

THINK RETAIL THINK VERDICT



UK Health & Beauty Retailers 2009

Resilient and recession proof...

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About Verdict Research

Authorative analysis...

Verdict's analysts and consultants work closely with retailers, suppliers, consultancies, investment banks and property companies to identify the key issues, sector and company data and strategies driving the changing retail market.

Our research identifies how retailers can enhance product, store and brand performance as well as the factors that determine future retail success. Our specialist in-store auditing team continuously collects price and product data across locations, brands, fascias, ranges and retail sectors.

Rigorous research methodology...

Our in-house retail expertise and rigorous research methodology ensure our reports provide complete and accurate analysis of the major players, issues and trends together with a detailed examination of the strategic implications for the retail market.

For key players in the retail industry, our reports are the first source of information on sector forecasts, retailer performance, store and product portfolio developments and trading strategy.

Global, European and UK analysis across nine core sectors...

Verdict Research reports covers nine core sectors, five year forecasts, strategic issues, key locations, How Britain Shops consumer surveys and the main European retail markets. Also available are a daily news service, weekly newsletter and tailored consultancy portfolios to suit individual business information needs.


Over 20 years of experience...

Verdict Research is the UK's leading authority on retailing and publishes unrivalled independent analysis of the retail industry. With over 20 years' experience, Verdict has close relationships with major UK retailers and access, at the highest level, to key executives working in the top 300 retailers to hear their first hand views. Verdict reports provide clients with a complete picture of the retail sector and unique forecasts to help UK retailers, manufacturers, service suppliers, city analysts, consultants and the media with strategic planning.

A key source for independent analysis and comment...

Verdict Research is regarded as a key source by the BBC, ITV, Sky News and the UK's leading broadsheets including the FT, Times, The Independent and Daily Telegraph. Leading trade publications often refer to Verdict's opinion and research including Retail Week, Drapers, DIY Week, Cabinet Maker and The Grocer.

In addition Verdict regularly appears in the international media. News sources quoting Verdict analysts and data include CNN, the International Herald Tribune, The Australian, Los Angeles Times, and New York Times.



"Verdict are the company of choice for any research analysis and insight into retailing"

Sir Stuart Rose
Executive Chairman
Marks & Spencer

UK Health & Beauty Retailers 2009

Resilient and recession proof...

The UK health & beauty market has so far proven to be one of the most resilient retail sectors during the recession. The £16.3bn market is set to grow by 2.7% in 2009, compared with a total retail decline of 0.6% making it the second best performing category overall. Nevertheless, the market is still challenging with grocers continuing to build their leading share as they widen their ranges, increase space and add more pharmacies.

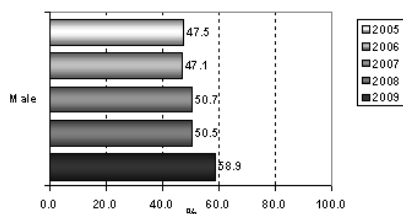
UK Health & Beauty Retailers 2009 is a new report published by Verdict Research that examines UK health & beauty expenditure trends, the performance of the market leaders as well as a selection of smaller, influential specialists and highlights the opportunities in the sector, as well as the threats. Along with comprehensive analysis, it includes an extensive range of data and key operating statistics that will enhance and inform retailer and supplier strategy.

14 Key Company Profiles

Alliance Boots	Sainsbury
Avon	Savers
Asda	Superdrug
Debenhams	Tesco
House of Fraser	The Body Shop
Lloydspharmacy	The Perfume Shop
Wm Morrison	

Identify the strengths and weaknesses of the leading players in the UK health & beauty market and understand the key market trends and strategies that are driving growth...

Health & beauty male shopper penetration
2005-2009



Source: UK Health & Beauty Retailers 2009

"As male shoppers increase their participation in the sector, brands are targeting them more specifically especially in male toiletries. L'Oreal and Nivea already have well established men's skincare offers, with a wide range of products including Expert Wrinkle Decrease Skincare Programme sets and Expert Hydra Energetic Anti-Fatigue Moisturising Lotion..."

- **Understand the resilience of the sector and how to exploit this strength in a downturn despite the dominance of major players** with analysis of the major trends in health & beauty and the performance of leading UK retailers to gain insight into the challenges and opportunities going forward.
- **Formulate your company's strategy** by using this report's comprehensive spending category data, trends and individual retailer's trading performances to identify growth and market share potential.
- **Identify which channels are gaining share** with this report's breakdown of channel shares and understand the reasons behind the growing dominance of grocers and why department stores are set to steal a larger share of UK health & beauty spend.
- **Benchmark business performance for all the leading players in the UK health & beauty sector across key operating parameters** using unique market share, comparable sales densities and operating margin data.

UK Health & Beauty Retailers 2009

This report answers key questions including...

- How has the current economic downturn affected health & beauty retailers?
- Which channels and retailers are the main beneficiaries of growth?
- What threats are health & beauty specialists facing at present?
- Which UK health & beauty retailers are set to gain the most market share in 2009 and why?
- How will the growing online market affect how health & beauty is bought and sold?
- Which will be the fastest growing health & beauty category?

Key Market Data

10 year health & beauty expenditure data by market & category

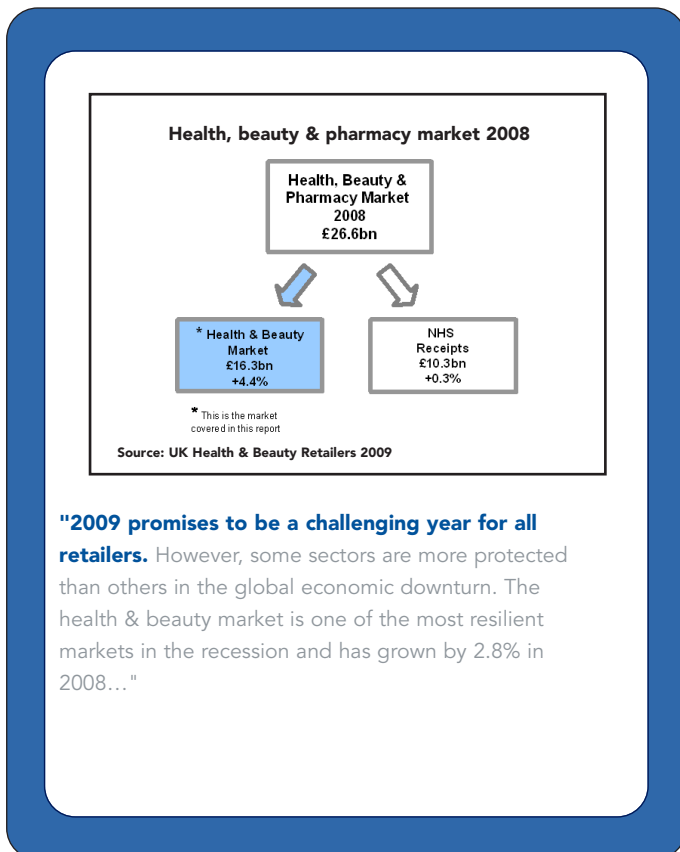
Sales & share per channel

Retailers' trading performance, market shares, floor space & store numbers

Sales densities, operating margins and health & beauty sales densities

Product category space allocation

Key issues examined in this report...



- **Men's health & beauty products are an opportunity for growth.** Wider availability and acceptance of non-traditional male personal care products such as moisturisers have driven sales in smaller product segments.
- **The threat of the grocers.** Grocers have been competing aggressively on price, with their well advertised promotions and convenience proving attractive during the recession.
- **Increased concern of health and wellbeing.** Despite the recession, consumer interest in their health, wellbeing and the environment remains strong. Consumers are becoming more aware of ingredients and concerned about reported links to allergies and cancer.
- **The future of own label brands post recession.** During the recession shoppers have been trading down to own label brands, but as confidence returns this trend will reverse. To compete more effectively with branded products, retailers will have to develop bigger and stronger own label brands.

UK Health & Beauty Retailers 2009

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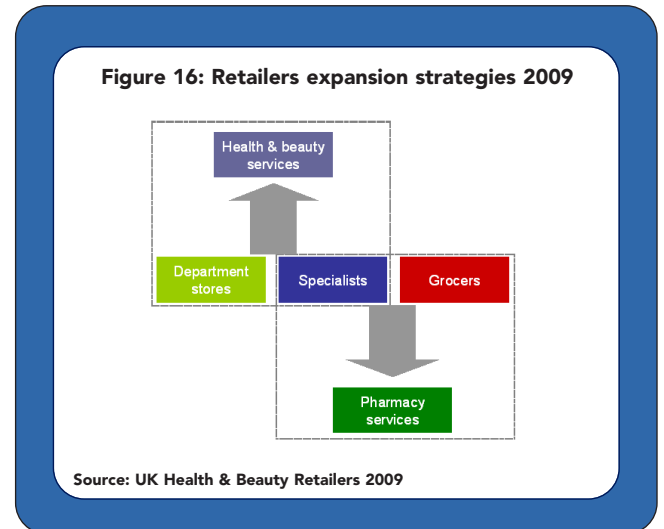
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Retailer Expansion into Health & Beauty Treatments

- In recent years retailers have expanded their health and beauty business by opening spas. Smaller health and beauty specialists have led this trend, though Boots has also trialled a spa in Kingston. In May 2009, Lush opened its first spa in London offering about 12 treatments and it later announced plans to expand with five other spas expected to open in locations in the UK.
- Neal's Yard Remedies also offers a range of therapies which, in keeping with its retail theme, are largely based around natural and herbal remedies. Natural therapies include Acupressure and the Alexander Technique. As well as this Cowshed, Molton Brown and L'Occitane also offer spa treatments and Benefit offers treatments such as eyelash and eyebrow tinting, shaping and waxing.
- Niche players can benefit from offering treatments to support their retail offers. First, through treatments they will be able to promote their own products and drive additional sales. As well as this they will be increasing brand awareness and recognition, and establishing themselves as true experts in their fields. Furthermore, smaller players are able to differentiate themselves through the products and services they offer, partly justifying higher prices.



Changing Shopping Habits

- There have been considerable changes in consumers' health and beauty shopping habits over the past five years. The extent of this can be viewed through the results of our How Britain Shops 2009 survey. The chart below illustrates how main user share (the retailer where shoppers most in a particular sector) has changed over the past five years. Grocers emerge as the clear winners increasing their main user share by 7.6 percentage points at the expense of health & beauty specialists which have lost 7.4 percentage points.
- Emerging retail channels include general merchandise stores which have increased their main user penetration by 1.5%. Retailers such as Wilkinson and Poundland are particularly appealing to customers at the moment, which will be attracted by their value propositions.

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