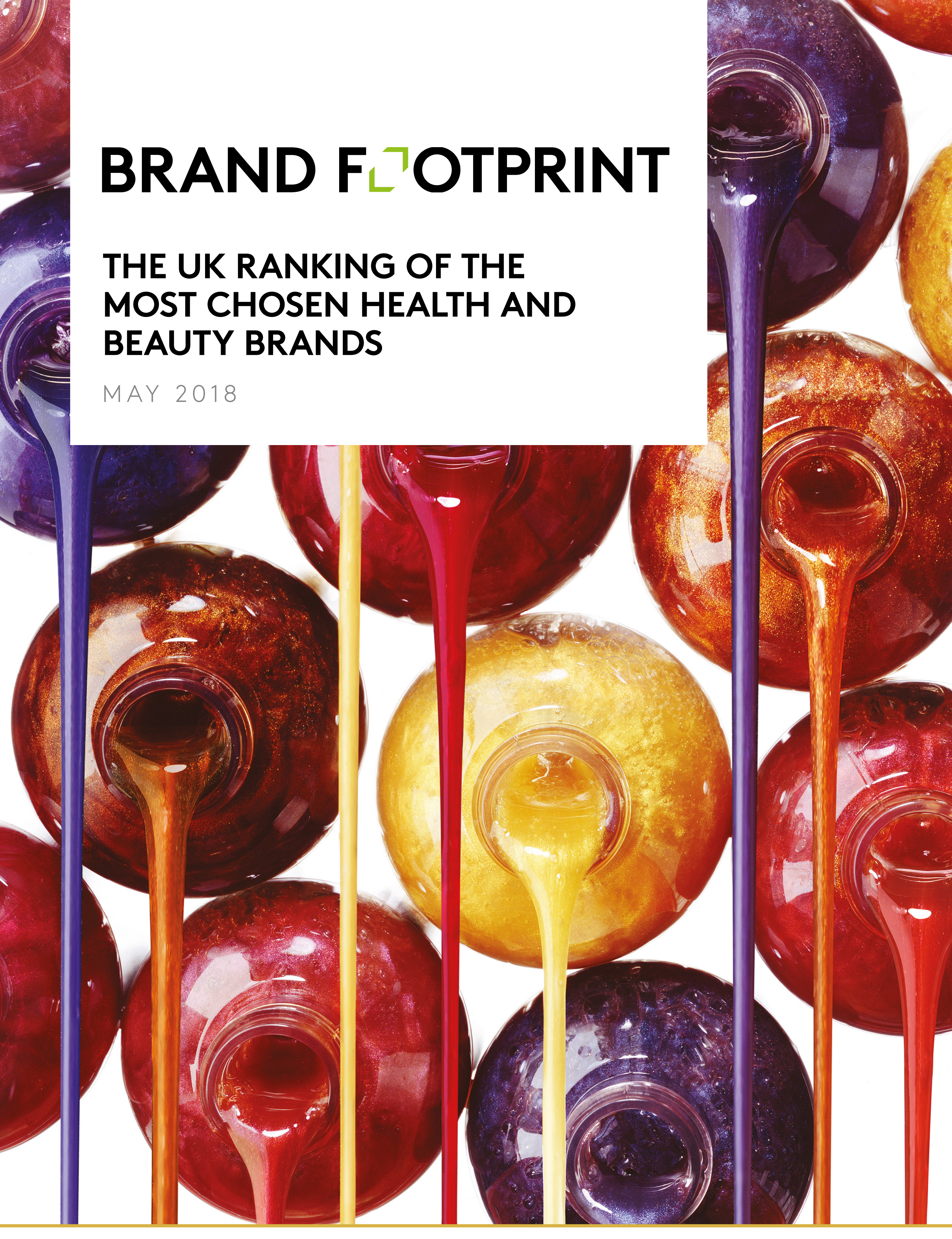
BRAND FOOTPRINT

THE UK RANKING OF THE MOST CHOSEN HEALTH AND BEAUTY BRANDS

MAY 2018



KANTAR WORLDPANEL

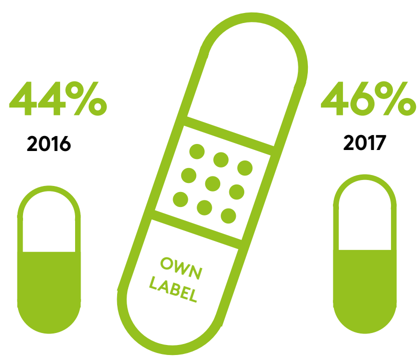
HEALTH AND BEAUTY

Key health and beauty trends include regime simplification, changes in the morning routine and the quest for natural – both in terms of looks and ingredients.

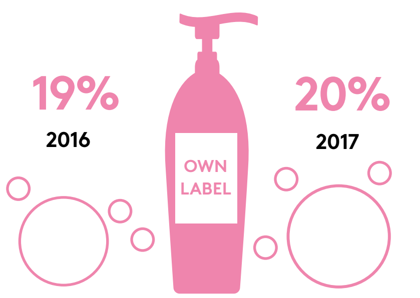
In August last year like-for-like prices in the sector finally started increasing again after several years of decline. Volume sales of brands however, are only growing in the top 20% price bracket, where consumers are prepared to pay the premium for products which they believe offer something better.

Supermarkets, which account for over 40% of spend in the sector, stopped pushing volume deals so much this year and focused more on everyday low pricing to compete with the discounters. Own label continues to grow: in healthcare its share rose 2% pts to 46% of the market in 2017, whilst in toiletries it reached 20% (up 1%pt). Aldi and Lidl in particular are focused on developing products in parts of the sector where own label has a lower share.

SHARE OF HEALTHCARE



SHARE OF TOILETRIES



UK Top 20

CONSUMER REACH POINTS (MILLIONS)

		2016	2017	YR/YR %
1	COLGATE	119	114	-4
2	NIVEA	90	94	4
3	DOVE	67	66	-2
4	SURE	47	49	5
5	LYNX	52	48	-8
6	ORAL-B	43	44	3
7	GARNIER	47	43	-9
8	RADOX	44	41	-6
9	ALWAYS	40	41	3
10	L'OREAL PARIS	38	38	1
11	IMPERIAL LEATHER	40	37	-7
12	GILLETTE	35	34	-4
13	AQUAFRESH	34	33	0
14	SIMPLE	34	32	-7
15	CAREX	33	31	-8
16	TRESEMME	32	30	-6
17	ELVIVE | ELSEVE	31	29	-6
18	ALBERTO	25	28	11
19	LISTERINE	27	27	-1
20	GALPHARM	24	27	12

Premium Innovation

Premium innovation tempted people to pay more, in return for clear benefits. One of the big skincare trends was face masks which offer time-poor consumers, who are cutting steps out of the morning routine, a quick beauty boost. Brand Footprint has previously reported on the popularity of face masks in South Korea, the leading market for beauty innovation. This was a clear example of brands gaining more presence through importing a trend to the UK. Number 2 brand in the ranking, Nivea added a new anti-pollution mask to their range while Garnier, in position 7, launched a tissue mask. L'Oreal Paris in position 10

with a Consumer Reach Points (CRP) increase of 1% had a big launch this year with its Pure Clays range which tapped into the increasing popularity of face masks. They were also successful with Age Perfect which is promoted by Helen Mirren and targets the lucrative and growing older demographic.

Just outside of the top 20, Sensodyne, increased CRPs by 12% and moved up to 21 in the ranking. The brand launched Rapid Relief toothpaste, with the unique promise to work within 60 seconds. The brand also had success with the Pronamel range; reaching more moments of consumption by growing mouth wash and tooth brush offerings alongside the paste portfolio.

Herbal Essences moved up two places in the ranking to position 25, seeing an increase in CRPs of 1% as a result of its Bio Renew launch. The brand, which contains no parabens or colourants, fulfilled new needs while appealing to more targets - those seeking a more natural product.

Bargain Hunting

While consumers were prepared to pay for premium products when offered something new or better, that didn't stop them from looking for a bargain on their everyday products.

Collectively the grocery discounters and bargain stores increased their share of the market by over 10% in the last year to 17.2% of the market. Many of these retailers successfully extended their range of branded products, with brands in some cases making

specific variants for sale in discount stores. Several brands saw an increase in sales as a result of their presence in the discount channels over the last year, including Nivea and Aquafresh. Galpharm who position themselves as makers of affordable medicines managed to increase CRPs by 12% in the last year.

To be competitive on value, in some cases brands such as Dove, in position 3, created bigger pack sizes. This contrasts with widespread shopper perceptions of 'shrinkflation'. Bigger pack sizes can offer expandability to the sector as people often use more of a product when they have a bigger bottle and frequency of purchase does not necessarily drop as much as might be expected.

In contrast, Alberto Balsalm (in position 18) reduced their pack size from 400ml to 350ml as part of a wider reformulation. A subsequent 10% increase in purchase frequency contributed to the 11% growth in CRPs.

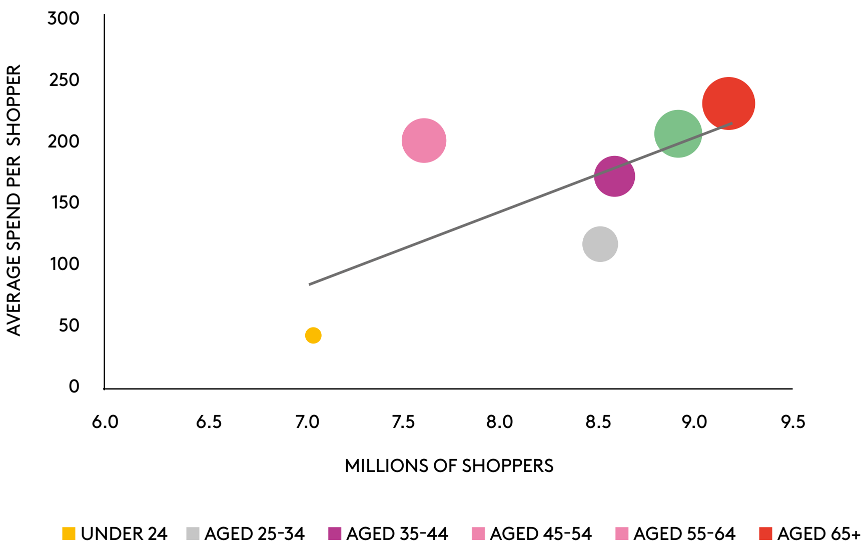
Breaking Taboos

Health and beauty brands have been very active in realigning perceptions of beauty (Dove) and breaking stereotypes (Always) in recent years. This focus has now shifted into new areas including mental health. Lynx, at number five in the ranking, has moved away from its laddish image with a campaign around male suicide in conjunction with CALM (Campaign Against Living Miserably). The partnership with CALM has been running for a few years and evolved in 2017 as the brand launched a Google search campaign #isitokforguys about masculinity, and the questions that men are often afraid to ask.

Bodyform, in position 26, took on the taboo of menstruation in October 2017 with the #bloodnormal video advertising campaign which for the first time showed sanitary pads stained with red liquid, rather than blue (see brand focus). Despite year on year decline

> "We aim to raise and challenge period taboos and we bring this commitment to life in a very tangible and visible way. UK shoppers are increasingly cynical of perceived marketing gimmicks which only serve the bottom line and have little tangible action. We believe that this is what makes Bodyform different and it is this difference – our authenticity – which is attracting new shoppers to the brand."
>
> Nicola Coronado, Marketing Director, Essity

TOTAL H&B - SHOPPERS AND ANNUAL SPEND BY AGE GROUP



of the overall feminine care category, Bodyform achieved a third year of continuous growth, and recorded an increase in CRPs of 10%. A large part of this growth is down to Bodyform increasing penetration, with 440,000 more shoppers buying into the brand. Looking for new targets, Bodyform successfully gained young shoppers entering the market for the first time, with an 18% increase in shoppers aged under 25 since last year. The innovative "Black Liner" launched in 2017 was the first of its kind in the market.

Changing Demographics

The change in the demographic balance of the UK is without a doubt having an impact on the health and beauty sector. There is a significant difference between the generations in terms of products bought, and in the amount spent. Those in the 45 and over bracket spend nearly twice as much as those aged between 19 and 24. Skincare spending in particular increases dramatically with age.

One area seeing substantial sales growth is the adult incontinence market, which is the fastest growing toiletries category - up 15% year on year. The category saw shoppers switching spend – £2.5m in the year - across from traditional feminine care products. For example, Always, in

Brand Focus: Bodyform

Bodyform likes to challenge the status quo. They were the first mainstream brand to highlight the very real impact of period poverty in the UK and took steps to tackle it by donating products to their partner charity InKind Direct. They also have a partnership with the Self Esteem Team and a schools programme to raise and tackle period taboos.

The brand has sought to push the boundaries for feminine care advertising in order to remove embarrassment, stigma, or even fear through various campaigns including "The Truth" which called out advertising clichés, and a campaign to have period related emojis or "femojis" created. "Redfit" was the first feminine care campaign to feature blood and the TV campaign featured – for the first time ever - a sanitary towel being put into real underwear.

The latest campaign "Blood Normal" generated significant media coverage, was developed based on the insight that 56% of girls in the UK would rather be bullied than talk about their periods with their family.

position nine with a growth in CRPs of 3%, largely grew due to education efforts and meeting the new needs of older shoppers, actively moving them away from the feminine care range and into adult incontinence products. Additionally the brand launched "Always Boutique", a prettier anti-incontinence option aimed at attracting a different sort of consumer who valued form as well as function.

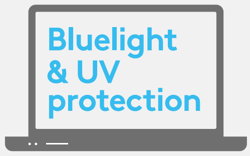
The leading brand TENA, which holds a 55% share of the market, contributed strongly to the category's performance. CRPs increased by 6%, helped by an additional 122,000 shoppers buying the brand. Growth of the premium "pants" format, which cost five times more per unit, has made price another key performance driver. By successfully appealing to a new demographic target, TENA Men's shopper base has almost tripled in the last five years supported by a tongue in cheek advert around the issue of control. This represents a broadening of appeal for TENA, which traditionally catered more to female consumers.

The demographic shifts in the UK will continue to drive growth opportunities in both health and beauty. Older people have different needs and more money to spend. Consumers will spend money on the products they believe to be worth it, but as own label look-alikes proliferate, brands will have to invest more in true innovation and be smarter in their messages, outlining valuable points of difference to consumers.

Future Trends

Direct-to-Consumer: still waiting in the wings but growing steadily

Developing relevance with younger consumers Looking to reduce regimes



Skincare that protects from blue light from laptops and other technology, as well as from UV

About Brand Footprint

Kantar Worldpanel believe that brands grow by increasing the number of people that buy them, their penetration. There are five strategic levers which we have identified that lead to brand growth.

Brand Footprint is our global study of which brands shoppers are choosing to buy, and why. The metric used to measure this is called Consumer Reach Points (CRP) and it is calculated by looking at penetration and frequency in combination with the number of households in the country.

Find the full global report at kantarworldpanel.com/brand-footprint-ranking