

OBSESSED WITH EFFECT

The Russian consumer becomes more and more sophisticated and is not afraid to pay more for hair care products. Low prices, catching packaging design, promises of fantastic results after usage do not inspire people to purchase this or that shampoo or conditioner. The consumer wants to be confident in the effect, and is obsessed with ingredients of a hair care product.

In 2006 hair care market experienced development with sales growing by 7% in current value terms compared to 2005, however, the segment itself decreased by 0.8% (from 17.9% to 17.1%).

The total volume of imported hair care products in 2006 accounts for 85 884.66 ton in actual terms and \$292.57m in value terms. Professional hair care sub-segment share in 2006 is estimated at 16.6% of the total imported hair care products (actual terms) and at 23.2% speaking about value terms.

According to a Magram's research, about 65% of Russians do not see any sense in using a shampoo more than 2–3 times weekly. However one fourth of the population (especially those who live in Volzhsky region, Siberia, and the Urals) wash hair more often. They do not believe in the idea, that every-day wash harms hair structure and head skin. Mostly ladies aged 16-35 are used to washing hair more than 2 times per week. Consumers aged 46-55 and those with low-middle level of income use shampoo once or twice a week. Women tend to buy shampoo of different brands, whereas men are not eager to have various trade marks of hair care products on their shelves in the bathroom.

Shampoo segment remained one of the most competitive areas of hair care market. In 2006 sales increased by 3.6% compared to 2005. Shampoo demonstrates a moderate increase compared with other products in hair care range.

2-in-1 products are losing their popularity, consider experts nowadays. People want to have at home several products that will provide step-by-step treatment: shampoo, conditioner, hair mask, leave-on conditioner etc. Although 2-in-1 products continue to account for a greater proportion of sales than conditioners, being worth \$125m, their growth is significantly slower. Sales grew by 5% in current value terms in 2005, and by 4.2% in 2006.



In 2006 conditioners showed sales growing by 4.7% to \$111m. The growth can be explained by foreign and local manufacturers desire to widen range of existing brands by adding conditioners. Usually local companies use a marketing tool – “buy one product and get another one free of charge”.

Professional hair care treatments become popular. The main player in the market of professional hair care is Londa – 29.6% of market share, than go Schwarzkopf – 19.50%, L'Oreal – 13%, Wella – 12.6%. 70-80% of professional hair care products are distributed through beauty salons, 5-7% – through specialized stores and retail chains with a huge network.

Sophisticated gadgets for professional and home usage gain popularity. Panasonic made an impressive presentation of Ion Hair Dryer with a negative ion generator. Two external ionizers are said to preserve hair from overdrying and make it more manageable, as hair retain natural moisture. The new line is presented with three models: EH5571, EH5572 and EH5573 retailed at 1190 – 1800 rubles (\$46 – \$69) depending on a model. For women loving romantic curls, Panasonic offered wavers with a fluoride coating EH1771. The appliance as well as the hair-

drier is equipped with an ionizer. The waver is retailed at averagely 900 rubles (\$35). Though the novelty is distributed mainly in department stores, beauty salons are regarded among potential buyers.

Consumers living in Moscow and St Petersburg tend to buy more expensive and sophisticated hair care products. Their counterparts in the regions predominantly prefer national brands hair care products. 10–15% of mass-market hair products are bought in hypermarkets, 5-10% – in drug-stores, over 30% – through direct sales. The main share of hair care is purchased in droggeries, department stores, and open markets. Such retail stores as OllGud and Yuzhny Dvor become more popular: they offer a good range of products at a competitive price. However people still prefer to buy hair care in supermarkets.

Russian manufacturers extend product lines, but operate in lower price segment and do not reach a considerable sales value. Local manufacturers tend to position their hair care products in the mass market with lower unit prices. National brands as the cheapest are put on the bottom shelves. Here one can find Cherny Zhemchug (Black Pearl), Koziye Moloko (Goat Milk). A little bit upper one can see non-expensive trademarks, for example

As the number of women among Internet users increases, fashion and cosmetics manufacturers pay more attention to the world web. 41% of women Russia-wide at the age 18-24 are active Internet users (FOM: Public Opinion Foundation), while in Moscow the share is equal to 84% (TNS Web Index). In 2006 the total Internet advertising value was equal to \$1.5m (MindShape Interaction). Cosmetics and perfumery category became the leader of Internet advertising market with 37% share of the sum spent by companies. Oriflame and Avon ruled the scene. The category is followed by hair care segment with 25% share and body care (16%). Unilever was the leader of web-advertising in these segments, due to active Internet support of Dove, Sunsilk and Timotei.

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