



Press release

Luxury cosmetics: sales in 2007 lower than expected

Men and decorative cosmetics are growing against the trend

Berlin and Frankfurt/Main, 9 April 2008: The manufacturers of selectively distributed cosmetics look back on a financial year with ups and downs.

„Sales in 2007 did not meet the high expectations. But factors such as confidence in brands and a growing awareness of high quality became increasingly important last year. That allows us to face the future with optimism“, said Gunter Thoß, VKE-president and general agent for the Fribad Cosmetics Group, Baden-Baden, on the occasion of the annual press conference of the VKE in Frankfurt/Main.

The leading manufacturers in the medium and top-price market for cosmetic products represented by the VKE Cosmetics Association, just under 50 in number, reported a slight increase in sales of **0.9% for 2007** compared to the previous year. Sales in the industry in 2007 totalled **1.565 billion €**. Not in line with the trend, however, were the men cosmetics and decorative cosmetics segments which showed over-average growth. The VKE member companies make up around 35 % of the total market for cosmetic products in Germany.

The various segments performed as follows: men cosmetics (fragrances, shaving and care products) reported the highest growth with a **10.1%** increase mainly resulting from new product launches in the facial care segment. Men have discovered and accepted the market for men care products and are now more prepared to try out new products.

Decorative cosmetics also reported considerable growth with a **5.8%** increase as a result of innovative ideas and the launch of high-end products. Due to the positive trend towards anti-aging and wellness products the body care segment reported welcome growth of **1.4%**. With a drop in sales of **3.8%** the care cosmetics segment (facial care women and sun care products) remained well below expectations. With a **3.6%** decline in sales the women fragrance segment was not able either to meet the goals it set itself. The “classics” once again maintain their stable position in the market.

„With regard to 2008 our member companies are cautiously optimistic. 23% of them currently expect higher sales. For this reason the VKE is expecting up to 2% growth for the financial year 2008”, said VKE managing director Martin Ruppmann. The member companies are expecting mainly decorative and men cosmetics once again to be the guarantors of growth.

VKE`s main focus is still on the image-making for high-end consumerism, promotion of relations between trade and industry, the fight against product and brand piracy and the improvement of grey market control.

The VKE Cosmetics Association, Berlin was founded in 1952 in Frankfurt/Main and represents the professional interests of distributors and manufacturers of selectively distributed fragrance and cosmetic products in Germany. The VKE consists of just under 50 German sales subsidiaries of foreign parent companies and German cosmetics manufacturers representing over 200 brands, some of them world-famous, and sales of nearly 1.6 billion €.

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