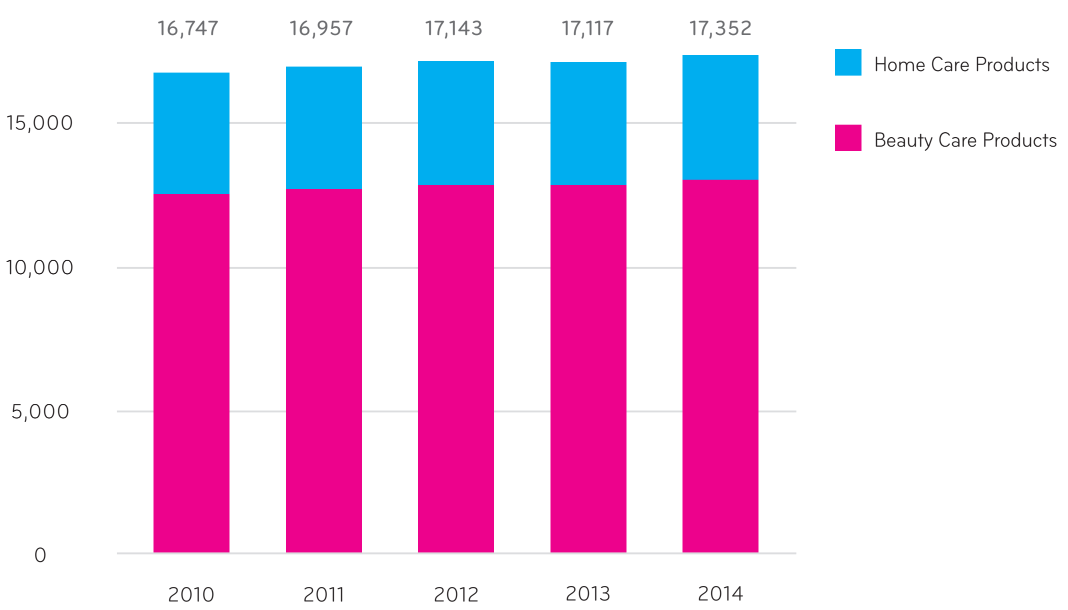
The member companies of the German Cosmetic, Toiletry, Perfumery and Detergent Association (IKW) are close to consumers, and consumer needs and the improvement of wellbeing take centre stage in their activities. In this connection beauty care products help people to look good and stay healthy. Home care products support the cleaning and care of homes, clothes, shoes and vehicles and contribute towards not only preserving their value but also an atmosphere of wellbeing and health. What is more: body care products and detergents "fulfil dreams, bolster people up and ensure recognition and self-consciousness", as a recognised market researcher recently stressed at an IKW press conference.

As a result of professional market development by our members, the products of the beauty care and home care industry constitute an important pillar of private consumption in Germany. In 2014 the sales value rose altogether by 1.4 % to EUR 17.4 billion. Beauty care products rose by 1.6 % and home care products by 0.8 %. Both product categories were again important drivers of domestic demand, whilst relevant other categories such as foods were declining. Every eighth Euro[1] is at present spent in the German food retail trade on beauty and home care products.

TOTAL MARKET BEAUTY CARE AND HOME CARE PRODUCTS IN GERMANY 2010 – 2014

in million € at retail sales prices




1 Source: Information Resources GmbH

Please note: The 2014 market figures are based on a projection by IKW on the basis of data of Information Resources GmbH for January to September 2014.

# Beauty Care Product Market Germany 2014

The sales value of beauty care products rose in 2014 by EUR 201 million to a total of EUR 13 billion; this corresponds to an increase by 1.6 %. The development is based on a significant rise in per capita spending to EUR 148[1], mainly attributable to high-quality market launches. A large part of the growth was generated in drug stores.

## 1. HAIRCARE PRODUCTS

With a total sales value of EUR 3 billion, haircare products account for approximately one-fourth of the beauty care market and continue hence to be the largest category of goods. With a growth rate of 0.8 % this category was able to increase again slightly – albeit below average – despite the ongoing strong competitive pressure.

## 2. SKIN AND FACE CARE PRODUCTS

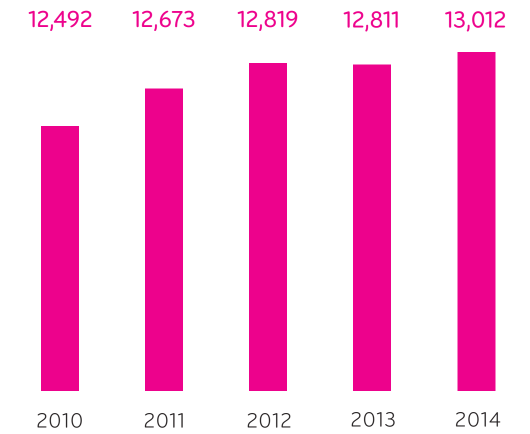
With a market share of more than one-fifth, skin and face care products represent the second largest sub-market in beauty care. They likewise developed with a slightly below-average increase of 0.9 % to EUR 2.8 billion.

## 3. DECORATIVE COSMETICS

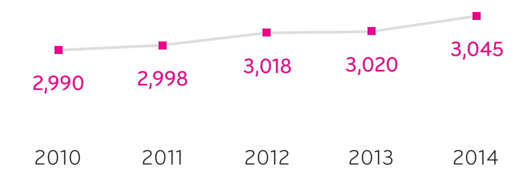
With 12 % of the overall market and a growth of 5.5 % to EUR 1.6 billion, decorative cosmetics were able to further develop their position as third largest segment. The sales value increased by EUR 82 million, supported by attractive offers for consumers, in particular in drug stores.

## OVERALL MARKET INCREASES

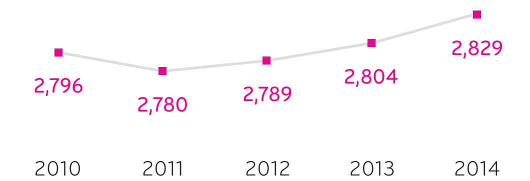
in million € at retail sales prices



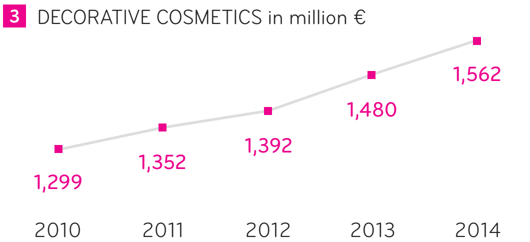

1 HAIRCARE PRODUCTS in million €




2 SKIN AND FACE CARE PRODUCTS in million €

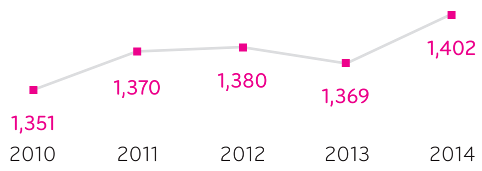



3 DECORATIVE COSMETICS in million €

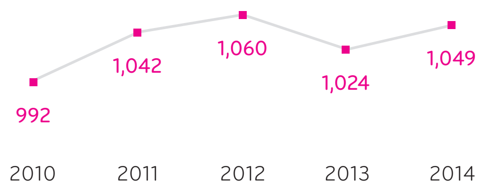



1 Source: Information Resources GmbH

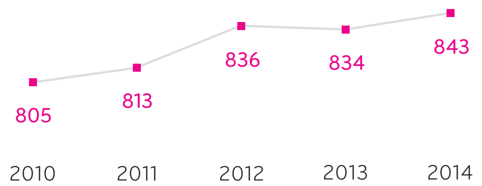
4 ORAL AND DENTAL CARE PRODUCTS in million €



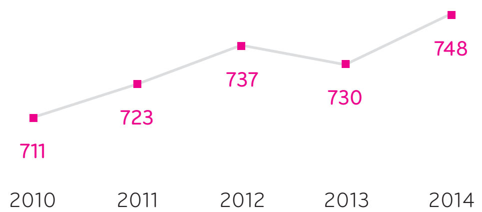

5 LADIES FRAGRANCES in million €



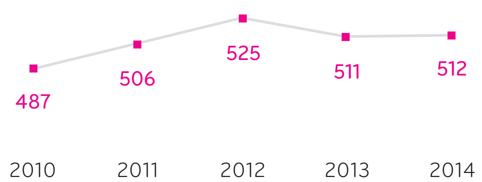

6 BATH AND SHOWER PREPARATIONS in million €




7 DEODORANTS in million €




8 MEN'S FRAGRANCES in million €




## 4. ORAL AND DENTAL CARE PRODUCTS

With a market share of slightly more than one-tenth, oral and dental care products represent the fourth largest segment. With a growth rate of 2.4 % they had a more positive development than the overall market despite – or maybe because of – falling promotion shares. Supported by higher priced launches, they rose by EUR 33 million to EUR 1.4 billion.

## 5. LADIES FRAGRANCES

With a sales value of more than EUR 1 billion, ladies fragrances represent more than 8 % of the overall market. In 2014, too, the trend towards higher value brand and luxury products remained unchanged.

## 6. BATH AND SHOWER PREPARATIONS

The market for bath and shower preparations grew by 1.1 % to EUR 843 million.

## 7. DEODORANTS

Deodorants rose by 2.5 % and EUR 18 million to a total sales value of now EUR 748 million.

## 8. MEN'S FRAGRANCES

The market for men's fragrances continues to be based primarily on established brands and increased by 0.2 % to EUR 512 million.

### 9. SOAPS AND SYNDETS

The market segment soaps and syndets was not able to maintain its prior year level. It dropped by EUR 4 million to EUR 350 million in 2014.

### 10. SHAVING CARE PRODUCTS, AFTERSHAVES AND PRESHAVES

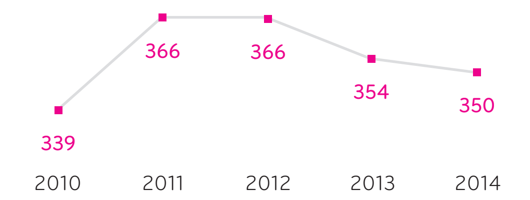
The product range of shaving care products, aftershaves and preshaves continued to be under strong pressure in 2014. The market volume dropped by 3.5 % to EUR 246 million.

### 11. OTHER BEAUTY CARE PRODUCTS*

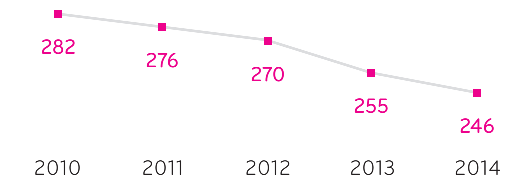
The sales value of other beauty care products recorded a decrease by 0.9 % to EUR 426 million in 2014. Foot care products should be stressed since they were able to increase their sales value through innovations by 2.1 % to EUR 148 million. The segment of baby care products remained flat with EUR 143 million. Depilatories recorded a minus of 4.9 %. The market volume fell to EUR 135 million.

* Foot care products, depilatories and baby care products without shampoos, bath and shower preparations/soaps.

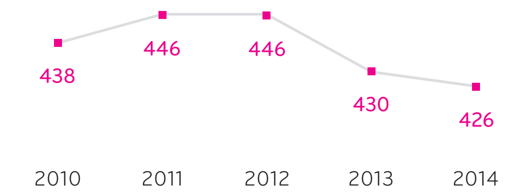
9 SOAPS AND SYNDETS in million €




10 SHAVING CARE PRODUCTS, AFTERSHAVES AND PRESHAVES in million €




11 OTHER BEAUTY CARE PRODUCTS in million €

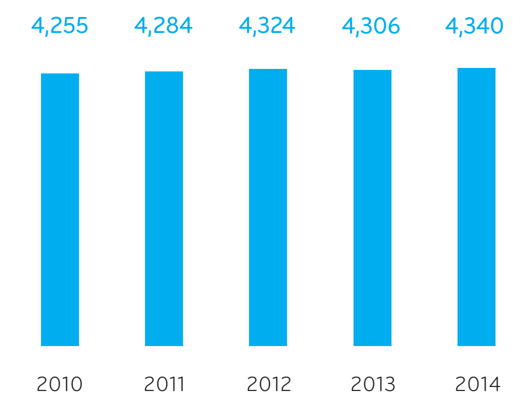



## Home Care Product Market Germany 2014

During the reporting year 2014 the total market of home care products grew by 0.8 % and EUR 34 million to EUR 4.3 billion. The trend towards practical small packages and attractive consumer offers has strengthened this development. Hypermarkets represent the largest, albeit stagnating distribution channel. Drug stores are the second largest channel with the highest growth rates[1].

### OVERALL MARKET IS STABLE

in million € at retail sales prices

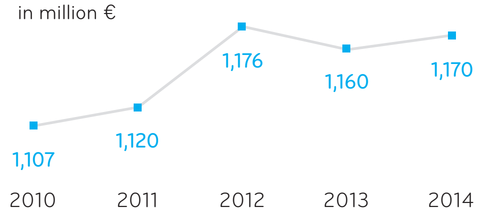



1 Source: Information Resources GmbH

## 1. HEAVY-DUTY LAUNDRY DETERGENTS

Heavy duty laundry detergents are the by far most important sub-market in this segment with a volume of EUR 1.2 billion and a market share of 27 %. At the same time this category made a major, successful contribution towards the positive sales value development in home care with a plus of 0.9 % and EUR 10 million.

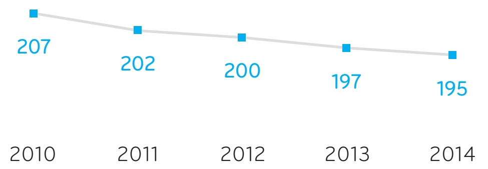
1 HEAVY-DUTY LAUNDRY DETERGENTS in million €




## 2. LIGHT-DUTY LAUNDRY DETERGENTS

The sales value of light-duty laundry detergents dropped by 1 % to EUR 195 million.

2 LIGHT-DUTY LAUNDRY DETERGENTS in million €

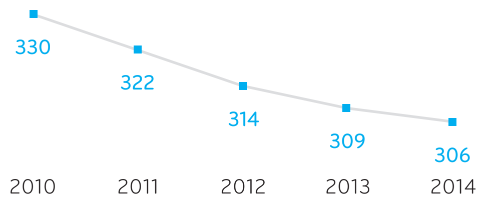



## 3. LAUNDRY ADDITIVES*

The market for laundry additives was likewise not able to maintain its 2013 level and decreased by 1 % to EUR 306 million. The declining trend of the previous years continued for this product category.

* Stain removers, waterproofing products, pre-wash additives, soaking agents, bleaches, starches, ironing aids, textile dyes and dye removers.

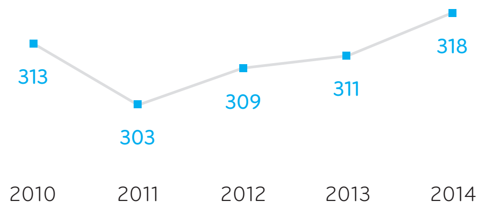
3 LAUNDRY ADDITIVES in million €




## 4. FABRIC CONDITIONERS

Fabric conditioners recorded a 2.3 % plus. This corresponds to a growth of EUR 7 million to EUR 318 million.

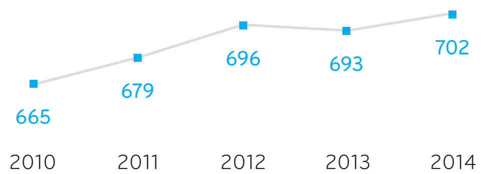
4 FABRIC CONDITIONERS in million €




## 5. DISHWASHING DETERGENTS

The market for dishwashing detergents rose by 1.3 %. This corresponds to a growth of EUR 9 million to a total of EUR 702 million.

5 DISHWASHING DETERGENTS in million €



## 6. HARD SURFACE CLEANERS*

The sales value generated by hard surface cleaners amounted to around 20 % within the home care product market. This means that this product category continues to be the second most important pillar for home care products. It recorded a slight plus of 0.9 % to EUR 872 million. WC cleaning agents and – due to individual distribution channels – lime dissolvers and cleaning wipes are growing, whereas all-purpose, window and glass cleaning agents are declining.

* Bath, sanitary, glass, window, home cleaning agents; pipe, drain cleaning agents; special cleaning agents (oven, lime, metal); WC cleaning agents and stones.

## 7. FURNITURE, FLOOR AND CARPET CLEANERS*

The sales value of furniture, floor and carpet cleaners was declining in 2014. The market dropped to EUR 72 million. This corresponds to a minus of 2.7 %.

* Cleaning and care products for floors and stones, furniture and polishes

## 8. LEATHER CARE PRODUCTS

The market for leather care products remained unchanged on the same level as in 2013 with EUR 65 million.

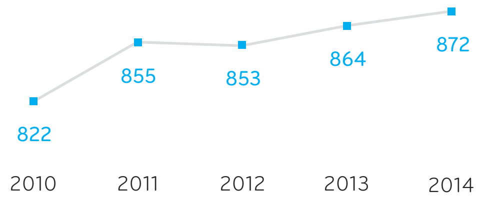
## 9. AIR FRESHENERS

The market for air fresheners rose by 1.8 % to EUR 390 million in 2014.

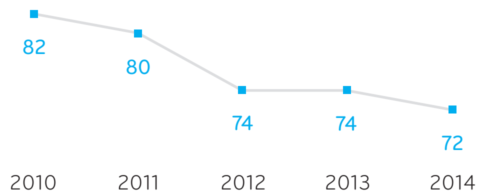
## 10. AUTOMOTIVE CARE

The market for automotive care maintained its sales value of EUR 250 million on the same level as last year.

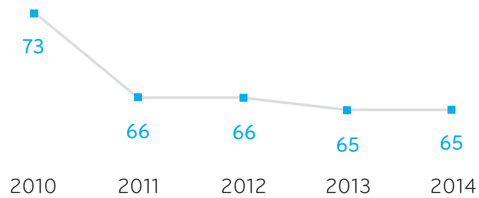
6 HARD SURFACE CLEANERS in million €



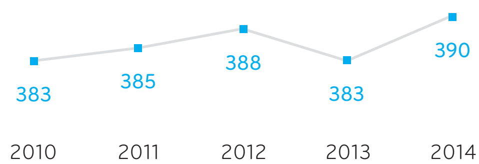

7 FURNITURE, FLOOR AND CARPET CLEANERS in million €



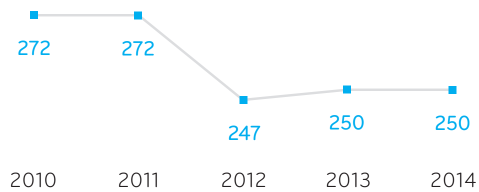

8 LEATHER CARE PRODUCTS in million €




9 AIR FRESHENERS in million €




10 AUTOMOTIVE CARE in million €



## Market Conditions

After mainly the impact of the insolvency of a major drug store chain resulted in large market transformations in Germany during the past years, 2014 was rather marked by competition activities. This development was flanked by a high innovation activity of IKW members, a further growing competition as well as the expansion of large drug store companies and the modernisation of existing selling spaces.

On the market for beauty care products, drug stores remained the by far most important sales channel with a market share of more than 43 % and more than 5 % growth. Discounters, too, are growing significantly, albeit only through the "soft" discounters" (Netto, Penny). The traditional food retail trade and hypermarkets have partly lost considerably.[1]

As far as home care products are concerned, every household – with an increasing number of households – spent on average 1 euro less in 2014 versus prior year. Consumers were shopping again more in drug stores and less in hard discounter stores.[1]

## Outlook 2015

In 2014 the market for beauty and home care products rose despite international crises and conflicts by 1.4 %. The innovative products of the industry represented by IKW as well as the positive development of the general consumption climate in Germany were the underlying drivers.

In 2015 the business community and political circles are facing increasingly tough challenges. Foreign trade must make its way in an increasingly turbulent environment. The Ukraine crisis, changes in Greece, terror risks and a reform deadlock in Italy and France bring about a lot of uncertainty. On the other hand, the weak Euro and low raw material prices provide for an uptrend.

> "The markets for beauty care and home care products fulfil dreams, bolster people up and ensure self-confidence."
>
> Rainer Anskinewitsch, Information Resources GmbH

Domestic demand continues to generate a lot of hope. A foreseeable long-term historically low interest rate and a high consumption tendency of consumers imply a positive development. The different indexes such as the ifo business climate of the GfK consumption climate were again increasing at the beginning of the year. According to GfK, the consumption climate is as good as it hadn't been for a long time.

However, any further satisfying development will be decisively dependent on the economic and structural policy environment as well.

For Germany as a business location political circles are facing major tasks: far-sightedness and a sense of proportion for energy and tax policies as well as self-assertion on the European level will be pivotal for a continuation of the so far good economic development in Germany.

IKW anticipates a further intensified competition in 2015 which will result in innovations with relevant added value for consumers. Against this backdrop IKW forecasts a moderate growth of the market for beauty and home care products. This is likely to be supported, as during the past years, both on the level of consumers and industry by a significant stepping up of the role played by the orientation towards health and sustainability.

1 Source: Information Resources GmbH