SPOTLIGHT ON BRAZIL – TRENDS, DRIVERS, INNOVATION

In-Cosmetics, Hamburg, April 2nd 2014
AGENDA

✓ Skincare
✓ Haircare
✓ Colour Cosmetics
✓ Thoughts for the Future
SKINCARE

• Market Overview
• Market Analysis / Activity
• Consumer Usage / Product Examples
Brazil’s skincare market is projected to see growth between 2013 and 2017. The body, hand and footcare market is the biggest of these and accounted for the most value in 2013. It is expected to see double digit annual growth through to 2017 to be worth R$3.9 billion while more modest growth is projected for suncare and facial care markets.

Source: Mintel GMN
# Claim Difference – Skincare

## Top Claims – Brazilian Skincare: 2013

<table>
<thead>
<tr>
<th>Claim</th>
<th>% of Variants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Moisturising / hydrating</td>
<td>74</td>
</tr>
<tr>
<td>Botanical / herbal</td>
<td>40</td>
</tr>
<tr>
<td>Dermatologically tested</td>
<td>34</td>
</tr>
<tr>
<td>Time / speed</td>
<td>29</td>
</tr>
<tr>
<td>Long-lasting</td>
<td>22</td>
</tr>
<tr>
<td>Vitamin / mineral fortified</td>
<td>22</td>
</tr>
<tr>
<td>Environ-friendly package</td>
<td>15</td>
</tr>
<tr>
<td>Cleansing</td>
<td>13</td>
</tr>
<tr>
<td>UV protection</td>
<td>12</td>
</tr>
<tr>
<td>Brightening / illuminating</td>
<td>8</td>
</tr>
</tbody>
</table>

Claims made in the Brazilian skincare category primarily focus on the more basic and functional benefits such as moisturisation. A timeframe context was regularly seen while UV protection was expectedly used by a percentage of launches in 2013.

## Top Claims – Global Skincare: 2013

<table>
<thead>
<tr>
<th>Claim</th>
<th>% of Variants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Moisturising / hydrating</td>
<td>66</td>
</tr>
<tr>
<td>Botanical / herbal</td>
<td>60</td>
</tr>
<tr>
<td>Time / speed</td>
<td>32</td>
</tr>
<tr>
<td>Dermatologically tested</td>
<td>26</td>
</tr>
<tr>
<td>Anti-ageing</td>
<td>24</td>
</tr>
<tr>
<td>Brightening / illuminating</td>
<td>24</td>
</tr>
<tr>
<td>Vitamin / mineral fortified</td>
<td>22</td>
</tr>
<tr>
<td>Paraben free</td>
<td>20</td>
</tr>
<tr>
<td>Long-lasting</td>
<td>19</td>
</tr>
<tr>
<td>Ethical-animal</td>
<td>19</td>
</tr>
</tbody>
</table>

In contrast global skincare launches in 2013, while frequently claiming to moisturise or contain botanical / herbal ingredients, launches also claimed to provide more sophisticated benefits. Nearly a quarter claimed to provide an anti-ageing benefit.

Source: Mintel GNPD
Western brands are keen to realise the growth potential of Brazil’s skincare market and major European and US players have increased launch numbers in a push to establish themselves. Products that are established in the market carry high appeal with Brazil’s consumers highlighting this opportunity.

Source: Mintel GNPD
SKINCARE PRODUCT EXAMPLES – WESTERN BRANDS IN BRAZIL

Eucerin Dermo Purifyer Mattifying Moisturising Fluid
(Brazil, €16)

This product is designed to provide mild, yet effective hydration, while its ‘unique’ combination of active principles fights acne in three ways. It contains antioxidant and antibacterial licochalcone.

Eau Thermale Avene Tinted Emulsion SPF 30
(Brazil, €16)

This cream is claimed to conceal skin imperfections and even out the skin tone thanks to the golden tint that unifies all skin tones. It has been dermatologically tested and is suitable for Brazilian skin.

Source: Mintel GNPD
THE SAME APPROACH WAS TAKEN IN BODYCARE

The L'OCCITANE au Brésil Vitória Régia Flor do Dia (Victoria Regia Flower of the Day) range has been developed using ingredients from Brazilian biomes. It features packaging designed by Olivier Baussan, founder of L'OCCITANE and Joana Lira. The range includes Loção Hidratante (Body Lotion), which is said to melt rapidly into the skin, leaving it soft, supple and pleasantly perfumed with aquatic floral notes. It contains vitória-régia extract from the Amazonia region of Brazil.

L'OCCITANE au Brésil Vitória Régia Flor do Dia Body Lotion (Brazil, €4)

Source: Mintel GNPD
BRAZIL’S FACIAL SKINCARE MARKET HAS PARTICULAR ROOM FOR DEVELOPMENT

While usage of more basic facial skincare products, such as cleansers, is roughly equivalent to usage in European markets disparity is seen with more sophisticated forms and routines. The Brazilian facial skincare market has potential for these areas to be developed.

Source: Mintel Oxygen (Brazil Facial Skincare – October 2013, UK Facial Skincare – May 2013) / CDC (Facial Skincare – 2013)
SKINCARE PRODUCT EXAMPLES – DEVELOPING THE FACIAL SKINCARE MARKET

**Neutrogena Ultra-Light Facial Moisturiser SPF 30 (Brazil, €15)**

This moisturiser is formulated with Helioplex technology and antioxidant agents to protect the skin against premature ageing and prevent the appearance of expression lines.

**La Roche-Posay Thermal Spring Water (Brazil, €10)**

This product contains natural antioxidants, mineral salts and trace elements, and is designed to soothe and soften skin which is affected by external aggressions, while preventing its ageing.

Source: Mintel GNPD
Brazilian influence is felt further than its domestic market with nearly nine in 10 skincare product launches linking to the country in 2013 seen elsewhere across the world. This communication has particular resonance in the developed markets of US, UK and France.

Source: Mintel GMN
SKINCARE PRODUCT EXAMPLES – INSPIRED BY BRAZILIAN INGREDIENTS

**Melvita L’Or Bio Sparkling Oil**  
(Germany, €31)

This oil is designed to nourish, instantly sublime and beautify skin and hair with a delicate scent. This all-natural and 44% organic formula contains Brazilian buruti oil and Amazonian pracaxi oil.

**Gorgeous Cosmetics CC Cream**  
(USA, €31)

This cream is designed to prime, treat, hydrate and protect the skin, while providing an all-in-one perfecting result. It features moisturizing and anti-aging actives including Brazilian clays to improve elasticity.

Source: Mintel GNPD
HAIRCARE

• Market Overview
• Consumer Usage and Attitudes
• Claim Interest
• Product Examples
Brazil's haircare market is projected to see double annual digit growth over the next four years to reach an estimated R$12.45 billion by 2017. This growth is driven by the shampoo & conditioner category which also accounted for three quarters of total market value in 2013.

Source: Mintel GMN
**HAIRCARE PRODUCT USAGE – BRAZIL VS. EUROPE**

Shampoo and conditioner usage (Brazil-November 2013, UK-February 2013, Rest of Europe-2013)

Shampoo usage levels in Brazil are equivalent to those seen across the big 5 in Europe. However, conditioner usage levels are much higher in Brazil, particularly with leave-in conditioner. This indicates that, in contrast to facial skincare, Brazilian consumers are more likely to have more developed haircare routines.

Source: Mintel Oxygen (Brazil Haircare – April 2013. UK Shampoo, Conditioners and Styling Products – April 2013 ) / CDC (Shampoo, Conditioners and Styling Products – 2013)
**HAIRCARE PRODUCT EXAMPLES – CONDITIONERS**

**Vitabelle Eko Plantics Oleos Essenciais Healthy Growth Energics Sealing Conditioner (Brazil, €6)**

This product is for extra dry hair and is designed to repair split ends with its rich formula made of macadamia and essential oils, softening its rough texture and enabling a healthy growth.

**Eico Fios de Ouro 24K+ BB Cream 3Step Conditioner (Brazil, €6)**

This conditioner contains 24K gold to reinforce, hydrate and illuminate hair. It also has three-dimensional vegetable actives to gradually release protective amino acids.

Source: Mintel GNPD
A moisturising/hydrating claim holds the most interest with Brazilian consumers with over a third looking for this when purchasing a haircare product. Haircare products that can provide reparation benefits are also interesting to Brazilian consumers.

Source: Mintel Oxygen (Brazil Haircare – April 2013)
BRAZILIAN HAIRCARE PRODUCT LAUNCHES ARE MORE LIKELY TO CLAIM TO MOISTURISE / HYDRATE

Moisturisation / hydration is the most looked for claim by Brazilian adults aged 16+ who use haircare products and this reflects in use of the claim in category launches. Half of all Brazilian haircare product launches carried the claim in 2013 as opposed to less than a third of global haircare launches.

Source: Mintel GNPD
This mask is formulated with goat milk and wheat proteins, and contains concentrated, nourishing ingredients that restore dry hair strands and brittle, damaged hair, providing hydration.

This shampoo is designed for curly hair and is claimed to hydrate and define curls, and enhance their gloss and beauty, for all-day softness from root to tip.

Source: Mintel GNPD
BRAZILIAN HAIRCARE PRODUCT COMMUNICATION IS ALSO INSPIRING THE GLOBAL MARKET

The vast majority of haircare product launches specifying the use of salt-free formulations are found in the Brazilian market but this is slowly changing. Appeal is high in Brazil due to consumer worry about salt excessively drying the hair.

Source: Mintel GNPD
HAIRCARE PRODUCT EXAMPLES – SALT-FREE FORMULATIONS IN BRAZIL

Acquaflora Homem Salt-Free Shampoo for Men (Brazil, €6)

This salt-free shampoo for men is claimed to gently cleanse normal hair, and provide special care.

Acquaflora Sol Mar Piscina Leave-In Moisturiser (Brazil, €6)

The product is salt-free and recommended for sun, beach and pool protection, with coconut water to help protect against chlorine and sea water and sun filters.

Source: Mintel GNPD
OTHER SALT-FREE LAUNCHES TEND TO BE FOUND IN LATIN AMERICA

Head & Shoulders Hidratación Intensiva Control Caspa Tratamiento para Cuero Cabelludo (Intensive Moisture Anti-Dandruff Scalp Hair Treatment) is said to offer maximum hydration and anti-dandruff control in just three minutes. The rinse-out, salt-free treatment retails in a 15ml pack.

Source: Mintel GNPD
BRAZIL IS TAKING A BIGGER SHARE OF LAUNCHES THAT FOCUS ON CAPILLARIES

While global launch numbers of haircare products communicating capillary benefits have decreased, Brazilian launches continue to grow. In 2014, 78% of launches are found in this country, up from 36% in 2013. This communication links to reparation of damaged hair and appeals to the developed Brazilian haircare consumer.

Source: Mintel GNPD
HAIRCARE PRODUCT EXAMPLES – CAPILLARY COMMUNICATION

Haskell Cosmetica Natural BB Cream Shower of Brilliance Instant Hair Treatment (Brazil, €4)

This product is designed to provide a number of benefits in one minute, and said to improve capillary health and shine. The rinse-off treatment is enriched with linseed.

Vitabelle Fioliss Sealing Capillary Reconstructor Conditioner (Brazil, €6)

This product contains actives including creatine, D-panthenol and wheat protein. It has been developed to restructure and reconstruct capillaries.

Source: Mintel GNPD
HAIRCARE PRODUCT EXAMPLES – POST PROGRESSIVE

Amend Treatment – Expertise Pos Progressiva Ampoule Intensifier (Brazil, €2)

This intensifier is described as a salt-free treatment designed to applied in chemically straightened hair to prolong the smooth effect and encourage straighter, flowing hair.

Source: Mintel GNPD

Farmaervas Efeito Liso Jaborandi, Quinoa e Fitonutrientes Post Progressive Shampoo (Brazil, €4)

This shampoo has a combination of nutrients said to reduce damage caused to the hair fibre by chemical processes, restoring the natural elasticity of the hair for a smooth, soft and glossy result.

Source: Mintel GNPD
OJON OIL IS INCREASINGLY USED IN BRAZILIAN HAIRCARE

Brazilian haircare product launches containing Elaeis Oleifera Kernel Oil

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Launches</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>13</td>
</tr>
<tr>
<td>2014 (Jan-Mar)</td>
<td>20</td>
</tr>
</tbody>
</table>

- 83% of 2014 haircare product launches containing Ojon Oil are found in Brazil

Ojon oil has been used as an ingredient in global haircare for a number of years in small numbers but its use in Brazil wasn’t seen until 2013. Since then it’s been increasingly used in haircare launches and Brazil accounts for 83% of all haircare launches using the ingredient in 2014. It is said to help with a range of concerns including hydration, anti-frizz and shine.

Source: Mintel GNPD
COLOUR COSMETICS

• Market Overview
• Consumer Attitudes
• Product Examples
The value of Brazil’s colour cosmetics market is lower than its skincare and haircare markets although it is projected to see a CAGR of over 10% through to 2017. Value segmentation in the market is fairly equally split with the lip subcategory accounting for the most, at 28%.

Source: Mintel GMN
Lip products account for the greatest value share of the Brazilian colour cosmetics and this is reflected in consumer usage. When compared to the big five in Europe, use of lipstick, gloss and liners are higher although some cultural ties to Spain are seen.

Source: Mintel Oxygen  (Brazil Colour Cosmetics – December 2013, UK Colour Cosmetics – July 2013) / CDC (Colour Cosmetics 2013)
COLOUR COSMETIC PRODUCT EXAMPLES – LIP

Boticário Make B. Barroco
Tropical Velvet Lipstick (Brazil, €8)

This lipstick comes from a collection designed by a partnership between stylist Ronado Fraga and make-up artist Fernando Torquatto. This product is made with Swarovski Elements and conditioning agents to hydrate the lips.

Natura Aquarela Tons do Verão
Brasileiro Lip Gloss (Brazil, €3)

This product is from the Shades of the Brazilian Summer range has been launched for Summer 2014 and the shades have been designed to celebrate the colours and the joys of the season.

Source: Mintel GNPD
BRAZIL’S MARKET GROWTH IS HELPED BY CONSUMER USAGE HABITS

**Colour cosmetics usage habits (Brazil-October 2013)**

<table>
<thead>
<tr>
<th>Habit</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>I always have make-up with me (in purse or make-up bag)</td>
<td>29</td>
</tr>
<tr>
<td>Nowadays I’m using a wider range of make-up products than I used to</td>
<td>24</td>
</tr>
<tr>
<td>I only use one or two make-up brands</td>
<td>22</td>
</tr>
<tr>
<td>I use multi-purpose make-up to save time, instead of 2 or 3 different products</td>
<td>11</td>
</tr>
<tr>
<td>I usually choose the cheapest make-up or brands</td>
<td>10</td>
</tr>
</tbody>
</table>

Brazilian consumer usage habits with regards to colour cosmetics have no doubt helped market value growth. Consumers often have multi-step regimens across various make-up brands while purchases are unlikely to be value or time-focused. This indicates a healthy environment for brands in the Brazilian market.

Source: Mintel Oxygen (Brazil – Colour Cosmetics December 2013)
CONSUMER ATTITUDES HELP UNDERSTAND HOW TO TARGET PRODUCTS IN BRAZIL

Consumer attitudes toward make-up (Brazil-October 2013)

- It is important to have advice from beauty consultants when buying make-up: 84%
- The variety of colors and different make-up items makes make-up kits appealing: 81%
- It's worth spending more on premium make-up items for the best results: 70%
- Wearing make-up gives me a confidence boost: 68%
- Wearing make-up at work makes you look more professional: 61%
- Make-up endorsed by celebrities is more appealing than other types of make-up: 38%

Brazil (women aged 16+ who use make-up)

However despite high colour cosmetic usage, brands must ensure they appeal to consumers and understanding attitudes prior to purchase can help. Brazilian consumers are keen to receive expert help while confidence and professionalism are key purchase drivers. Variety and celebrity endorsements are also important.

Source: Mintel Oxygen (Brazil Colour Cosmetics – December 2013)
PRODUCT EXAMPLES – COLOUR AND CONFIDENCE

Ana Hickmann Acqua Pearly Nail Polish  
(Brazil, €1)

The Ana Hickmann Acqua collection of Nail Polishes that has been inspired by the colours of the ocean and by the contagious environment of Brazilian beaches. The nail polishes are designed to provide excellent coverage, intense shine and quick drying.

Impala Colecao Isis Valverde Nail Polish  
(Brazil, €1)

The Impala Coleção Elas Isis Valverde collection of Esmalte (Nail Polish) has been inspired by Brazilian women who are strong and independent, and is claimed to ensure vitality and benefits for nails.

Source: Mintel GNPD
PRODUCT EXAMPLES – CELEBRITY ENDORSED

Top Beauty Adriane Galisteu Day by Day
(Brazil, €1)

O Boticario Make B. Barroco Tropical Eye Shadow Trio (Brazil, €13)

The Top Beauty Adriane Galisteu Day by Day collection of Nail Polish features creamy and pearly tones which have been chosen by the Brazilian TV presenter Adriane Galisteu.

This was designed by a partnership between stylist Ronaldo Fraga and make-up artist Fernando Torquatto. It includes Trio de Sombras (Eye Shadow Trio) in shades inspired by the rich details and textures of Brazilian fashion:

Source: Mintel GNPD
Through the site Adoro Maquiagem (Love Make-up), Brazilian consumers can look through make-up tips and trends. The digital space also includes tutorial videos showing how to create different make-up looks and a section where consumers can upload their own videos. This aims to appeal to younger consumers keen to experiment.
PRODUCT EXAMPLES – CUSTOMISED APPROACH

**Avon ColorTrend 3 in 1 Stick**  
(Brazil, €3)

The stick has a lightweight formula and is said to provide natural coverage and illuminate eyes, face and lips, acting as an eyeshadow, blush and lip colour.

**O Boticario Capricho Street & Glam Duo Pencil Kit**  
(Brazil, €11)

This kit is to be used in the best ‘street’ and ‘glam’ moments. It features a doubled coloured pencil designed to experiment different looks.

Source: Mintel GNPD
The Avon ColorTrend Cores do Coração collection is inspired by the colours of the Brazilian flag and designed for the 2014 World Cup. It includes Glitter em Gel para Olhos e Face (Eye and Face Gel Glitter) in the shades: Azul; and Dourado.

Source: Mintel GNPD
THOUGHTS FOR THE FUTURE
WHAT’S NEXT? – SKINCARE

Anti-ageing starter

Developing the anti-ageing sector will be integral to future market growth and the country’s ageing population offers potential. Vending machines and starter kits are two approaches.

Take your vitamins

Opportunities exist for vitamins and supplements that offer anti-ageing benefits and potential can be seen with related expansion into the popular suco bars.

Substitutes for surgery

Consumer appeal of plastic and aesthetic surgery can be leveraged in facial and bodycare sectors while also having the potential to develop diagnostics and devices.
Anti-ageing benefits can help further develop a mature Brazilian market. Links to currently sought-after benefits can help this process while hair loss offers further potential.

Brazil’s diversity can help brands tailor regional haircare promotions and campaigns to ensure they have the greatest appeal with consumers.

Customisation can increase appeal in younger consumers, the highest user group, with tailored haircare regimens accommodating for everyday life and activities.
Mintel’s key BPC trend, Mixologiste, has particular appeal in Brazil and stronger links between fragrance and colour cosmetics is one opportunity area.

Bringing the salon into consumers’ homes can appeal in Brazil with links to confidence and professionalism. Foundations with air-brush effects are an example.

Expansion into the digital space can allow consumers to mix and match through their smartphones and tablets. Individual designs and colours have appeal in the nail category.
THANK YOU

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