce & Gabbana fragrance brand—who will feature in a global advertising campaign including print titles like Men's Health, Men's Vogue and Playboy.

The new scent arrives six months after Zirh's high-end men's skincare entry, Platinum, a key launch marking the first step of a revitalization plan for the brand. "With the launch of Ikon, Zirh intends to establish itself as a credible player worldwide in the prestige-level fragrance arena," Zirh Holdings LLC president Brian Robinson said in a statement. "We also believe the substantial marketing support applied towards Ikon will have a spillover effect [...] for the Zirh Skin Care business," he adds.

Ikon is a spicy, woody scent composed by Frank Voelkl of Firmenich. The black bottle with brushed-chrome top was created by Chad Lavigne.

The four-sku line will debut exclusively in the US at Bloomingdale's department store in September, followed by an international rollout. The line comprises two EdTs priced \$50 (75ml) to \$65 (125ml), a hair and body wash (\$24) and deodorant (\$18). **NM** 

**Shu Uemura's anniversary EdTs**

To mark the 25<sup>th</sup> anniversary of its first store opening, L'Oréal-owned beauty brand Shu Uemura is launching a limited-edition fragrance and eyeshadow collection, called Hana-bi (which means fireworks in Japanese) in all Shu Uemura's outlets this month. The

line comprises three EdTs made with natural ingredients including the brand's signature Depsea water, and three eyeshadow palettes inspired by each scent. The fragrances are Fleur de Rose, a fresh, fruity fragrance, Fleur de Terre, a spicy scent, and the Egyptian-themed Fleur de Source, ▶

MAKEUP

## ELC launches vibrating mascara

**U**S beauty brand Estée Lauder (ELC) is launching its first energy-powered vibrating mascara, called TurboLash All Effects Motion Mascara. The new entry is highly strategic for the brand. Commenting on the TurboLash launch during a Cosmetic Executive Women (CEW) conference on June 17, ELC senior vice president of global product development and innovation Anne Carullo talked of a “*race with others*”: L’Oréal-owned brand Lancôme is to launch *Ôscillation* mascara (see story below). The US mascara market achieved double-digit growth in 2007, according to US-based market research group NPD.

“*Mascaras are very complicated products to develop. This new one, the brainchild of [ELC vice president of corporate package innovation] George Kress, is phenomenal,*” said Carullo. “*It took us four years to develop it,*” Joe Gubernick from ELC’s corporate product development tells *CosmeticNews*. Despite a high price positioning at \$30, TurboLash targets “*women of every age*”, according to a brand spokesperson.

TurboLash All Effects Motion Mascara will be available online from July 17 and in-store exclusively at Saks Fifth Avenue beginning August 1. It launches in US selective retail at the end of December and will also launch at UK department store Selfridges in London later this year.

The ad campaign, featuring Estée Lauder spokesmodel Hilary Rhoda, will support the launch. An internet campaign is also in the works. **LaG** ☞

## ...and Lancôme adds *Ôscillation*

**H**ot on the heels of Estée Lauder’s high-tech mascara entry, L’Oréal-owned luxury beauty brand Lancôme has revealed a similar concept, introducing what it calls “*the first ever micro-oscillation mascara*”. The fruit of four years of research, *Ôscillation* PowerMascara is intended to “*reinvent the mascara beauty routine and opens the door to the makeup of the future*”, the brand says.

Similar in principle to Estée Lauder’s TurboLash All Effects Motion Mascara, the Lancôme product uses battery power to oscillate, replicating the zig-zag movement that a makeup artist uses when applying mascara in order to give the lashes a lengthened appearance, a spokesperson for the brand says. *Ôscillation* will launch in November in one black shade, and is expected to be joined by additional shades in 2009. The product is priced at €39. **NM** ☞

► which contains notes of papyrus, lavender and lemon. The EdTs are priced at €59 (50ml) and the eye-shadow palettes €60. ☞

MAKEUP

### YSL uses star power

L’Oréal-owned beauty brand Yves Saint Laurent (YSL) is deploying celebrity clout to back the launch of its new star lipstick line Rouge Volupté. Arriving this August, Rouge Volupté will be supported by an advertising campaign featuring Kate

Moss. The British model is also the face for select Bulgari fragrances and the Coty-owned Rimmel makeup brand. Coty also has the fragrance license for the Kate Moss brand (see p.9). The lipstick comes in 18 shades and is priced at €28.50. The brand is also aiming to capitalize on the success of its Touche Eclat radiance-enhancing concealer. Top Secrets Flash Radiance Skincare Brush is a new radiance-enhancing moisturizing formula in brush format that also launches in international markets in August, priced €49. ☞

### Aveda relaunches Uruku line

US brand Aveda (ELC) is relaunching its Uruku makeup line. First introduced in 1993, the collection was inspired by the Yawanawa tribe in Brazil, whose traditional face and body painting rituals use a Uruku plant-derived red pigment called annatto. The newly designed packaging is made of 50% post-consumer recycled and 100% wind power-manufactured paper. The line includes two new products: a bronzer in three shades and lipcolor line of 12 shades. Uruku will launch in the US in August, followed by South Korea this fall and the UK in February. Products are priced from \$12.50 to \$37.50. ☞

### La Prairie adds more color

Swiss luxury brand La Prairie (Beiersdorf) is extending its skincare foundation range to include two new products—Anti-Aging Foundation Cellular Emulsion and Cellular Treatment Bronzing Powder. Available in eight shades, the Anti-Aging Foundation combines sun protection (SPF 15) with the brand’s exclusive anti-aging Cellular Complex. The foundation is priced at €82 for 30ml. The Cellular Treatment Bronzing Powder, which also provides both color and skin nourishment, comes in three shades and retails at €52. Launched in the US six months ago, both products roll out worldwide in September. ☞

### PRIVATE LABEL

#### Target delves into organics

US-based discount retailer Target has stepped into the private-label fray with the introduction of an organic-certified skincare line developed specially for dry skin and “*multicultural skin types*”. The SheaMoisture line, which is now available in select Target stores in the US and online at Target.com, was developed in collaboration with US-based African-American skincare company Sundial Brands. The five-sku bodycare line is priced from \$1.99 to \$19.99. Like perfumery retailers Marionnaud and Sephora (see #353), the launch marks Target’s entry into private-label organic beauty. ■

Brand / Product	Olfactory family / Function	Size	Price	Launch date	Channel		
<b>MAKEUP</b>							
<b>AVEDA</b>							
<b>Uruku:</b>	<b>with annatto pigment</b>						
Uruku Lip Pigment	lipstick/with botanical oils/12 shades		\$14	August 2008 (United States),	Selective, Spa, Salon		
Uruku Eye Accent	cream-to-powder eyeshadow/botanical oils/4 shades		\$16	September 2008 (South Korea),			
Uruku Cheek/Lip Creme	botanical ingredients/4 shades		\$16	February 2009 (UK)			
Uruku Eye-Lip Color Liner	cupuaçu complex/3 shades		\$12.50				
Uruku Bronzer	powder with botanical and mineral ingredients/3 shades		\$22.50				
Bronzer Brush	Kabuki bronze powder and brush		\$37.50				
<b>ESTÉE LAUDER</b>							
TurboLash All Effects Motion Mascara	electrically powered oscillating mascara		\$30	August 2008 (US), December (UK)	Selective		
<b>SHU UEMURA</b>							
<b>Viktor &amp; Rolf for Shu Uemura:</b>							
Viktor & Rolf for Shu Uemura	false eyelashes/3 styles		€95	September 2008 (Worldwide)	Selective		
<b>FACIAL CARE</b>							
<b>ELLA BACHÉ</b>							
<b>Eternité:</b>	<b>anti-aging facial care/with olive oil</b>						
Jour d'Eternité	anti-aging cream	50ml	€65	September 2008 (Worldwide)	Institute, spa		
	anti-aging fluid	50ml	€65				
Regard d'Eternité	restructuring gel for eye contour	15ml	€45				
Rêves d'Eternité	lifting, redensifying anti-aging night balm	50ml	€65				
Source d'Eternité	intense night skin restructuring fluid	20ml	€45				
<b>LA PRAIRIE</b>							
Anti-Aging Longevity Serum	for stressed skin	50ml	€182	September 2008 (Worldwide)	Selective		
Anti-Aging Stress Cream	for stressed skin	50ml	€160				
<b>MARIONNAUD</b>							
<b>Bio par Marionnaud:</b>							
Cleansing Oil for the Face & Eyes	with organic calendula extracts	150ml	€14.90	July 2008 (France)	Brand outlets		
Express Cleanser	with organic lavender extracts	150ml	€13.90				
Cleansing Milk	with organic hazelnut oil	150ml	€13.90				
Foaming Cleanser	with organic eucalyptus extracts	150ml	€13.90				
Toning Lotion	with organic mint extracts	150ml	€13.90				
Facial Scrub	with bamboo powder	50ml	€18.90				
Moisturising Lotion	with organic sesame oil	50ml	€26.90				
Moisturising Cream	with organic palm oil	50ml	€26.90				
Nourishing Moisture Cream	with organic shea butter	50ml	€28.90				
Purifying Mask	with clay and organic palm oil	50ml	€20.90				
<b>WOMEN'S FRAGRANCES</b>							
<b>KATE MOSS</b>							
<b>Velvet Hour:</b>	<b>woody, floral</b>						
Velvet Hour EdT		15ml	€17	September 2008 (Europe, Canada, Asia, Middle East)	Mass		
		30ml	€29				
		50ml	€39				
		100ml	€49				

## JULY 13-15

### **Cosmoprof North America**

Las Vegas, US  
Tel: +1 480 281 0424  
Fax: +1 480 905 0708  
cpnainfo@probeauty.org  
www.cosmoprof.com

## SEPTEMBER 9-10

### **HBA Global Expo & Educational Conference**

New York City, US  
Tel: +1 212 600 3117  
Fax: +1 212 600 3013  
specoraro@hbaexpo.com  
www.hbaexpo.com

## SEPTEMBER 13-15

### **Cosmesur Beautyworld**

Buenos Aires, Argentina  
Tel: +54 11 4514 1400  
info@indexport.com.ar  
www.cosmesur.com.ar

## SEPTEMBER 17-18

### **In-Cosmetics India**

Mumbai, India  
Tel: +44 20 8910 7959  
incosindiasteam@reedexpo.co.uk  
www.in-cosmeticsindia.com

## SEPTEMBER 26-29

### **Cosmetic Cosmetica**

São Paulo, Brazil  
Tel: +55 11 3826 9111  
info@alcantara.com.br  
www.cosmeticcosmetica.com.br

## OCTOBER 4-6

### **European Spa Summit**

Paris, France  
Tel: +33 1 44 69 95 69  
carine.tissot@beyondbeautyparis.com  
www.spasummit.com

## OCTOBER 5-7

### **Beyond Beauty Paris: Cosmeeting, Spa & Institut, Pharmameeting**

Paris, France  
Tel: +33 1 44 69 95 69  
infos@beyondbeautyparis.com  
www.beyondbeautyparis.com

## OCTOBER 6-8

### **Beyond Beauty Paris: Creative, Ingredients** (See above)

## OCTOBER 8-9

### **Natural Beauty Summit Europe**

Paris, France  
Tel: +44 20 85 67 07 88  
tina.gill@naturalbeauty.com  
summit.com  
www.naturalbeautysummit.com

## OCTOBER 23-26

### **Intercharm**

Moscow, Russia  
Tel: +7 495 981 94 94  
expo@intercharm.ru  
www.intercharm.net

## OCTOBER 27-31

### **TFWA World Exhibition**

Cannes, France  
Tel: +33 1 40 74 09 86  
contact@tfwa.com  
www.tfwa.com

## OCTOBER 28-31

### **Luxe Pack Monaco**

Monaco  
Tel: +33 4 74 73 42 33  
info@idice.fr  
www.luxepack.com

## NOVEMBER 4-6

### **In-Cosmetics Asia**

Bangkok, Thailand  
Tel: +44 20 8910 7847  
incosasiasteam@reedexpo.co.uk  
www.in-cosmeticsasia.com

## NOVEMBER 12-14

### **Cosmoprof Asia**

Hong Kong, China  
Tel: +852 2827 6211  
cosmasia@cmpasia.com  
www.cosmoprof-asia.com

## NOVEMBER 19-21

### **Luxe Pack Shanghai**

Shanghai, China  
Tel: +33 4 74 73 42 33  
info@idice.fr  
www.luxepack.com

## NOVEMBER 30-DECEMBER 2

### **Professional Beauty and Fitness India**

New Delhi, India  
Tel: +91 120 251 6110  
gaurav.sood@eme-india.com  
www.professionalbeauty-expo.com

## SPOTLIGHT

# Celebrity stakes

It was just the kind of publicity they hadn't paid for—Sharon's Stone's now infamous 'karma' comment might have made global headlines for French beauty brand Dior (LVMH), but it also left the luxury brand's Capture skincare promotion campaign in the dynamic Chinese market in tatters. Dior's lightening-quick response in pulling all its promotional and advertising material in China that featured Stone gives an insight into the delicate balancing act beauty companies face when managing celebrity endorsement relationships.

### **The power and the passion**

The general consensus is that employing glamorous and news-grabbing celebrities to endorse a brand or product makes good marketing sense. But the very reasons for hiring a celebrity can also be rife with potential pitfalls. "Most celebrities are outspoken individuals because they've achieved a certain amount of success and they believe they have the right to comment," senior vice president for the international practice group at US-based Levick Communications, Steve Ellis, tells *CosmeticNews*. "They give their personal position on something which may or may not be what the company needs them to say."

### **User-smart celebrity style**

The ways in which companies use celebrities to endorse products will dictate the level of risk involved in taking on such a relationship, says David Schwab, managing director of First Call, the celebrity consulting division of US-based corporate consultants Octagon. The partnership between model Elizabeth Hurley and US beauty brand Estée Lauder, now in its 14<sup>th</sup> year, has endured because the two closely collaborated on projects such as Hurley's role as an ambassador for breast-cancer research. In stark contrast, will the animosity generated by the \$5m breach-of-contract lawsuit currently playing out between French beauty brand Lancôme (L'Oréal) and its former spokesperson Uma Thurman prove detrimental? "I don't believe a lawsuit between a celebrity and brand affects buying decisions. The time when a consumer looks differently [at a product] is if a celebrity or a brand has negative publicity for [...] criminal types of activities," Schwab remarks.

### **Minimizing the risk**

Unfortunately there is no way of controlling what celebrities do on their own time, says Schwab. "What you can control is the contract and the legal limitations," he adds. Ellis is blunter, suggesting brands invest in "sensitivity training" when entering into partnerships with celebrities. "We Americans tend to be somewhat insular and not necessarily attuned to sensitivities we may need to have in communicating [internationally]," he opines. "Companies should talk to [celebrities] about various religions, customs and cultures." Experts seem to agree: pains must be taken to avoid fallout from celebrity *faux pas*. **SD**