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Fountain of Youth

by Kathie Canning

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Baby boomers are waging a war on fine lines and wrinkles — and creating growth opportunities in the anti-aging skincare segment.

In a culture obsessed with youth and beauty, few of us want to look older than our years — or even want to look our true age. Most of us want to retain a youthful appearance for as long as possible.

That reality is creating a mega-market for anti-aging skincare products. According to Mintel International Group Ltd., Chicago, sales in the U.S. anti-aging skincare market reached almost \$1.6 billion in 2008. And the market research firm expects the category to expand another 10 percent between 2008 and 2013, thanks to strong interest from baby boomers and even from men who are discovering “the benefits of incorporating an anti-aging element into their skincare regime.”

Leading the way in this sector, Mintel says in its 2009 “Anti-Aging Skincare – US” report, are anti-aging facial (and neck) products, with anti-aging skincare for the rest of the body accounting for just a small fraction of sales. And consumers with little money to spare want products that perform a variety of tasks, Mintel adds. For example, one product might mix key vitamins with skin exfoliating and brightening capabilities.

Deborah Duffey, president of Dermazone Solutions, St. Petersburg, Fla., notes that the driving force behind baby boomers’ skincare purchases is a sense of urgency to turn back the hands of time. This generation of buyers, she says, also has higher expectations of product performance than they did in years past.

“Instant, visible results that, in turn, build long-term user compliance are key in satisfying this consumer,” Duffey says. “Anti-aging skincare today must be in step with the lifestyle of today’s woman. It must be simple, fast and quickly effective.”

Today’s consumers also are in prevention mode when it comes to their skin, she adds. Regular use of sunscreens with a sun protection factor (SPF) of 30 to 50 is becoming increasingly important here.

Moreover, such sunscreens can multitask, too, as Camp Hill, Pa.-based Rite Aid Corp. proved with its Rx Suncare launch early in 2009. The retailer introduced seven fragrance-free and non-comedogenic products that not only carry the Skin Cancer Foundation Seal of Recommendation as an effective UV sunscreen with SPF of 30 to 50, but also incorporate anti-aging vitamins.

Kayla Fioravanti, chief formulator for Clackamas, Ore.-based Essential Labs, says ethnic consumers also represent an important target demographic for anti-aging skincare products, as consumers of African American, Hispanic, Asian, Middle Eastern and Mediterranean descent account for one-third of the U.S. market, but currently are being underserved.

"Skincare products containing higher levels of rich oils are being developed to meet the specific needs of ethnic skin," she notes.

Although department stores still own the largest chunk of the market, Mintel says, drugstores and other channels are gaining ground "in convincing consumers that they have anti-aging products at numerous price points."

And in today's difficult economic environment, high-quality private label renditions of anti-aging skincare products might go a long way toward further building sales in the drugstore, mass merchandise and even supermarket channels.

On the prevention side, Duffey says demand for private label sunscreen formulas is very strong, particularly for those sporting a high SPF. "The once occasional trend to prevent environmental aging by applying a moisturizing sunscreen is now a habit [of many consumers]," she says. "Research and development costs associated with a sunscreen formula are very high, particularly for a formula that is tested for international sales. Thus, finding a private label manufacturer that has completed the upfront analytical testing and stability costs for a range of sunscreen formulas can save the buyer thousands of dollars."

Natural Appeal

Consumers also are choosing natural anti-aging ingredients more often over those boasting active chemical properties, Mintel reports.

"Natural ingredients, from botanical plants to marine extracts, are trendy, particularly if they come with a value-added story such as historic and/or indigenous use by Native Americans," Duffey says. "or natural antioxidants found in the rain forest. Science, technologies and patented processes are also trending. The anti-aging product category must have a value-added proposition for the consumer today."

Fioravanti points to "green," "organic" and "natural" as the buzz words of the emerging anti-aging market.

"Companies are seeking ingredients that are made from renewable resources and farmed organically or wild-crafted," she says. "Cosmetics that are made with familiar-sounding food ingredients are also very popular right now, like extracts of

pomegranate, acai berry, rooibos tea, blue algae, cranberry and blueberry.”

Paul Lieber, CEO and founder of Royal Labs Natural Cosmetics Inc. of Johns Island, S.C., notes that natural herbal- or botanical-based formulations do represent a private label opportunity, but retailers will not be able to sell them at a rock-bottom price.

“You’re not going to be selling anti-aging for \$3.99,” he stresses. “But I think you can have a medium- to high-end product still retail for under \$10.00 and come out to a manufacturer here in the United States — not have to go to China or India or Mexico — and get it done.”

Still, Lieber believes that today’s retail buyers lack the sophistication needed to ask the right questions of natural skincare suppliers. In addition, many products on the market make a natural claim even though they incorporate some questionable (that is, synthetic) ingredients, further confusing buyers and consumers.

Truly natural products might not look or feel exactly like the products to which buyers and consumers are accustomed, Lieber says, so an education process is critical. Retailers could learn from a reputable natural skincare supplier, and then educate consumers from there. But if they do not go out and tell consumers the story of the product — what it is and why it is different — they will not find success with truly natural products.

Pushing the Potion

High-quality natural and multi-tasking anti-aging skincare formulations represent only one part of the private label recipe for success. Packaging and marketing also are playing an increasingly important role.

For example, the right packaging can go a long way toward attracting a wider range of demographics.

One of Dermazone Solutions’ international clients recently rebranded its sunscreen portfolio, Duffey says, by changing its packaging from bottles to tubes and reworking the graphics and label language to attract a younger audience. Although the core demographic for this portfolio was the 40-plus woman, the company managed to expand the lines’ appeal to the entire family.

Greener packaging also is of interest, particularly for products making a natural claim.

“I think the biggest packaging opportunity we see is in reducing the outer carton,” Lieber says, “or maybe, if it’s a paper/cardboard-type material, including a very

high percentage of recycled material or completely recycled material.”

Although the environmental buzz currently trumps green packaging initiatives in the anti-aging skincare segment, Lieber says anything retailers can do to communicate “environmentally sensitive” or “recyclable” should be well received.

“Green speak” also works well on the marketing side, Fioravanti says.

“Consumers are looking to conserve and buy green products,” she notes. “Natural skincare products are concentrated. Typically, a pea-size measurement of natural facial products is enough to moisturize the entire face and neck. Marketing not only the value of concentrated skincare, but also the earth-friendly benefits of natural skincare, is in line with what consumers are currently seeking.” **PLB**

Sidebar: Bye-Bye, Botox?

Botox has made headlines in recent years as a popular means to reduce wrinkles and fine lines. But the injection-based treatment, which works by paralyzing facial muscles, fell a bit out of favor in 2008, with Mintel International Group Ltd. of Chicago reporting a 62 percent decrease in this and other cosmetic treatments compared to 2007 (citing a 2008 poll by the American Society of Plastic Surgeons).

“Indicators are that this industry may be hitting the same slump that is rampant in all other parts of the economy,” Mintel says in its 2009 “Anti-Aging Skincare – US” report. “Certainly, Botox is less expensive than a facelift, at an average cost of \$200-\$300 per treatment for each area injected, and yet this, too, may soon or may already have become an unaffordable luxury for women who will now look to less expensive home treatments.”

But Botox’s bad news might be private label’s good news, as consumers increasingly take anti-aging treatment into their own homes — and look to get great results for less money (and sans paralysis).

“There are private label manufacturers that offer formulas that don’t deliver hope in a jar, but rather results,” stresses Deborah Duffey, president of Dermazone Solutions, St. Petersburg, Fla. “This is the true opportunity for a private label buyer — find those manufacturers that guarantee these results, and the consumer will keep coming back to the brand that works.”

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