

WHAT IS THE VALUE OF BEAUTY?

How beauty & personal care shape our economy, society and wellbeing.

The
VALUE of
BEAUTY



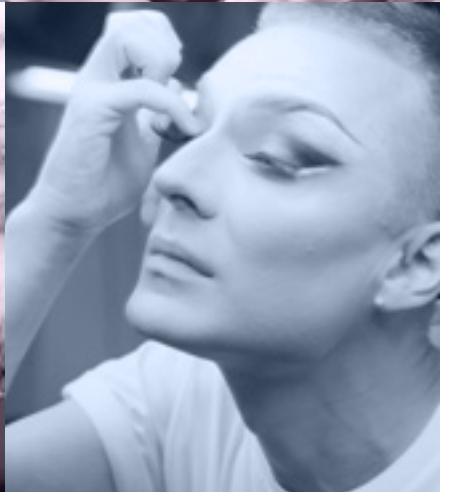


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ABOUT THE VALUE OF BEAUTY ALLIANCE

The Value of Beauty Alliance brings together a number of well-known companies and organisations representing the European beauty value chain. Its goal is to raise awareness of the positive impact the industry has in Europe both at an economic and societal level and demonstrate how the beauty and personal care industry shape our economy, society and wellbeing.

The founding members of the Value of Beauty Alliance are:

- **L'Oréal Groupe**
- **Beiersdorf**
- **Givaudan**
- **IFF**
- **Ancorotti Cosmetics**
- **Kiko Milano**

Further information on the Value of Beauty campaign at www.ValueofBeauty.com

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ANCOROTTI
COSMETICS

About the contributors



Professor Benjamin Voyer

Professor Voyer is full professor at ESCP Business School in the department of Entrepreneurship and chair-holder of the Cartier – ESCP – HEC Turning Points Research Chair and Visiting Professor in the department of Psychological and Behavioural Science at the London School of Economics and Political Science (LSE).

Professor Voyer's research focuses on behavioural science from an interdisciplinary perspective, drawing from a wide range of innovative, quantitative and qualitative research methods to investigate how self-perception and interpersonal relations affect cognition and behaviours in various contexts (consumption, organisational, cross-cultural).



Lucy Jane Santos

Lucy Jane Santos is a historian examining the crossroads of health, leisure and beauty with science and technology, specialising in the late 19th and early 20th century. She is a founder of the Art Deco Society UK and co-founder of the Cosmetic History and Makeup Studies Network. Her debut book, *Half Lives: The Unlikely History of Radium* (Icon: 2020, Pegasus: 2021), was shortlisted for the BSHS Hughes Prize.



Prof. Dr. med. Matthias Augustin

Prof. Dr. med. Matthias Augustin is a dermatologist, scientist, and university lecturer at the University Medical Center Hamburg-Eppendorf. He is director of the UKE Institute for Health Services Research in Dermatology and Nursing (IVDP) since 2010, and a founding co-director of the Hamburg Center for Health Economics (HCHE) since 2011. In his institute he integrates clinical research, health services research and health economics with clinical practice. He has a strong focus on people-centred health care in clinic and in research.

GLOSSARY & DEFINITIONS



Definitions

Beauty and Personal Care: Beauty and personal care is defined as goods and services that consumers rely on every day including make-up, fragrance, skincare, personal hygiene products and haircare including hair colour. It also includes professional services such as hairdressing beauty and socio-aesthetics care.

In this report, beauty and personal care and cosmetics and personal care are used interchangeably.

Beauty Value Chain: The beauty value chain represents the end-to-end process of bringing beauty and personal care products to the consumer. It has a sophisticated supply line, from farmers and research scientists, through manufacturing, packaging, distribution, and support services, and on to retailers, salon owners, perfume shops, beauticians, hairdressers, dermatologists, and other specialists. It is made up of thousands of Small and Medium Enterprises (SMEs) and Intermediate-sized Enterprises (ETIs), in industries such as chemicals, agriculture, and glassmaking.

In this report, the terms beauty value chain and cosmetics industry are used interchangeably.

Cosmetics and Personal Care Market: The cosmetics and personal care market is usually divided into five main business segments: skincare, haircare, make-up, fragrances, and toiletries. These segments are complementary and through their diversity able to satisfy most consumers' needs and expectations with regard to cosmetics.

Cosmetics and Personal Care Products: According to the Regulation (EC) No 1223/2009 of the European Parliament and of the Council of 30

November 2009, a cosmetic product is defined as any substance or mixture intended to be placed in contact with the external parts of the human body (epidermis, hair, nails, lips and external genital organs) or with the teeth and the mucous membranes of the oral cavity, with a view exclusively or mainly to cleaning them, perfuming them, changing their appearance, protecting them, keeping them in good condition or correcting body odour.

Decorative Cosmetics: cosmetics and personal care products such as make-up that are used to decorate and change the appearance of the face.

LGBTQ+: Lesbian, gay, bisexual, transgender, and queer. The plus sign symbolizes the other innumerable identities included under the LGBTQ+ umbrella, like asexual and intersex.

The Lipstick Effect: First coined by Estée Lauder's Leonard Lauder, 'The Lipstick Effect' or the 'Lipstick Index' as it is also known is the idea that sales of affordable luxuries such as lipstick rise during economic downturns.

Paris Agreement: The Paris Agreement is a legally binding international treaty on climate change. It was adopted by 196 parties at the UN Climate Change Conference (COP21) in Paris, France on 12 December 2015. It came into force on 4 November 2016.

Science Based Targets initiative: The Science Based Targets initiative (SBTi) defines and promotes best practice in science-based target setting. Offering a range of target-setting resources and guidance, the SBTi independently assesses and approves companies' targets in line with its strict criteria.

Toiletries: Basic/functional cosmetic and personal care products used in washing and taking care of one's body, such as soap, shampoo, and toothpaste.

Glossary

CAGR: Compound Annual Growth Rate

CDP: Carbon Disclosure Project

EU: European Union

EU-27: European Union as it stands after the United Kingdom's withdrawal (Brexit), which took effect on January 31, 2020

Europe: includes the EU-27, the UK, Norway and Switzerland

Per Capita Spending: Total expenditure divided by the total population of a given economy

R&D: Research and Development

SMEs: Small and Medium-sized enterprises

UNESCO: United Nations Educational, Scientific and Cultural Organization



INTRODUCTION

The beauty and personal care industry: An impressive and unique story of innovation, growth, and sustainability



What is The Value of Beauty?

There are many answers to that question. Just as beauty itself comes in many forms, the beauty and personal care industry in Europe has many layers, each contributing to a sum of value far greater than its parts.

Recognised as a world leader in beauty and personal care, Europe is home to many of the world's leading brands which have contributed immensely to Europe's economy, culture, and history. The industry's value is significant and far reaching, and the many ways in which it impacts all aspects of European life may not have been considered before.

This report aims to provide a deeper understanding of the value of beauty: from its contribution to economy and innovation throughout Europe, to its impact on our health and wellbeing, to the role it plays in shaping European society and culture.

The beauty and personal care industry is a major contributor to Europe's economy. Over three million people are employed in the sector across the 27 EU member states, with the industry forecast to soon surpass €100 billion in annual value.

This is a sector made up of a sophisticated value chain that includes not only multinational organisations but also Small and Medium Enterprises (SMEs), family-owned growers, packaging, marketing, and distribution professionals. Value is created at each stage of the supply chain, fuelling growth and wealth creation for participants, big and small. Businesses in the sector range from farmers and flower-growers to futuristic factories, while products reach customers through local specialists such as stylists, beauticians and salon owners.

Sustainability is a key priority at all points of the value chain, from green energy usage and ethical

testing to eco-friendly packaging which uses recyclable materials in innovative ways to reduce waste. In fact, in 2022, five out of the thirteen companies that globally achieved a 'Triple A' rating from the Carbon Disclosure Project (CDP) for their sustainability efforts were in the beauty and personal care sector.

This focus on sustainability also drives relentless innovation and in turn growth. Billions of euros are invested in research every year, sustaining tens of thousands of scientists in widely diverse fields. New product development is continuous, driven by sustainability goals, consumer preferences and ever-changing beauty trends.

As well as being an economic force, this report will demonstrate the valuable role beauty and personal care plays in supporting our health and wellbeing.

At its most basic level, these products play an integral role in daily hygiene. Toothpaste helps prevent tooth decay while soaps slow the spread of infections. However, they also contribute to safeguarding our physical health in other ways. For example, the consistent use of sunscreen has been found to reduce the risks of melanoma by 73%, while a myriad of products are now available to help alleviate a variety of skin conditions, which are on the rise globally.

In countries such as France, Italy, Portugal, and Spain, up to 90% of people claim some degree of skin sensitivity. Skin disorders also cause higher 'years lost due to disability' than other diseases such as diabetes.

The value of beauty to our health and wellbeing also includes the ways in which cosmetics and personal care enhance our quality of life by boosting our self-esteem and helping reduce the anxieties of modern-day life through self-care. Consumers recognise the vital role of these products with 71% of European consumers regarding personal care and cosmetic products as 'important' or 'very important' in improving their quality of life.

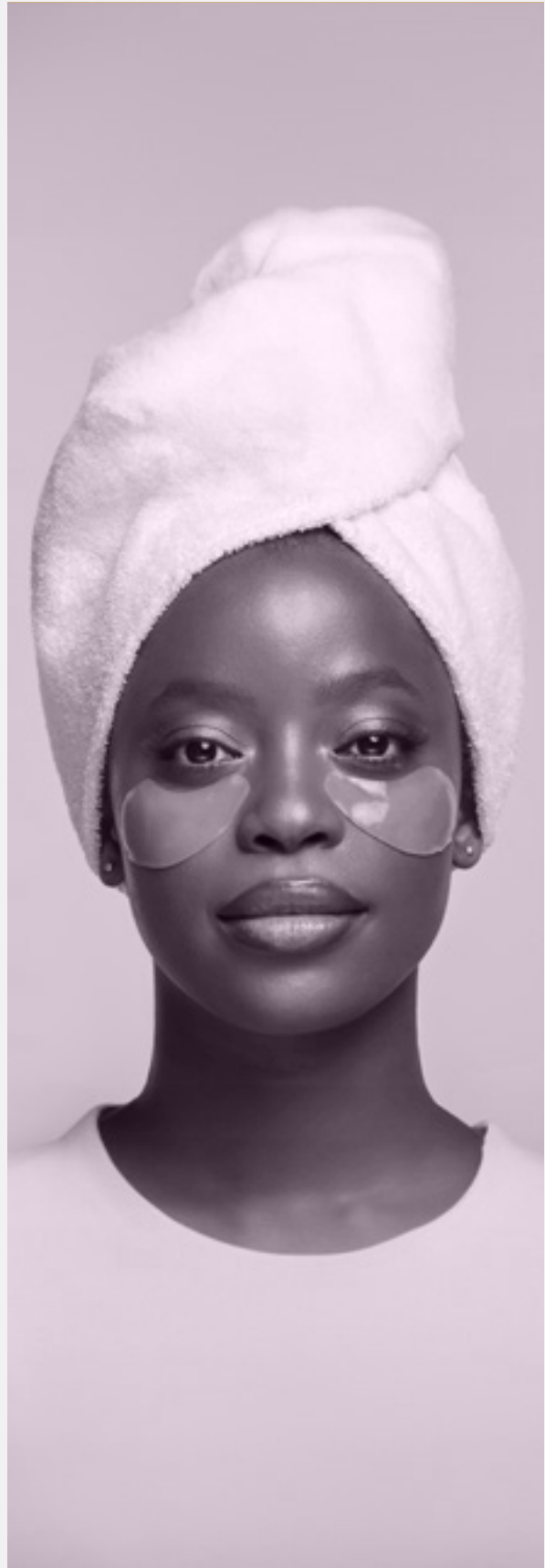
Another key aspect of the sector is the way in which it is embedded into the European identity at a historical and cultural level. Beauty products are daily companions and the rituals associated with beauty are woven into life, be it during a wedding or a coming-of-age ceremony.

This is also an industry full of traditions and know-how with skills such as lavender farming and perfume making often passed down from generation to generation. Recognising the value of these traditions, perfume-making skills in France's Pays de Grasse region are recognised by UNESCO (United Nations Educational, Scientific and Cultural Organization).

At a societal level, the industry has long been at the forefront of fostering and adapting to increasingly diverse and inclusive societies and cultures by championing inclusive beauty with products that cater for all members of society.

By taking a leadership position in inclusivity, the industry not only contributes to the economic growth and competitiveness of the market, but it also promotes representation and a sense of community among its diverse population.

What is evident is that the value of beauty can take many forms. This report seeks to go beyond the surface level perceptions of the industry and illustrate the many ways in which this dynamic and exciting sector shapes our economy, our health, and our society.



ECONOMY & INNOVATION



Few industries in the world are as embedded in everyday life as beauty and personal care. The routines of skincare and haircare are part of the rhythm of the day; make-up and fragrances accompany all our special occasions.

Behind each product on a cosmetics shelf is a team of specialists that encompasses scientists and suppliers, ingredient makers and manufacturers, packagers and shippers, retail stores and beauty specialists. The beauty industry is a cornerstone of the European economy, a driver of innovation, champion of regional artisanal production.



Beauty: A significant contributor to economic value and growth

Europe is recognised as a world leader in the beauty industry, both as a flagship market and a major exporter of cosmetics around the world. The sector is exceptionally innovative and provides significant employment in Europe¹.

The EU-27 market for cosmetic products was worth €74.1 billion at retail sales prices in 2022, the equivalent of over €200 million a day². At that scale, the EU-27 cosmetics market ranked second only to the US (€97 billion); and ahead of China (€71 billion), despite the EU-27 countries having roughly one-third of the population of China.

This reflects the high regard EU consumers have for beauty products, with 80% considering them important to their lives³.

The largest markets in the EU for cosmetics and personal care products are Germany at €14.3 billion annually, France at €12.9 billion annually, Italy at €11.5 billion annually and Spain at €9.3 billion annually. These four countries combined represent almost 65% of total revenue in the EU-27 cosmetics sector⁴.

The sector has demonstrated resilience and continued growth post the Covid-19 pandemic. In 2022, the Spanish market grew by 10.6% over 2021; the market in Italy grew 8.1%; France grew by 5.8%; and Germany grew by 5.4%. Across Europe as a

whole – including the EU-27, the UK, Norway and Switzerland – the cosmetics market grew by an average of 7.8% from 2021 to 2022⁵. These figures are a clear indication of significant value growth within the industry across the EU.

The value of the overall European beauty industry is forecast to reach at least €105.1 billion by 2027⁶. Growth will be distributed across all sales channels, including specialty outlets, pharmacy stores and online sales channels.

"Consumers in both Western and Eastern Europe are trading up, with the increase in prestige spending experienced during the pandemic expected to continue driving high-end segments,"

according to The State of Fashion: Beauty report by McKinsey and The Business of Fashion.

In addition to local retail sales, exports of cosmetic products from the EU-27 countries – based on trade values – totaled €23.7 billion in 2022⁷. Of that figure, France and Germany accounted for €13.6 billion (over 57%).

It is estimated that the cosmetics and personal care industry brings at least €29 billion in added value to the European economy annually. Of this, €11 billion is contributed directly by the manufacture of cosmetic products and €18 billion indirectly through the supply chain⁸.

1 European Commission (2023). Cosmetics.

2 Cosmetics Europe & Euromonitor International (2023). Market Performance: European Cosmetic, Toiletry & Perfumery Data.

3 IFOP for Cosmetics Europe (2022). European Consumer Perception Study 2022.

4 Cosmetics Europe & Euromonitor International (2023). Market Performance: European Cosmetic, Toiletry & Perfumery Data.

5 Ibid

6 McKinsey & Business of Fashion (2023). The State of Fashion: Beauty.

7 Cosmetics Europe & Euromonitor International (2023). Market Performance: European Cosmetic, Toiletry & Perfumery Data.

8 Eurostat (2015)

The value chain



The industry has a sophisticated supply line, from farmers and research scientists, through manufacturing, packaging, distribution, and support services, and on to retailers, salon owners, beauticians, hairdressers, dermatologists and other specialists.

Value is created at each stage of the supply chain, fuelling growth and wealth creation for participants, big and small. The businesses in the cosmetics and personal care sector range from salons and SME glassmakers to multinational corporations.

According to Cosmetics Europe, a detailed breakdown of the cosmetic industry's value chain includes over 100 companies involved in manufacturing ingredients, more than 8,500 Small and Medium Enterprises in manufacturing, approximately 23,000 enterprises in wholesales (with Italy, Spain and France being significant players), and about 46,400 specialist retail stores. These numbers indicate a robust and diverse industry across various stages of the cosmetic product lifecycle, from production to retail⁹.

⁹ Cosmetics Europe & Euromonitor International (2022). Market Performance: European Cosmetic, Toiletry & Perfumery Data.

Employment: Supporting the livelihoods of millions of Europeans

Across Europe, the beauty and personal care sector employed nearly 3,033,000 people in 2022¹⁰.

Of those, 254,259 were employed directly by cosmetics and personal care companies, and a further 2,778,674 indirectly in the supply line organizations. Within the 3,033,000 employed in the sector, more than 30,000 were scientists¹¹.

In addition, for every 10 workers employed in the sector, at least two further jobs are generated in the wider economy as a result of employees spending their wages. It is estimated an additional 606,000 people are employed through such induced effects, meaning the European beauty industry supports over 3.6 million jobs in total¹².

Crucially, women are strongly represented in the sector: 61.2% of those employed in the industry are female relative to 38.8% male¹³. In 2019, 1.7 million people were recorded as working as hairdressers and beauticians in the EU; of them, 86% were women and 80% were aged between 15 and 49¹⁴.

¹⁰ Ibid

¹¹ Cosmetics Europe & Euromonitor International (2023). Market Performance: European Cosmetic, Toiletry & Perfumery Data

¹² Ibid

¹³ Cosmetics Europe & Euromonitor International (2023). Market Performance: European Cosmetic, Toiletry & Perfumery Data

¹⁴ Eurostat (2020)



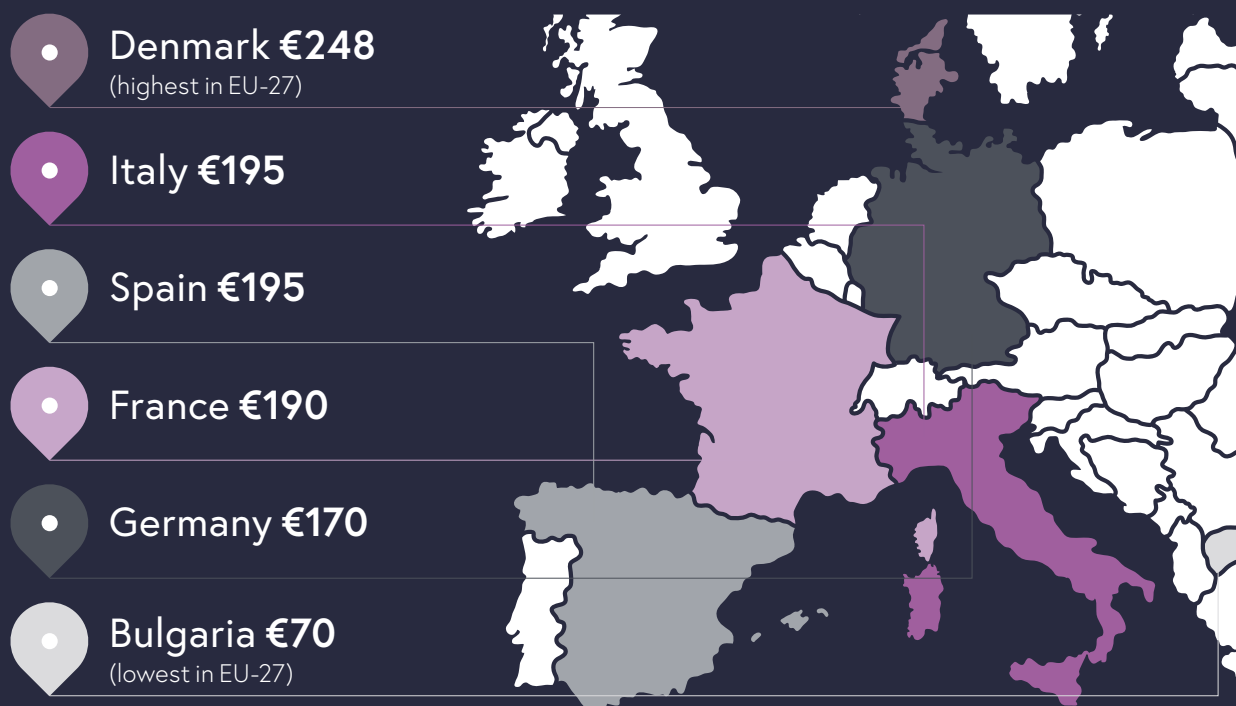
"The beauty and personal care sector remains extremely popular with students, attracting **top talent** across the board. Careers in the beauty industry are highly aspirational for young graduates, ensuring a continuous pool of talent."

Professor Benjamin Voyer Cartier-chaired Professor of Entrepreneurship at ESCP business school and visiting Professor in Psychological and Behavioural Science at the London School of Economics.

National Nuances: The varied value of beauty in key markets

Per capita spending on cosmetics by country per annum¹⁵.

Beauty means different things in different places, and those cultural variations are reflected in national consumption habits. Cosmetics consumption data offers an insight into individual markets.



15 Cosmetics Europe & Euromonitor International (2023). Market Performance: European Cosmetic, Toiletry & Perfumer



FRANCE

France is the world's top exporter of beauty products, particularly perfume, make-up and facial care products. The beauty industry contributed €15.6 billion to France's trade balance 2023, making it the third largest contributor to the foreign trade balance after aeronautics and wines & spirits¹⁶.

Domestically, over 30% of the €12.9 billion spent in the French cosmetics sector in 2022 went on skincare products. Unsurprisingly, given its long association with perfume, spending on fragrances made up almost 22% of the total, at €2.8 billion¹⁷.

The cosmetics and fragrance industries are also a significant employer with an overall employment of nearly 300,000 in 2022¹⁸. Of these jobs, 54,000 are in manufacturing and 80% of these jobs are regionally based¹⁹.

GERMANY

Retail sales of €14.3 billion of beauty products put Germany at the top of the European rankings in 2022, with haircare accounting for almost 23% of the total²⁰. Fragrances were particularly popular in 2022, recording a 33.8% increase in sales. In 2022, decorative cosmetics including mascara, lipstick and nail varnish were up 16% compared to the previous year²¹.

Per head, German consumers use more skincare than the average global consumer; the skincare market is forecast to record a compound annual growth rate (CAGR) of 4.56% from 2023 to 2028, driven by consumers' informed choices and increasing demand for premium, high quality products²². Overall, the German cosmetics industry employs approximately 50,000 people directly and 500,000 indirectly²³. Export sales grew strongly by 15.6% in 2020²⁴.

16 Fédération des Entreprises de la Beauté (2023). 'Le secteur cosmétique français signe une nouvelle année record à l'export'.

17 Cosmetics Europe & Euromonitor International (2023). Market Performance: European Cosmetic, Toiletry & Perfumery Data

18 Statista (2023). Consumer Goods & FMCG – Cosmetics & Personal Care, France: Perfumes & cosmetics production: number of employees in France | Statista.

19 Key figures of the cosmetics market | The FEBEA

20 Cosmetics Europe & Euromonitor International (2023). Market Performance: European Cosmetic, Toiletry & Perfumery Data.vw

21 IKW (2023). Market Data.

22 Mordor Intelligence (2022) German Professional Skin Care Products Market Size & Share Analysis.

23 IKW (2023) Fakten & Zahlen: <https://www.ikw.org/der-ikw/fakten-zahlen>.

24 IKW (2023). Market Data.



Among the EU-27, Italy claims the highest proportion of companies involved in the wholesale of cosmetics: 17% of the EU's approximately 23,000 cosmetics wholesalers are located there²⁵. In 2022, Italy's cosmetics exports grew by 18.5% to €5.85 billion²⁶.

Skincare products dominate domestic sales, accounting for €4.1 billion – almost 36% – of the €11.5 billion spent in the Italian beauty market in 2022. Spending on make-up accounts for a further €2.2 billion – over 19% – of the total market²⁷. Italy is Europe's leader in make-up, producing 67% of make-up sold in Europe and 55% of all make-up products sold around the world²⁸. In 2022, the Italian Beauty industry employed 21,000 directly including logistics, and 390,000 people across the entire value chain including hairdressers and beauticians²⁹.



Spain is one of the world's top ten exporters of beauty products and the second largest exporter of perfume. In 2022, exports in the sector were worth €6.515 billion putting the cosmetic industry ahead of wine, footwear and olive oil³⁰.

Of the total Spanish beauty market of €9.25 billion, consumers spent €3 billion on skincare and €921 million on decorative cosmetics. Spending on fragrances (€1.7 billion) slightly outstripped haircare (€1.65 billion), with the balance spent on toiletries.

Research shows Spanish women prioritise skincare and spend comparatively more on facial moisturising products than their European counterparts; 72% of Spanish women claim to use little make-up and prefer a more natural look, but this does not detract from their value to the overall beauty industry³¹.

Despite economic uncertainty and supply chain challenges, the beauty sector in Spain saw a notable increase of +11.3% in 2022. This growth was reflected across all categories, indicating a strong and innovative market response to the Covid-19 pandemic³².

The Spanish beauty and personal care industry currently employs 40,000 people while an additional 250,000 are indirectly supported by the sector³³.

25 Eurostat (2015).

26 Cosmetics Italia (2023). Rapporto annuale.

27 Cosmetics Europe & Euromonitor International (2023). Market Performance: European Cosmetic, Toiletry & Perfumery Data.

28 Cosmetics Italia (2021). Cosmetici: Indispensabili, Ancor di più in tempo di Pandemia.

29 Cosmetics Italia (2023), La Cosmetics Italiana, available: Scheda-stakeholder_ITA_LOW.pdf (cosmeticaitalia.it).

30 <https://www.stanpa.com/en/industry-figures/cosmetic-sector-spain/>

31 Kantar (2019). Face of the Nation.

32 Asociación Nacional de Perfumería y Cosmética (2023). Radiografía del sector de la cosmética y la perfumería en España 2022 : <https://www.stanpa.com/wp-content/uploads/2023/04/radiografia-sector-abril2023-low-5.pdf>.

33 Ibid

Category performances highlight a vivid and growing industry

EU-27 spending by product category³⁴

All categories of the European beauty market are experiencing growth³⁵. In Western Europe, the fragrance category is projected to enjoy 6% compound annual growth out to 2027, while haircare, skincare and colour cosmetics are expected to experience 4% compound annual growth.

That level of growth would add at least \$17 billion (€15.6 billion) to the value of the industry in Western Europe by 2027. The forecasts are broadly similar for Eastern Europe, with fragrance and skincare categories both predicted to grow by 5%, compounded annually, and haircare and decorative cosmetics by 4% each³⁶.

Total market:

€74.1 billion



³⁴ Cosmetics Europe & Euromonitor International (2023). Market Performance: European Cosmetic, Toiletry & Perfumery Data.

³⁵ McKinsey & Business of Fashion (2023). The State of Fashion: Beauty.

³⁶ Ibid

Skincare: Growing in importance and driven by innovation

The skincare category leads the way in the cosmetics industry. In real terms, almost €3 out of every €10 spent in the cosmetics sector is spent on skincare products.

Skincare has the highest market share of all cosmetic product categories in Europe, commanding €21.5 billion – some 29% – of the total sales within the EU-27 markets in 2022. In three of the largest markets – France, Italy and Spain – skincare is the largest category of beauty spending by some margin³⁷.

Across Europe as a whole – including the UK, Switzerland and Norway – the skincare category sales grew by 6.4% from 2021 to 2022³⁸.

In Spain and Italy, two of the largest EU markets, growth in the skincare category was above average at 9.1% and 7% respectively. Sales growth in the skincare category was particularly strong in markets such as Hungary, Latvia, Poland, Lithuania and Estonia³⁹.

Innovation is expected to remain a large driver of skincare growth, with brands reportedly increasing their focus on science and sustainability⁴⁰. For example, consumer demand for innovative and eco-friendly sun protection products is on the rise in Europe, with countries like France leading the way in promoting sustainable and organic options⁴¹.

³⁷ Cosmetics Europe & Euromonitor International (2023). Market Performance: European Cosmetic, Toiletry & Perfumery Data.

³⁸ Ibid

³⁹ Cosmetics Europe & Euromonitor International (2023). Market Performance: European Cosmetic, Toiletry & Perfumery Data.

⁴⁰ McKinsey & Business of Fashion (2023). The State of Fashion: Beauty.

⁴¹ Statista (2023). Sun Protection – Europe.



Focus on innovation: Using AI to develop the cosmetic solutions of the future.

In the evolving landscape of beauty and health, artificial intelligence (AI) is increasingly crucial for enhancing our comprehension of skin aging and promoting overall health. This integration of AI, rigorous scientific inquiry, and active consumer engagement is transforming skincare practices.

Companies are compiling extensive facial aging databases with global demographic representation, leveraging their Research & Innovation results and utilising data to discern the biological, clinical, and environmental elements impacting skin health. Additionally, identifying biomarkers for early disease intervention is a focus of ongoing research.

AI's introduction to skin diagnostics marks a considerable advancement. Merging research with augmented reality and AI technologies, it offers consumers customized skin analysis. These tools, employing deep learning, analyse a spectrum of

aging indicators to provide precise, dermatologist-validated assessments under varied conditions.

Consumer involvement is critical, facilitated by Internet of Things (IoT) devices and apps, collecting extensive data on skin health perceptions and experiences. This includes the impact of lifestyle, environmental factors, and beauty routines.

One of the developed measuring devices has a moisture sensor and a special camera with different light sources to measure individual skin characteristics on the cheek, eye wrinkle, forehead and forearm, with the results analysed and presented in an associated app, providing users with a personalised skin report.

The quality data derived from these AI tools empower research and development teams to better understand skin influences and craft consumer-centric products. This pioneering trajectory is revolutionising beauty industry norms and establishing new benchmarks for health and aesthetics in the digital era.



Haircare: An essential part of routine across Europe

Across Europe and around the world, haircare is recognised as a health and wellbeing necessity.

Throughout Europe, 80% of women associate their hair with self-confidence; in France, 77% of women link their hair to self-esteem and confidence about their appearance⁴². As a result, France boasts 100,100 hairdressing establishments⁴³.

Hair dyes are used by more than 60% of women and between 5%-10% of men in Europe, ranking them among the most popular types of cosmetic products on the market⁴⁴. Europe is the largest market in the world for hair dye, a category that is forecast to grow at a compound annual growth rate of almost 5.5% globally over the next five years⁴⁵.

The overall haircare category commanded €13.4 billion in spending in the EU-27 countries in 2022, of which German consumers accounted for more than 24% of the total⁴⁶. In the post-Covid period, consumers are seen as more open to multi-step home treatments and experimenting with innovative products in haircare than in other beauty categories.

Consumers are exploring specialised products for specific hair types, as well as scalp treatments, serums and oils. The 'prestige' and 'entry prestige' segments of the haircare category are expected to see the highest compound annual growth rates, at around 11% and 8% respectively⁴⁷.

Crucially, haircare is an engine of employment across Europe; in 2019, 1.7 million people were employed as hairdressers and beauticians in the EU, representing almost 1% of total employment. The sector over indexes for female and youth employment: some 86% of hairdressers and beauticians in the EU were women; 42% were aged 15-34 and a further 38% were aged 35-49⁴⁸.



42 L'Oréal (2023). The Essentiality of haircare.

43 Union Nationale des Entreprises de Coiffure (2021). Les Chiffres Clés.

44 European Commission (2016). The EU is the safest market in the world for hair dye.

45 Mordor Intelligence (2023). Hair and Skin Care in Europe, Market Size & Share Analysis.

46 Cosmetics Europe & Euromonitor International (2023). Market Performance: European Cosmetic, Toiletry & Perfumery Data.

47 McKinsey & Business of Fashion (2023). The State of Fashion: Beauty.

48 Eurostat (2020). Hairdressers and beauticians in the EU.

Fragrances: An EU-led global industry, vital for employment and growth

The global fragrance industry was valued at €30.5 billion in 2022 and the fragrance category is the fastest-growing category in the global beauty industry, experiencing 15% market growth⁴⁹. In Europe, fragrance and perfume sales grew by 16.3% from 2021 to 2022⁵⁰.

Europe has the biggest concentration of fragrance activities in the world and is one of its largest markets, as well as a significant exporter⁵¹. Among the EU-27 countries, the fragrance market was worth €11.4 billion in 2022; France accounted for almost 25% of the EU total, with Germany, Italy and Spain making up a further 42.4% between them⁵².

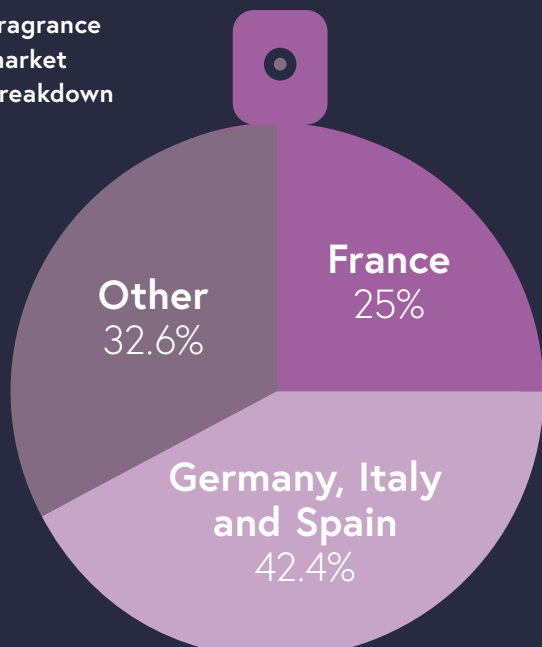
An estimated 26,000 full-time jobs are supported by the fragrance industry worldwide (excluding the US and Canada), in activities such as manufacturing, blending and research⁵³. Those roles create €2.8

billion of value-added economic activity. A further 389,000 full-time jobs are supported by suppliers to the fragrance industry, generating €4.4 billion of value-added activity⁵⁴.

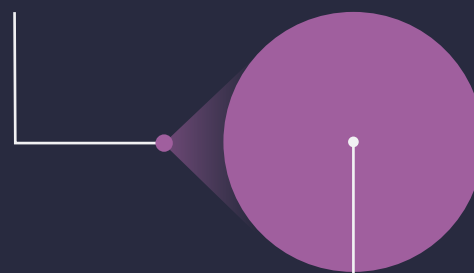
The fragrance category is driven by relentless innovation, with manufacturers investing around 8% of their net sales in R&D – double the EU average for large global companies and well ahead of innovation investment in other beauty categories. By sourcing ingredients and materials from a wide range of suppliers, the fragrance sector supports job creation and economic value, often in non-industrial areas⁵⁵.

Overall, the fragrance category accounts for 26% of the beauty market in Western Europe, well ahead of its 16% slice of the market in the US⁵⁶. That highlights potential for European fragrance companies to export more to the US, driving a model of sustainable growth and employment creation.

Fragrance market breakdown



26,000 full-time jobs are supported by the **fragrance industry** worldwide (excluding the US and Canada)



389,000 full-time jobs are supported by **suppliers** to the fragrance industry

49 L'Oréal (2023). The Essentiality of fragrance.
 50 Cosmetics Europe & Euromonitor International (2023). Market Performance: European Cosmetic, Toiletry & Perfumery Data.
 51 International Fragrance Association (2013). The socio-economic impact of fragrance technologies in Europe.
 52 Cosmetics Europe & Euromonitor International (2023). Market Performance: European Cosmetic, Toiletry & Perfumery Data.
 53 PWC & International Fragrance Association (2019). The value of fragrance.
 54 Ibid
 55 Ibid
 56 McKinsey & Business of Fashion (2023). The State of Fashion: Beauty.

Make-up: A functional and disruptive category in constant diversification

After suffering somewhat in the Covid-19 period, when populations went through periods of being confined at home, the make-up category rebounded in 2022. In the first quarter of 2022, lipstick sales grew by 48%, twice as fast as other beauty products – a clear demonstration of what is known as the Lipstick Effect in action⁵⁷. First coined by Estée Lauder's Leonard Lauder, 'The Lipstick Effect' or the 'Lipstick Index' as it is also known is the idea that sales of affordable luxuries such as lipstick rise during economic downturns.

Across Europe, sales of decorative cosmetics rose by 14.4% in 2022 over 2021. In the EU-27 markets, make-up sales reached €9.7 billion, representing just over 13% of the entire beauty market.

Italian consumers accounted for almost 23% of the total EU-27 spending on make-up in 2022, spending €2.2 billion while German consumers ranked second, splashing €1.7 billion on make-up⁵⁸.

Some 60% of women see make-up products as important or very important in their daily lives, and the industry is always innovating to provide new products⁵⁹. The make-up category is the stage for continued disruption, including the accelerating

role of celebrity brands and influencers, particularly among Gen-Z consumers, born between 1996-2010⁶⁰.

In addition, an increasing number of make-up users want additional functionalities incorporated into their products. These include features such as moisturisation/hydration (39%), SPF/ sun protection (22%) and suitability for sensitive skin (23%)⁶¹.

Increasing engagement from consumers across all genders represents both an opportunity and a challenge for the industry. In key European markets, 5% - 10% of males use make-up; among Gen-Z men in Asia, however, around one-third use make-up regularly, suggesting room for the category to continue to grow significantly⁶².



57 Danzinger, P (2022). 'With Recession Threatening, the Lipstick Effect Kicks In and Lipstick Sales Rise', Forbes.

58 Cosmetics Europe & Euromonitor International (2023). Market Performance: European Cosmetic, Toiletry & Perfumery Data.

59 IFOP for Cosmetics Europe. (2022). Cosmetics – Our Essentials For Daily Life: European Consumer Perception Study.

60 McKinsey & Business of Fashion (2023). The State of Fashion: Beauty.

61 Euromonitor International (2022) Voice of the Consumer: Beauty Survey.

62 McKinsey & Business of Fashion (2023). The State of Fashion: Beauty.

The cosmetics industry's success is largely driven by innovation

Innovation is the heartbeat of the European beauty and personal care industry. New product development is continuous, fueled by consumer preferences, ever-changing beauty trends and sustainability. Every year, a quarter of cosmetic products on the market are improved or are completely new⁶³.

Large cosmetics companies – which have an average of 10,000 products in their portfolios – typically reformulate 25%-30% of their products every year. Making use of new ingredients or developing new formulations has a range of benefits. This includes offering consumers a broader range of product options, improving product efficacy, creating new sensory experiences and product formats as well as reducing CO2 emissions. Around 80 new ingredients are introduced to their product portfolio annually, while SMEs in the industry introduce an average of 22 new ingredients⁶⁴.

In Europe, large companies in the beauty and personal care industry typically reinvest 5% of their annual sales into research and development (R&D) – a figure conservatively estimated to be worth €2.35 billion in 2017⁶⁵. At 8% of net sales, meanwhile, the rate of R&D spending in the fragrances industry is even higher and ranks only behind the pharmaceutical and technology industries⁶⁶.

There are at least 30 separate scientific steps involved in the development of every new lipstick⁶⁷. In the fragrance category, meanwhile, over 3,000 ingredients are used to create, produce and supply 60,000 to 80,000 unique blends worldwide annually⁶⁸.

As of 2018, there were at least 77 scientific innovation facilities carrying out cosmetics-related research in Europe, and over 100 companies manufacturing cosmetic ingredients⁶⁹. Over 30,040 scientists are employed in the European cosmetics sector, across multiple specialisms in fields of chemistry, biology, physics, and genetics.

By investing heavily in R&D and developing new products and brands, the beauty industry creates highly skilled employment and helps to enhance the competitiveness and growth of the European economy.



63 Cosmetics Europe (2021). Innovation and Future Trends in the Cosmetics Industry.

64 Ibid

65 Cosmetics Europe & Euromonitor International (2023). Market Performance: European Cosmetic, Toiletry & Perfumery Data.

66 PWC & International Fragrance Association (2019). The value of fragrance.

67 Cosmetics Europe (2021). Innovation and Future Trends in the Cosmetics Industry.

68 International Fragrance Association (2013). The socio-economic impact of fragrance technologies in Europe.

69 Cosmetics Europe (2021). Innovation and Future Trends in the Cosmetics Industry.

"The strength of the beauty and personal care sector lies in its ability to **continually push the boundaries** and create new product and service categories. In this sector, while some product or service categories may mature, they are always replaced by new categories that renew consumer demand. Thus, the industry's flywheel remains robust."

Professor Benjamin Voyer, Cartier-chaired Professor of Entrepreneurship at ESCP business school and visiting Professor in Psychological and Behavioural Science at the London School of Economics



An industry focused on people and planet

Across the industry, many brands are responding to and even pre-empting the requirements of the sustainability transformation. The sector has a long and strong sustainability track record from raw material sourcing to product development, production, transport, and consumption.

This commitment is also reflected in a number of companies, which have set ambitious climate targets in line with the Paris Agreement and validated by the Science Based Targets initiative .

The industry's sustainability efforts also include responsible sourcing, and eco-friendly practices throughout the supply chain. Using natural formulas and ingredients that do not harm the environment is a key priority for many within the industry. For example, some brands have pioneered clean-formula vegan make-up products with no animal-derived ingredients or by-products⁷⁰.

In addition, the sector increasingly uses packaging made for the circular economy such as refillable face cream jars or recyclable glass perfume dispensers. Shampoo bars are an alternative to traditionally packaged liquid shampoo, while many lipsticks and lip balms are now supplied in fully recyclable packaging for example, mono-material sticks and cardboard containers. Transparent labelling, backed up by industry certifications, informs consumers what ingredients are used and allows them to make planet-friendly choices.

Responsible sourcing is also a priority in today's society. One notable practice is the dedicated organic farming of flowers for fragrances. This

approach ensures that the cultivation of these flowers is carried out in an environmentally friendly and sustainable manner, contributing to the preservation of biodiversity.

By growing or sourcing locally, beauty companies can also limit the emissions impact of transport to production sites. At the same time, advances in technology are leading to new, innovative fragrance extraction techniques and the creation of synthetic alternatives to natural sources.

This focus on sustainability also extends to the people working throughout the value chain. Some companies work with suppliers to promote ethical and responsible practices, advocating for fair labour conditions, respecting workers' rights, which prohibits in particular child labour (16 years old), and requesting decent working conditions for all workers by preventing human rights abuses within the supply chain.

Many beauty and personal care companies are also focused on reducing their footprint on the planet by cutting water and energy consumption in product manufacturing and using renewable energy sources in manufacturing and logistics⁷¹.

Conscious of their wider social role, many beauty brands are committed to making a real difference in local communities through different programs and initiatives. For example, inclusive sourcing which sees large beauty and personal care companies work with suppliers who employ vulnerable members of the community allowing them to have sustainable access to work and income and initiatives which focus on empowering girls through the promotion of education and Science, Technology, Engineering and Mathematics (STEM).

These initiatives demonstrate the industry's commitment to upholding human rights and promoting sustainability. By adopting responsible sourcing and sustainable practices, the beauty industry aims to make a positive impact on both people and the environment.

⁷⁰ L'Oréal (2023). The Essentiality of make-up.

⁷¹ Cosmetics Europe (2023). Driving Sustainable Development.

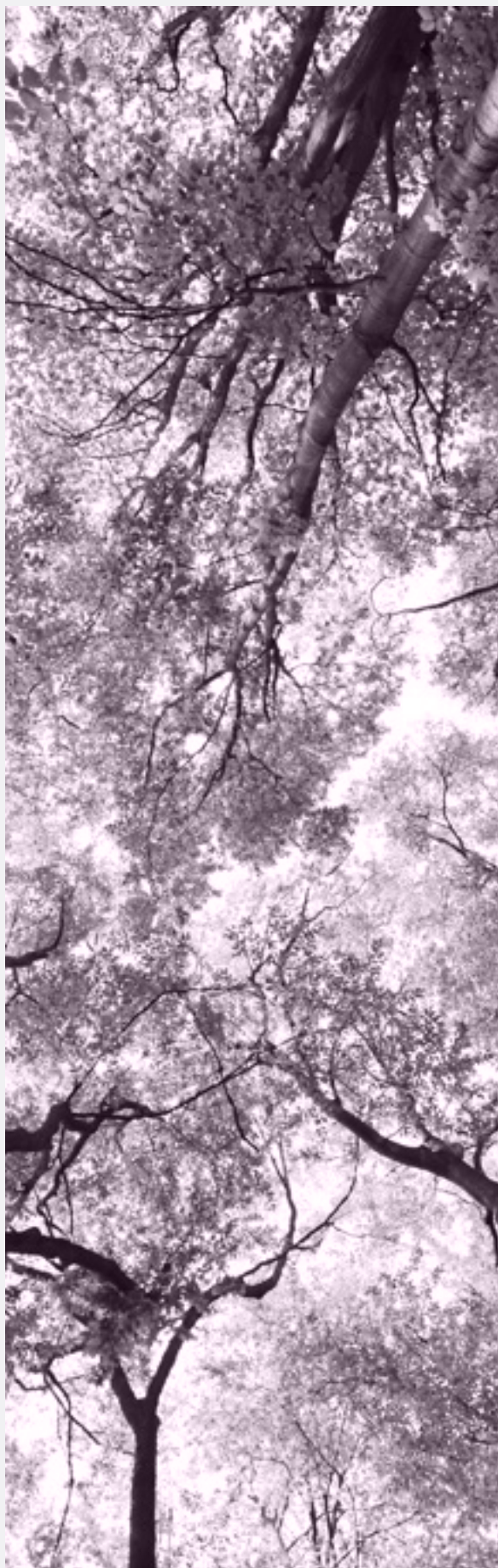
Progress results in "Triple A" rating:

Remarkably, five companies operating in the beauty and personal care industry were among just 13 companies globally that achieved a 'Triple A' rating for sustainability in 2022 from Carbon Disclosure Project (CDP), a not-for-profit organisation which runs the leading global environmental disclosure system⁷².



In total, CDP scored nearly 15,000 companies worldwide in 2022, based on their efforts across climate change, forests and water security. An 'A' score from CDP represents leadership status, based on disclosure, awareness and management of environmental risks and best practice⁷³.

The recognition given by CDP is an acknowledgment of the value of embedded innovation and sustainability – for businesses, stakeholders, the supply chain, and ultimately the consumer.



72 <https://www.cdp.net/en/companies/companies-scores>
73 CDP.net (2023).

The rise of conscious consumers

Consumers clearly welcome the beauty industry's sustainability efforts. Market research notes the rising profile of "the conscious consumer," who focuses on natural ingredients and sustainability.

Across different markets, consumers have different priorities in terms of sustainability⁷⁴.

Not using ingredients that are harmful to the environment is a high priority for consumers in Germany (48% of consumers), Italy (48%) and France (45%). Manufacturing in a way that doesn't pollute the environment is also a priority for a substantial proportion of consumers in Italy (42%), Germany (38%) and France (36%).

This focus on sustainability is only set to grow, more than half of Millennial (born 1980 to 1995) and Gen-Z (born 1996 to 2010) consumers say they are willing to pay more for beauty products from a sustainable brand. On transparency, meanwhile, 75% of Spanish consumers agree that beauty brands should provide more scientific evidence to validate claims such as 'reducing wrinkles'⁷⁵.

Looking ahead, this consumer demand for more eco-friendly products and transparency on sustainable practices coupled with the industry's own efforts in this area, will continue to propel the industry forward, drive innovation and ultimately deliver growth.



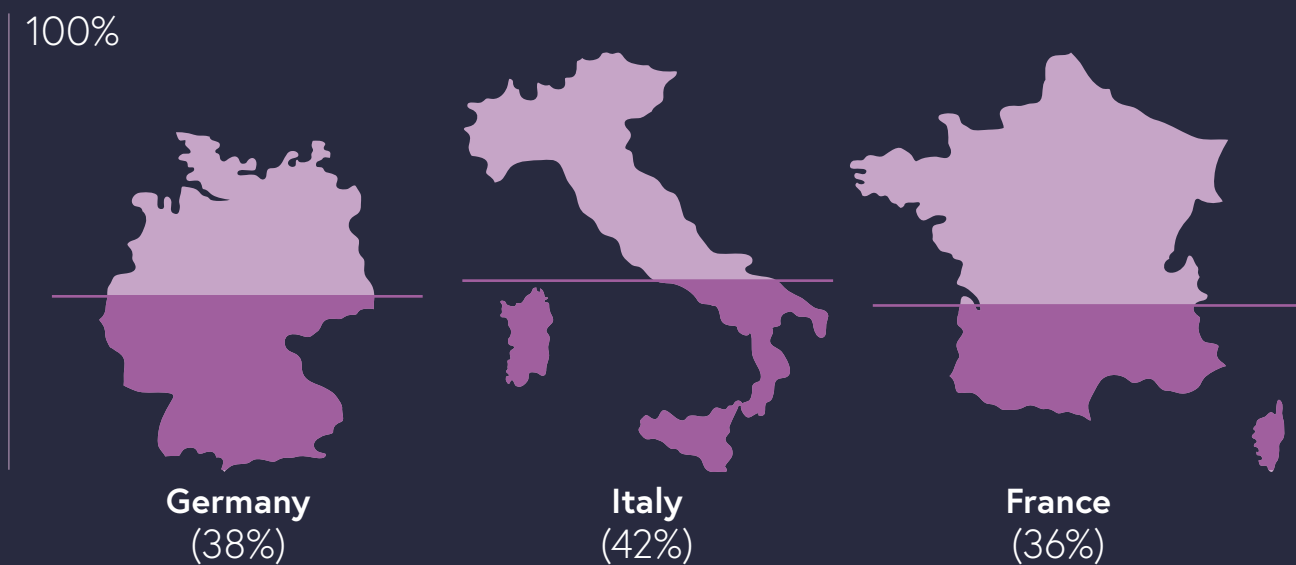
74 McKinsey (2023). Beauty Consumer Survey.

75 Mintel (2023). Beauty and Personal Care Trends

Not using ingredients that are harmful to the environment is a high priority for consumers in:



Manufacturing in a way that doesn't pollute the environment is also a priority for a substantial proportion of consumers in:



HEALTH & WELLBEING





The beauty and personal care industry has never been simply about superficial appearance. How we look influences how we feel and how we feel also depends on how others perceive us. The physical wellbeing and mental health aspects of beauty and personal care are significant and should not be underestimated, particularly in a post-Covid environment.

As well as providing essential functional benefits, beauty and personal care products have a positive impact on confidence, personal empowerment and quality of life. Across Europe and around the world, consumers see beauty products as an integral part of their daily routine.

The beauty and personal care industry occupies a rarefied position: with the exception of the food industry, there is hardly another industry worldwide whose products are used by consumers with such

intensity and variety. Every day, the majority of Europe's 448 million consumers use a variety of beauty and personal care products to protect their health and enhance their wellbeing.

In a 2022 study of over 6,000 consumers across ten European countries, 72% of consumers rated cosmetics and personal care products as 'important' or 'very important' in their daily lives. Among 25-54 year-olds, the proportion was higher, at 74%. It was even higher again among women, at 80% – or four out of every five women⁷⁶. Each European consumer uses more than seven different beauty and personal care products daily, and nearly 13 different products on a weekly basis. Among female consumers, the numbers are even higher, with that cohort using almost nine different products daily and 15 weekly⁷⁷.

Perhaps unsurprisingly, young people aged between 18-24 years – the age group traditionally associated with experimentation – use as many as 16 different cosmetic products weekly⁷⁸. In fact, 27% of consumers under 25, use make-up to boost their self-confidence⁷⁹.



⁷⁶ IFOP for Cosmetics Europe (2022). Cosmetics: Our Essentials for Daily Life.

⁷⁷ Cosmetics Europe (2024) "Cosmetics. Our Essentials for Daily Life" – new European Consumer Perception Study results revealed at CEAC 2022, available: <https://cosmeticseurope.eu/news-events/consumer-study-results-revealed-ceac-2022>.

⁷⁸ *ibid*

⁷⁹ *ibid*

18-24 years, the age group traditionally associated with experimentation, use as many as

16 different cosmetic products weekly.

How beauty and personal care products contribute to good health

History shows that humans have long been users of beauty and personal care products. The ancient Egyptians used a range of products for health, hygiene and status reasons.

The protection of skin and hair remains a primary reason for using beauty and personal care products; in Europe and around the world, beauty and personal care products go hand-in-hand with healthy lifestyles.

Handwashing with soap eliminates disease-carrying germs and is reported to reduce the risk of acute respiratory illness by 23% and the risk of diarrhoea by up to 47%⁸⁰. In the developing world, handwashing is recognised as a key activity to reduce child and adult illness and mortality.

The global burden of oral diseases represents a major public health concern, with the European Region recording the highest rate of oral diseases globally, affecting over half of adults (50.1%). This includes the most widespread incidence of permanent tooth decay at 33.6%, totalling nearly 335 million cases in 2019⁸¹.

Brushing teeth with toothpaste – a key innovation by the beauty industry – dramatically reduces plaque and tartar, helping to prevent tooth decay and gum disease. That, in turn, reduces the likelihood that costly professional intervention will be required, thus easing the burden on individual consumers and national healthcare budgets⁸².

80 Cosmetics Europe (2023). You & Your Products.

81 WHO European Region (2023). Global oral health status report, in: <https://iris.who.int/bitstream/handle/10665/366987/9789289058988-eng.pdf?sequence=2>

82 Ibid



Supporting millions of Europeans with skin conditions

"Treating skin conditions with suitable cosmetics is an important pillar of improving quality of life and skin health for people and it needs to be promoted in our society."

Prof. Dr. med. Matthias Augustin is a dermatologist, scientist, and university lecturer at the University Medical Center Hamburg-Eppendorf.

Skin conditions are on the rise. Worldwide, approximately 60%-70% of women and 50%–60% of men report having some degree of sensitive skin⁸³. In countries such as France, Italy, Portugal and Spain, up to 90% of people claim some degree of skin sensitivity⁸⁴.

More than 3,000 skin diseases have been described as both acute and chronic, and 98% of patients with skin disease say that their condition affects their emotional health⁸⁵.

Approximately 9.4% of the global population is affected by acne alone, with the condition most pronounced in Western Europe and high-income countries⁸⁶.

As well as their physical effects, skin conditions such as acne, dermatitis, eczema, and rosacea are proven to affect wellbeing and mental health; in particular, people with skin disease on the hands and face are at higher risk of social exclusion and lower quality of life⁸⁷. Through constant investment in R&D and innovative products, the beauty and personal care industry also plays a vital role in helping to alleviate the symptoms of skin conditions, which affect around two billion people worldwide⁸⁸.

As the skin is the largest and most visible organ in the human body, it is no surprise that research shows skin disorders cause higher 'years lost due to disability' than other diseases such as diabetes⁸⁹.

Many day-to-day skincare and make-up products now have active health benefits. For example, some products contain acne-fighting ingredients, which can help to treat and prevent acne breakouts. In 2022, the use of make-up products that feature skincare benefits stood at 92%⁹⁰.



83 Farage MA (2019). The Prevalence of Sensitive Skin. *Frontiers in Medicine*.

84 Misery L et al (2009). Sensitive skin in Europe.

85 In Sites Consulting for L'Oréal (2022). *Mental Wellness: Context & Stakes*.

86 Chen et al (2022). The striking burden of acne vulgaris across the world.

87 Jafferany/Pastolero (2018), *Psychiatric and Psychological Impact of Chronic Skin Disease*.

88 L'Oréal (2022). *The Essentiality of Beauty*

89 Richard M et al. (2022). Burden of visible [face and hands] skin diseases.

90 NPD Group (2022). *Make-up Consumer Report*.

"In order to prevent skin cancer and thus achieve better health in the population, it is essential to offer high-quality products that are accepted by the user. This task of the cosmetics industry is highly valuable for the optimised prevention of damage caused by skin cancer."

Prof. Dr. med. Matthias Augustin is a dermatologist, scientist, and university lecturer at the University Medical Center Hamburg-Eppendorf.

The role of sunscreen to help prevent skin cancer

Through the development of sunscreen, the beauty industry has played and continues to play an important role in helping prevent melanoma, which is caused by overexposure to ultraviolet (UV) radiation and accounts for the majority of skin cancer deaths.

In 2020, across Europe as a whole, there were almost 151,000 new cases of melanoma and 26,360 deaths.

Worldwide, there were almost 325,000 new cases of melanoma and over 57,000 deaths in 2020⁹¹. By 2040, it is estimated there will be 500,000 new cases of melanoma and almost 100,000 deaths a year⁹².

Evidence shows the risk of developing melanoma is reduced by consistent and optimal use of sunscreen. One study among adults aged 25-75 over a period of 15 years found that rates of invasive melanoma were reduced by 73% among people who applied

sunscreen according to a daily regime versus those who applied it at their discretion⁹³.

Dedicated dermatological care and prevention using sunscreen also helps to reduce the healthcare burden on individuals and countries. Malignant melanoma carries a cost-of-illness of an estimated €2.7 billion in Europe, so early prevention can help reduce a considerable cost burden⁹⁴.

As well as its cancer-prevention role, regular use of sunscreen also has an anti-ageing effect; in one large-scale study, even participants who started using sunscreen daily in their 40s and 50s showed reduced signs of skin ageing. Indeed, the group of participants using sunscreen daily showed no detectable increase in skin ageing after 4.5 years⁹⁵.

The development of sunscreens with broad, high-performing, and waterproof UV protection is recognised as a breakthrough advance by the beauty industry. Continuous investment and innovation in this area has led to high-factor formulations, spray-on products and sunscreens with light and even transparent textures. These efforts make sunscreen products even more convenient and pleasant to use on a daily basis which is an important factor for consistent and effective protection.

Applying sunscreen also has a link to self-care and wider positive lifestyle factors. This focus on skin health is helping to drive the market for sunscreen and skin protection products, which is expected to grow by 7% through 2023⁹⁶.

91 The Global Cancer Observatory (2020). Melanoma of Skin.

92 Arnold M et al. (2022). Global Burden of Cutaneous Melanoma in 2020 and Projections to 2040.

93 Green A et al (2011). Reduced Melanoma After Regular Sunscreen Use: Randomized Trial Follow-Up. [Journal of Clinical Oncology]

94 Krensel M et al (2019). Cost-of-illness of melanoma in Europe – a modeling approach.

95 Hughes et al [Annals of Internal Medicine] (2013). Sunscreen and Prevention of Skin Aging.

96 Mintel (2023). Sunscreen: Fountain of Youth.



2020 European melanoma cases

151,000

New melanoma cases

26,360
Deaths



2020 worldwide melanoma cases

325,000

New melanoma cases

57,000
Deaths

2040

By 2040 estimated worldwide melanoma cases

500,000

New melanoma cases

100,000
Deaths



How beauty and personal care products help self-esteem and self-confidence

While hygiene is a key reason to use beauty and personal care products, "feeling good" about oneself also ranks as one of the top three reasons – alongside protecting skin or hair. The use of cosmetics can enhance our appearance, improve our mood and create positive self-esteem, as well as being an outlet for social expression⁹⁷.

"The value of the beauty and personal care industry to Europe's economy lies not only in its ability to provide jobs and innovative products, as discussed in the report, but also in the 'feel-good' aspect of the product and service category. From a consumer psychology perspective, beauty has the potential to contribute significantly to overall consumer wellbeing and happiness."

Prof Benjamin Voyer Cartier-chaired Professor of Entrepreneurship at ESCP business school and visiting Professor in Psychological and Behavioural Science at the London School of Economics.

Just under **seven out of ten** European consumers say that beauty and personal care products are 'important' or 'very important' for building up their self-esteem. This importance of beauty and personal care to self-esteem crosses national boundaries, gender and age demographics, from adolescents to older age groups⁹⁸.

In France, more than **two-thirds** (68%) of consumers say looking good makes them feel more confident⁹⁹.

68%



In a separate study, over **60%** of French consumers said that beauty products have a positive impact on wellbeing, image, self-confidence and mood.

60%+



More than **40%** of French consumers also identify benefits in terms of social life, family life, professional life and health¹⁰⁰.

40%+



In Germany, beauty and personal care sales are growing as consumers attach importance to cleanliness and a well-groomed appearance, particularly in the return-to-life after the Covid-19 pandemic. "A good appearance, well-groomed clothes and a beautiful home are important to people in Germany, even in difficult times," notes IKW, the German Cosmetic, Toiletry, Perfumery and Detergent Association¹⁰¹.

97 Ibid

98 Ibid

99 Mintel Global Consumer (2022). Beauty, Personal Care & Household.

100 Fédération des Entreprises de la Beauté (FEBEA) (2015). Cited in Cosmetics Europe Consumer Insights 2017.

101 IKW (2023). Market data.

Seven out of ten European consumers say that beauty and personal care products are 'important' or 'very important' for building up their self-esteem. This importance of beauty and personal care to self-esteem crosses national boundaries, gender and age demographics, from adolescents to older age groups.

The power of make-up

For many individuals across Europe, make-up is an integral part of a daily beauty routine, a self-care ritual to be enjoyed. Make-up can shield against social exclusion by boosting self-esteem, creating a sense of belonging, providing opportunities for social interaction, and promoting empowerment¹⁰².

In France, four out of five women use a make-up product every day¹⁰³. One-third of European women find foundation and concealer indispensable in their daily lives¹⁰⁴. Even among under 25 year-olds, one-quarter use make-up to boost self-confidence¹⁰⁵.

Almost six out of ten (58%) Europeans say that they

feel happier when using make-up, an indicator of its positive impact on mental health and wellbeing. Meanwhile, more than half (51%) of Europeans say that make-up helps them feel more secure¹⁰⁶.

Make-up is well recognised as a morale-booster in times of adversity, perfectly illustrated by the Lipstick Index. First coined by Estée Lauder's Leonard Lauder, 'The Lipstick Effect' or the 'Lipstick Index' as it is also known is the idea that sales of affordable luxuries such as lipstick rise during economic downturns.

The same principle is seen in boosting wellbeing among people with illnesses, particularly cancer. For instance, Look Good Feel Better, an international cancer support charity, provides free, professionally delivered make-up and skincare workshops to women receiving cancer treatment¹⁰⁷.



102 Fédération des Entreprises de la Beauté (FEBEA) (2015). Cited in Cosmetics Europe Consumer Insights.

103 Altermind, Laurent Cordonnier for L'Oréal (2022). Grounding the Essentiality of Beauty

104 Cosmetics Europe (2022). You & Your Products.

105 IFOP for Cosmetics Europe (2022). Cosmetics – Our Essentials for Daily Life.

106 In Sites Consulting for L'Oréal (2022). Mental Wellness: Context and Stakes.

107 In Sites Consulting for L'Oréal (2022). Mental Wellness: Context and Stakes.

Haircare: A symbol of self-expression and self-confidence

A person's hair may be the first thing we notice about them. A particular colour, style or length may catch the eye, and there are endless combinations for the appearance that hair can take.

It is no surprise then that over 82% of Europeans see haircare products as 'important' or 'very important' in their daily lives¹⁰⁸. Furthermore, a significant proportion of people link haircare and hair styling to self-expression, wellbeing, and quality of life.



Some **80%** of European women associate their hair with self-confidence¹⁰⁹.



For **77%** of women in France, hair is linked to self-esteem and confidence about their appearance¹¹⁰.



In one study of regular salon users in Germany, 71% of respondents said they consider a hairstyle as an essential element of being human. The importance of haircare crosses gender boundaries: 63% of the women and 50% of men who go to the hairdresser consider it as personality-building.

The conclusion: *"People perceive hair care products and their hairstyle as cultivating, socially relevant, expressing values, individualising, structuring in everyday life and rejuvenating. All this contributes towards people not being able to imagine life without these products."*¹¹¹

Treatments with colourants and other products are known to boost mental and physical wellbeing, as seen in the return to salons after Covid-19 lockdowns. A salon visit is a ritual in itself, and consumers have a uniquely close and trusting relationship with their hairdresser or stylist. An impressive seven out of ten women say they are totally loyal to their hairdresser¹¹².

Haircare's high feelgood factor undoubtedly contributes to the fact that consumers are more open to experimenting with new, innovative products in haircare than in other categories. Indeed, there is an emerging trend towards premiumisation and 'skinification' of hair, as consumers adopt multi-step haircare routines much as they have been doing for decades with skincare¹¹³.

108 Lookgoodfeelbetter.org (2023).

109 Philips (2017). Global Beauty Index.

110 Altermind, Laurent Cordonnier for L'Oréal (2022). Ground the Essentiality of Beauty.

111 Keidel et al (2022). The Importance of Hairstyle and Hair Care for Human Dignity, SOFW Journal.

112 Statista (2019). Do you always go to the same hairdresser salon?

113 McKinsey & The Business of Fashion (2023). The State of Fashion: Beauty.



Focus on society: Combatting social exclusion through the power of beauty and personal care

Beauty holds a fundamental place in everyone's life, a concept embraced by NGOs like Association Joséphine and EMMAÜS Solidarité through their work with the beauty industry. These organisations are committed to ensuring that even the most vulnerable members of society have access to beauty and personal care products, recognising the profound impact these can have on an individual's confidence, empowerment, and quality of life.

In Paris, spaces dedicated to enhancing self-esteem and wellbeing have been established, offering essential hygiene and beauty products such as shampoos, shower gels, deodorants, and perfumes, alongside hairdressing and make-up services. These centres are not just about providing access to

products; they are about acknowledging the importance of beauty in fostering dignity and self-worth among those living in precarious circumstances.

Similarly, the Association Joséphine focuses on aiding women in vulnerable situations to regain self-confidence and esteem. By offering socio-aesthetic care and socio-hairdressing through a network of solidarity-based beauty salons, the association helps women feel recognised and respected. This support is crucial in helping them undertake personal and professional endeavours, demonstrating the transformative power of beauty as a tool for empowerment and change. Among the women helped by the charity, 89% said they regained confidence¹¹⁴.

These efforts by both Joséphine and EMMAÜS Solidarité highlight the beauty industry's role in contributing to societal wellbeing and individual transformation.



114 Fondation Joséphine (). Evaluation de l'utilité sociale et des impacts.

"For us it's a double win: provide a safe space where our beneficiaries will feel warmly welcomed, with **no judgement** and acknowledge the self-esteem issue they're facing. It is a powerful asset for our social workers in the rehabilitation path."

Lotfi Ouanézar, General Manager of Emmaüs Solidarité.

The
VALUE of
BEAUTY

Fostering a sense of wellbeing: The role of beauty and personal care products in self-care

Modern life is fast-paced and has many stresses, from family, work and social issues to climate and international uncertainty, particularly in the aftermath of the Covid-19 pandemic. The World Health Organisation recognises that "good mental health translates to good physical health" and that self-care is a core element of positive mental health¹¹⁵.

Globally, 46% of consumers rank mental and physical wellness on a par with financial health and job security as the leading areas of importance to their lives¹¹⁶. Research by McKinsey across five Western European markets, the US and China shows that the

majority of consumers plan to increase spending on wellness products and services, including beauty and personal care items. As a result, the wellness market in Europe, valued at \$130 billion, is forecast to grow by close to 10% annually¹¹⁷.

It is clear that consumers see a strong link between beauty and personal care products and their quality of life; in research, 71% of European consumers regard personal care and cosmetic products as 'important' or 'very important' in improving their quality of life¹¹⁸. For the majority of people, therefore, self-care with beauty and personal care products is a central element of wellbeing.

In a 2021 survey, 83% of women aged 18-35 said they feel better about themselves when they do a beauty routine. Demonstrating the value of self-care activities, 79% said that doing a regular beauty routine during the Covid-19 pandemic gave them a sense of control¹¹⁹.

Whether it's a calming facial massage, applying moisturising or nourishing creams, or indulging in a skincare ritual, moments of self-care can bring about a sense of tranquillity and rejuvenation. Taking time for self-care can help reduce stress and promote relaxation.

Science supports this feel-good perception: stimulating the skin triggers the release of oxytocin, which is well recognised for positive effects on wellbeing, stress reduction and even health promotion. Even at low-intensity stimulation of the skin, the anti-stress effects of oxytocin are strong:

115 WHO (2022). World mental health report: transforming mental health for all.

116 Nielsen IQ (2023). 2023 Consumer Outlook.

117 McKinsey & The Business of Fashion (2023). The State of Fashion: Beauty.

118 IFOP for Cosmetics Europe (2022). Cosmetics: Our Essentials for Daily Life.

119 CVS Health (2021). CVS Pharmacy announces 100% Beauty Mark compliancy in beauty aisles

blood pressure reduces, anxiety decreases and the perception of wellbeing increases¹²⁰.

A body of research shows direct effects on the brain as cosmetics are applied. For instance, one study involved applying emollients to the forearms of participants and recording their psycho-physiological responses; the results showed positive emotional responses and improved wellbeing¹²¹.

Another scientific study involved consumers trying lip balms with different emollients while wearing electroencephalogram (EEG) equipment to measure brain activity. Where positive emotional responses – such as excitement, delight, and happiness – were present, the activity of applying lip balm improved the overall physiological condition of the individual¹²².

That proof has undoubtedly fed into the category now known as 'sensory beauty', focused on products that are designed to stimulate the senses – touch, sight, sound, smell and even taste – for a calming and positive effect. Products that provoke a sense of calmness allow the body to relax and restore, improving mental and physical health, including digestion¹²³.

Trends suggest the next chapter of wellness will be mind-body beauty, where mental wellbeing and physical appearance are even more closely interconnected¹²⁴.



120 Unvas-Moberg K et al (2015). Self-soothing behaviors with particular reference to oxytocin release induced by non-noxious

121 sensory stimulation.

122 Eisfeld et al (2010). Modulation of the Emotional Condition in Human beings via Application of Emollients and Skincare Formulations: a Psycho-physiological Study.

123 Well + Good (2022). 'Sensory Beauty' Helped Us De-Stress in the Peak of the Pandemic, and It Isn't Going Anywhere.

124 Mintel (2023). 2024 Global Beauty and Personal Care Trends.

How fragrance contributes to emotional wellbeing

It is no surprise that fragrances can profoundly affect our mood, emotions, and wellbeing. The amygdala, the part of the brain where emotion and emotional memory are processed, is activated as soon as we smell something. Smell is closely linked to memory; familiar smells can evoke feelings of safety, comfort, and trust.

Almost **nine out of ten** people (89%) believe that fragrances and flavours have a positive impact on their wellbeing¹²⁵.



In Europe, nearly **seven out of ten** women (68%) see perfumes as 'important' or 'very important' in their daily lives¹²⁶.



People choose a fragrance or perfume that they feel expresses their personality. Similarly, people naturally react to the fragrances that they smell from others; body and breath odour are closely linked to personal hygiene and are key to social acceptance¹²⁷.

Conversely, consumers recognise the value in using fragrances to enhance their appeal, treat themselves or simply destress. Unlike skincare or haircare products, it is not unusual to utilize different fragrances depending on the occasion or social setting.

Lavender is shown to reduce anxiety; forest-inspired fragrances are calming, while citrus scents are more closely associated with cleanliness. Post-Covid, more than half of adults are interested in using products with 'mind-boosting' fragrances¹²⁸. That is borne out across individual markets. In Germany, spending on fragrances rose 33.8% in 2022 and deodorant spending rose by 8.2%, reports IKW¹²⁹.



125 IFOP for Cosmetics Europe (2022). Cosmetics – Our Essentials for Daily Life.
126 Givaudan (2019). Well-being study.
127 Hirsch AR (2008). You are as you smell: the effect of odor and breath odor on social acceptance.
128 Mintel (2022). US Online Beauty Retailing Market Report 2022.
129 IKW (2022). Market Data: Beauty and cleanliness remain important.

Focus on wellbeing:

Using scent technology to promote a good night's sleep

Sleep is essential for health and wellbeing, serving to repair and recharge the body. Yet, poor sleep can result in energy deficits and concentration difficulties, adversely affecting physical and emotional health over time.

To address this, an actor of the fragrance industry has engaged in extensive scientific research. Collaborating with laboratories, over 130 scientific studies have been carried out, analysing over a million hours of sleep data from 4,000 individuals in their homes, leading to a portfolio of scent technologies with demonstrated sleep benefits in various products.

The exploration into the connection between scent and sleep quality has yielded promising results, demonstrating that specific scent combinations have demonstrated benefits on sleep quality. One of the innovative approaches uses scent technology by embedding carefully selected fragrances into pillow inserts which are sustainably made, mostly from repurposed cotton. These inserts, placed between the pillow and pillowcase, release gentle aromas designed to promote a restful night's sleep.

Further studies have shown that a significant majority of users report improvements in sleep from the very first night. Users experienced less wakefulness and fewer disruptions throughout the night, contributing to an overall better quality of sleep. This offers a promising avenue for improving sleep quality and, by extension, enhancing overall health and wellbeing through the power of scent.



SOCIETY & CULTURE





"Through beauty's evolution, Europe's culture unfolds a canvas of style, identity and societal change, weaving a vibrant tapestry of heritage and values."

Lucy Jane Santos, beauty historian.

The
VALUE of
BEAUTY

At first glance, make-up, hair colouring and beauty products may seem like a sideline, an accessory to the more important aspects of everyday life. But beauty and personal care products have stood the test of time, helping to shape society and culture in Europe and across the globe in myriad ways.

For millennia, humans have engaged in the art of beauty and wellness. Items found in nature were adopted to enhance the colour of the lips and the hue of hair, or to help cleanse and protect exposed skin from the elements.

Europe is a wonderful melting pot of countries, cultures, and traditions. Societies and sub-cultures

bond over their own unique traditions and heritage. Many beauty rituals and hair styles have cultural or historical significance. Beauty traditions are carried forward through generations who feel a sense of connection and belonging to the rituals.

However, beauty transcends cultural and societal divides. Beauty products, treatments and associated services cater to all sectors of society, with hairdressers, beauty salons, nail bars and barber shops functioning as essential social spaces in communities. Inside these premises, everyone is equal, united in an enjoyable experience.

While skincare products, make-up, haircare essentials and perfumes may serve to enhance appearance, their importance is more than skin deep. A large proportion of women – and a growing number of men – have experienced the confidence boost that comes after applying beauty products.



The ritualistic nature of beauty and personal care

Regardless of our origins, the milestone events in our lives are preceded and punctuated by rituals to enhance our sense of self and perceived attractiveness. From the donning of beads and ornaments in Palaeolithic times to 21st-century beauty rituals, the human race has long taken comfort in the soothing feel, sweet aromas and pleasing colours of beauty and wellness products.

Then, as now, make-up and beauty products help enhance appearance, bolster confidence and convey status in social or professional situations. Whether it is everyday life or a special occasion – and virtually regardless of gender, race, age, or social demographic – it is likely that lotions, potions, oils and ointments still have a part to play.

This is perhaps never truer than on a wedding day, when beauty and personal care are an undoubted priority, no matter the location.

Bathing or massage with scented oils is commonplace before weddings and other important events, particularly for women. Men too have long been enticed by scents, traditionally leaning more towards musky, earthy under notes.

Lipstick: An iconic means of self-expression

Lipstick, for example, has long played a valuable role in culture and society. It is thought that the ancient Sumerians of Mesopotamia (now south-central Iraq) were the first to add colour to their lips and there is evidence that other civilisations followed suit. The first commercial lipstick was created in Paris in 1884, formally creating an iconic means of self-expression.

Lipstick has since been seen as a celebration of femininity, a symbol of women's independence and even a tool for gender-equitable empowerment. In social movements, a simple dash of lip colour has symbolised feminine unity, rebellion, and strength.

Regardless of the external environment, lipstick can still enhance and empower the wearer, and society as a whole. In the first quarter of 2022, amid a global pandemic and economic uncertainty, sales of lipstick and other lip make-up grew twice as fast as other beauty products¹³⁰.



130 Edited (2022). The fil and Beauty's Response to Recessions (cites NPD Group).

Haircare: A powerful means of identity

Haircare rituals have existed through the ages, from the most basic element of the regular bathing routine to the more elaborate styling and shaping of hair for special events.

Haircare is now highly accessible, and a good haircut, colour or style still plays an important role in how people feel about themselves. This was very apparent when the haircare sector was largely closed during the Covid-19 pandemic; when salons and barber shops were allowed to open their doors once again, people all over Europe booked appointments in their droves.

Indeed, the value placed on services such as hairdressing was evident in Germany when despite much of the country's services remaining in lockdown, the German government agreed to the reopening of its 80,000 hair salons in March 2021.

Long or short, curled, or coloured, hair is a powerful means of identity. While a clean cut or a coiffed look is historically the preferred style in 'polite' society, hair is an important symbol of self-expression and individuality. Whether it is vibrant colour, Mohican spikes, a mullet, braids, lengthy extensions, a just-out-of-bed look or even a shaved head, hair – or the lack of it – expresses creativity and personality.

Equally, the style, cut or even colour of someone's hair can be a signal of being part of a particular group, club or subculture. Consider the characteristic spiky, coloured look of the East German punk movement; the mainly black, backcombed, and lacquered hair which is synonymous with Goths; and the Emo style, characterised by jagged, eye-covering bangs.

Haircare also overlaps with societal trends and styles, with colours and cuts hugely influenced by celebrities. Even before social media, stars of TV, film, music, and sport had the power to send the sector into a frenzy. By revealing a new style, footballers such as David Ginola, Paul Pogba and Raul Meireles would set a trend for millions to follow.

With 80% of European women associating their hair with self-confidence, the deeply ingrained culture of looking after our hair looks set to continue long into the future¹³¹.



131 Philips (2017). Global Beauty Index

Fragrance: A sector full of tradition and savoir-faire

Smell is a powerful and evocative sense. It can conjure up memories in an instant or change and enhance a mood. Fragrances held ceremonial value in ancient civilisations and are today perceived as an essential part of life. Research has shown that 89% of people worldwide believe that fragrances and flavours have a positive impact on their wellbeing¹³².

While the art of perfume-making originated in ancient Mesopotamia, modern day perfume is synonymous with the European continent. Following the emergence of perfumery during the reign of Louis XIV in France, it is deeply ingrained in French and European heritage and culture. The creators of some of the world's most prestigious scents are based in Paris, while, further south in the hills of Provence-Alps-Côte d'Azur, Pays de Grasse is known as the perfume capital of the world.

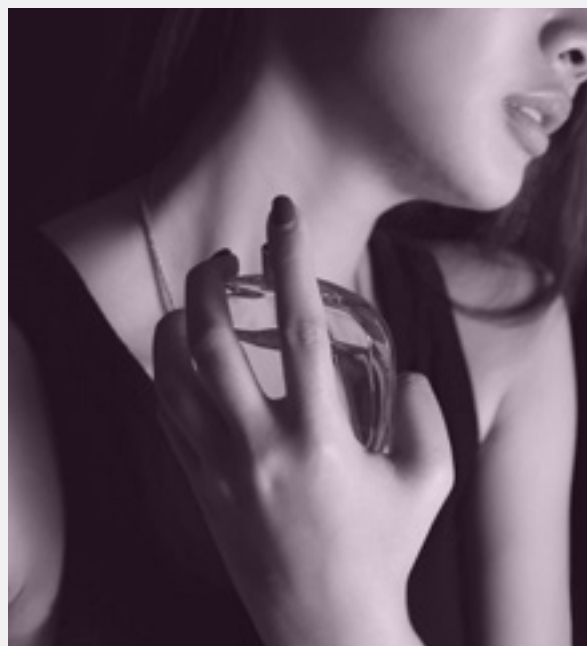
The practice of growing and processing plants for use in the creation of fragrances has been developed in Pays de Grasse since the 16th century. The craft involves a wide range of skills and knowledge implemented by various groups and communities, which collectively are known as the Association du Patrimoine Vivant du Pays de Grasse (Living Heritage Association of the Region of Grasse).

Creating a winning formula is reliant on many factors, starting with the natural elements of soil and weather, and following on with plant physiology, horticultural practices and specific extraction techniques and hydraulic distillation methods. The highly skilled producers in Pays de Grasse have married technical know-how with creativity and imagination, passing their knowledge down through the generations - and in recent years, standardising learning through formalised teachings. In 2018, these skills were inscribed in UNESCO's Representative List of the Intangible Cultural Heritage of Humanity.

Lavender, a highly valuable commodity in the production of a wide range of cosmetics, has long been associated with the south of France. It is also grown widely across Europe, particularly in Spain, Croatia and most significantly, Bulgaria, which is now the world's largest producer of lavender oil. Elsewhere in Europe, Italy and Germany are also renowned for their perfumery skills, while the Netherlands is the global leader in flower production.

Although the enjoyment of scent is a highly personal experience, creating each bottle of fragrance is a multi-faceted process involving countless specialists and stages. The growth or collation of the raw materials and continues right through to mixing and making the perfume itself, the specialist 'noses' who determine its quality, to glass making, packaging, art, design and marketing.

Today, Europe's consumers can choose from a virtually endless array of scents, cementing the position of perfume as one of the most popular items in the beauty sector.



132 Givaudan (2019). Well-being study.



Focus on culture:

Lavender farming, a French tradition.

Originally brought to Provence by the Romans, lavender was first planted around Grasse in the 19th century as the essential oil industry developed throughout the region. Traditionally it was used to scent bath and household linens but today it is an important component of many of our most beloved beauty products.

The word lavender comes from the Latin verb Lavare which means to wash and the sunny climate, limestone soil and altitude of Southern France provides the perfect growing conditions for the plant. In fact, Provence's purple and blue hued fields are now famous the world over and are a true symbol of French culture and tradition.

Originally grown in the wild, it was in the 1950s with the introduction of machinery that the cultivation of the plant first became widespread. While there are 28 types of lavender, the most common lavender grown in the region is known as 'Diva Lavender' and is a hybrid of the best wild varieties. It is known for its intense blue colour, strong scent and its ability to adapt to its surroundings. In fact, in times of drought or water shortages the pores of the plant's leaf close to prevent water loss.

Today the tradition of lavender farming remains an integral part of French culture and heritage. Often passed down from family to family, each new generation faces a unique set of challenges. An innovative approach and creative techniques are employed to adapt to changes in the climate and frequent pest attacks. This includes the planting of cereals between lavender rows to disrupt insects and fight against soil erosion.



Focus on craftmanship & know-how:

Teaching craftsmanship
in pioneering and
inspiring new ways.

"Fragrances to me mean magic. The best reward in my job is hearing someone talking about their perfume."

Quentin, perfumer Paris.

The beauty industry attaches great importance to training opportunities aimed at preserving and promoting craftsmanship.

Perfumery schools are renowned institutions dedicated to promoting the art and science of perfume creation. They serve as pioneering teaching centres for aspiring perfumers, combining traditional know-how with modern innovations. Perfumery schools play an essential role in passing on precious know-how. They shape the perfume industry by training the world's best perfumers, who contribute significantly to the scents found in major designer brands, prestige products and consumer goods.

The study programme at these schools is intensive and comprehensive, generally lasting three to four years. Students immerse themselves in an in-depth study of raw materials, discovering over 500 ingredients, including flowers and plants, essential to the creation of exquisite fragrances. The teaching extends beyond the laboratory, incorporating the latest technologies and innovations such as artificial intelligence to push back the boundaries of traditional perfumery.

In addition to technical skills, students develop a strong sense of creativity and an in-depth knowledge of the culture, history and market dynamics of the fragrance industry. This holistic approach ensures that graduates are well prepared for a variety of careers in the fragrance world, including roles in research and development, fragrance design, marketing and beyond.

A strong commitment to excellence and sustainability enables graduates not only to make a significant contribution to the industry, but also to continue the legacy of innovation and quality in the European fragrance landscape.



Inclusivity: Fostering a more diverse society through beauty

"From a social and cultural perspective, the beauty industry is a leader in terms of inclusivity and embraces diversity. It has long been forward-thinking in terms of gender diversity, for instance. It is a product and service category that transcends cultures, and it is where culture expresses itself."

Professor Benjamin Voyer, Cartier-chaired Professor of Entrepreneurship at ESCP business school and visiting Professor in Psychological and Behavioural Science at the London School of Economics.

Beauty treatments, products and rituals may have been around for millennia, but the profile of the beauty 'consumer' is endlessly evolving. Once the preserve of royalty and aristocrats, beauty products are widely accessible across Europe and around the globe.

Online channels of sales and marketing have opened up beauty to new audiences, benefiting consumers and producers. In parallel, perceptions and ideals have adapted and advanced. Many strive to make the world a more inclusive place, with greater recognition that individuals are unique and equal, regardless of age, race, gender, sexual orientation, religion and body type. Everyone should be afforded the same rights and equality of opportunity, free from discrimination.

The beauty industry has embraced inclusive beauty, which describes products and practices that cater to everyone in society. Inclusive beauty promotions feature models of different shapes, sizes, skin tone, gender, age and ability. Inclusive products feature elements which adhere to different skin types, religious beliefs (such as halal-certified ingredients) and even packaging or tools which make it easier for people with motor disabilities to use.

Make-up, in its many forms, can be transformative and empowering, allowing people to express themselves without having to say a word. It can also be used as an expression of celebration and a resistance against gender norms and traditional or archaic beauty standards.

Male beauty and personal care products have expanded beyond basic hygiene products to face masks, eye creams, sunscreen and even make-up. In key European markets, between 5%-10% of males currently use make-up, a figure which is forecast to rise .

Gender neutral make-up and fragrances are becoming increasingly popular, particularly with younger generations – with 40% of Gen-Z consumers preferring gender neutral products.

As a result, many brands are creating products without gendered marketing and instead focussing on unisex products and those which focus on specific skin or sustainability concerns.

Inclusivity in every sense of the word is important, not only in the beauty world but in society. Recognising the needs of the older generation has become increasingly important, with specific brands and products aimed at older consumers whose skin and haircare needs adjust with life and hormonal changes.

Looking to the future, inclusive beauty is a vital component of the European beauty industry. By being at the forefront of inclusivity, the industry not only contributes to the economic growth and competitiveness of the market but promotes representation and a sense of community among its diverse population.

"Today, influential advocates, social movements, and consumer demands are reshaping beauty and personal care, aiming to challenge stereotypes, broaden the spectrum of beauty standards, and foster inclusivity. Women and the queer community are pivotal in this transformation, **redefining norms** to create a more diverse and equitable society that embraces cultural expressions and identities, challenging rigid beauty standards. This shift signifies progress towards inclusivity and acceptance, a celebration of the evolving and more encompassing ideals of beauty."

Lucy Jane Santos, beauty historian.

The
VALUE of
BEAUTY

CONCLUSION





Strong growth and more jobs to come in an industry setting an example for innovation, sustainability, and inclusivity.

The beauty and personal care industry is a dynamic and ever-changing sector. Fuelled by relentless innovation, this vast and diverse ecosystem stretches across Europe, contributing to our economy, supporting our health and wellbeing, and shaping our society and culture.

This report demonstrates the sector's key contribution to European distinction. Investments at various stages of the value chain generate significant sales and exports. This sector employs over three million people, with a notable emphasis on female participation, as women account for over two-thirds of the workforce in the industry.

Of the €29 billion in added value the cosmetics industry brings to Europe, some €11 billion can be attributed directly to the manufacturing of cosmetic products. But the remaining €18 billion is where the less recognised benefits of the industry shine. As well as growers, the likes of retailers, salon owners, dermatologists, packagers, and distributors, all rely on the beauty industry to provide work and wealth.

As an industry with innovation in its DNA, it perhaps comes as no surprise that it continues to champion sustainability at all points of the value chain, from responsible sourcing of ingredients, right through to the creation of eco-friendly products.

Businesses in the industry are creating a path for other large companies to follow, reflected in how beauty and personal care firms led the way in the influential annual ranking from the Carbon Disclosure Project (CDP). While some may link growth with higher emissions, this sustainability achievement came in a year in which the sector's European sales rose by almost 8%.

The continued growth and success of the sector goes hand-in-hand with the value consumers across Europe place on these products to help them navigate daily life. The report has well documented the health and wellbeing effects of beauty and personal care, whether it's the confidence boosting powers of make-up and haircare, the mood enhancement of fragrance or the tangible health benefits of skincare; these products are constant companions in our life and an integral part of our daily routines.

These wider societal bonuses also include a significant contribution to health. Cosmetic and personal care companies have created solutions for skin conditions ranging from mild to chronic and have been pioneers in the development of sunscreen.

With these achievements as a foundation, the future looks bright for the sector. The key categories of fragrances, haircare, skincare, and make-up are all projected to grow annually by between 4%-6% to 2027, which will add billions in value to the economy.

Products such as gender-neutral cosmetics, which help promote diversity and challenge societal expectations of beauty, are also providing new areas for sales growth.

As brands continue to focus on sustainability and producing eco-friendly products, the industry will continue to invest in research and development, creating new jobs in an industry with a strong focus on caring for the planet.

Creating jobs across Europe, protecting health, leading in sustainability, and fostering diversity - the Value of Beauty is clear, and its future is bright.



ABOUT THE MEMBERS

The Value of Beauty Alliance.





About the members



For over 110 years, L'Oréal, the world's leading beauty player, has devoted itself to one thing only: fulfilling the beauty aspirations of consumers around the world. Our purpose, to create the beauty that moves the world, defines our approach to beauty as inclusive, ethical, generous and committed to social and environmental sustainability. With our broad portfolio of 37 international brands and ambitious sustainability commitments in our L'Oréal for the Future programme, we offer each and every person around the world the best in terms of quality, efficacy, safety, sincerity and responsibility, while celebrating beauty in its infinite plurality.

With 87,400 committed employees, a balanced geographical footprint and sales across all distribution networks (e-commerce, mass market, department stores, pharmacies, hair salons, branded and travel retail), in 2022 the Group generated sales amounting to 38.26 billion euros.

With 20 research centres across 11 countries around the world and a dedicated Research and Innovation team of over 4,000 scientists and 5,500 tech and digital professionals, L'Oréal is focused on inventing the future of beauty and becoming a Beauty Tech powerhouse.

Beiersdorf

Beiersdorf has stood for innovative, high-quality skin care products as well as pioneering skin research for more than 140 years. Our passion for skin care is what drives us and what makes us unique. Our iconic and leading international brands such as NIVEA, the world's no. 1 skin care brand*, Eucerin (dermocosmetics), La Prairie (selective cosmetics), and Hansaplast (plasters and wound care) are cherished by millions of people around the world day after day. Renowned brands such as Aquaphor, Coppertone, Chantecaille, Labello, 8x4, arix, Hidrofugal, or Maestro round off our extensive portfolio in the Consumer Business Segment. Through the wholly owned affiliate tesa SE, Beiersdorf is also a globally leading manufacturer of technical adhesive tapes and provides self-adhesive solutions to industry, craft businesses, and consumers. In fiscal year 2022, the Hamburg-based company generated sales of €8.8 billion as well as an operating result (EBIT) of €1.2 billion.

Beiersdorf employs more than 20,000 people worldwide. Our mission is to make people feel good in their skin to give them the confidence to reach out and build meaningful connections. True to our purpose "Care Beyond Skin", we want to contribute to our consumers' lives and our planet for strong and more inclusive communities and a sustainable future. With our business strategy, we pursue a multi-year investment program focusing on competitive, sustainable growth, especially in the areas of innovation, digitalization, and sustainability.

*Source: Euromonitor International Limited; NIVEA by umbrella brand name in the categories Body Care, Face Care, and Hand Care; in retail value terms, 2022. Additional information can be found at www.beiersdorf.com.

Givaudan

Givaudan is a global leader in Fragrance & Beauty and Taste & Wellbeing. We celebrate the beauty of human experience by creating for happier, healthier lives with love for nature. Together with our customers we deliver food experiences, craft inspired fragrances and develop beauty and wellbeing solutions that make people look and feel good. In 2022, Givaudan employed almost 16,700 people worldwide and achieved CHF 7.1 billion in sales with a free cash flow of 6.7%. With a heritage that stretches back over 250 years, we are committed to driving long-term, purpose-led growth by improving people's health and happiness and increasing our positive impact on nature. This is Givaudan. Human by nature. Discover more at: www.givaudan.com.



At IFF, we apply science and creativity for a better world. With the beauty of art and the precision of science, we are an international collective of thinkers who partner with customers to bring scents, tastes, experiences, ingredients and solutions for products the world craves. As a global leader in food, beverage, scent, home and personal care, and health, we do a lot and continually innovate to do it better.

For more than 130 years we've been focused on finding the most innovative solutions to help bring "better for you" products to market. While we have grown over the years, we remain agile in our approach and put our customers' needs at the forefront of our thinking.

With 12bn\$ in revenue, and 24,000 employees across 65 countries, more than 110 manufacturing facilities, 100 R&D centers, and 33,000 customers across the world, we're poised to make a difference on an unprecedented scale.

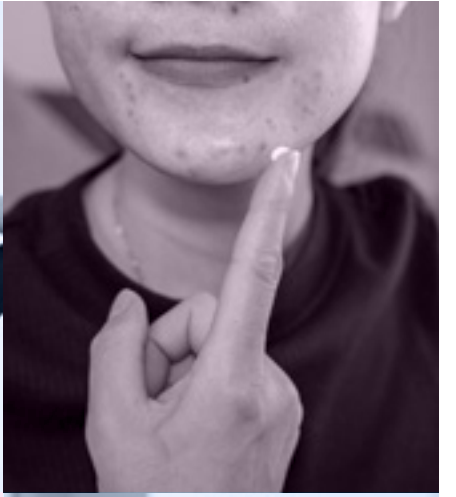
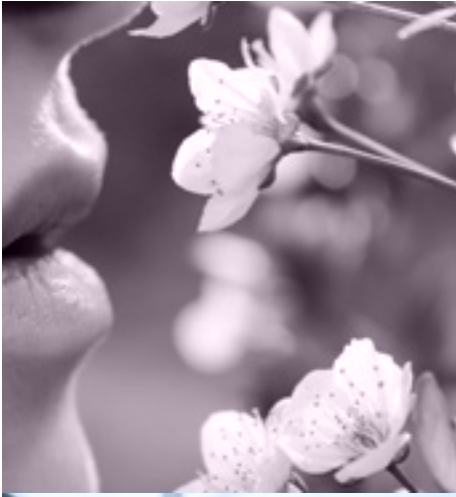
About the members

ANCOROTTI C O S M E T I C S

Ancorotti Cosmetics is a leading cosmetics contract manufacturing company. Established in 2009 by Renato Ancorotti and his daughter Enrica, the firm quickly gained recognition among Italy's top-performing scaleups. Today, we proudly stand as a major player in the global beauty industry, collaborating with over 300 brands across 47 countries. With an unwavering commitment to product safety and the sustainable development of people and planet, we blend an innovation-driven vision with solid industrial know-how and R&D expertise to deliver high-quality, Italian-made makeup and skincare.

KIKO MILANO

KIKO MILANO was founded in 1997 in Milan and since then has revolutionized how cosmetics are sold globally. KIKO identifies the major beauty trends of the moment and make them accessible to all. Combining the quality and creativity rooted in its Italian DNA, KIKO has conquered the most demanding and diverse beauty addicts with an endless range of shades, tones and textures to satisfy every professional and personalized make-up and skin care requirement. The brand has over 1,000 stores and is available in 64 markets.



The
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