Innovation is key to boosting sales of hair colourant

Contributed by Euromonitor International
Tuesday, 26 September 2006

Innovation is key to boosting sales of hair colourant, by Euromonitor International

Colourants are poised to head future growth of the hair care industry, but a lack of innovation means the subsector is currently failing to shine.

Hair colourants should have everything going for them. By covering grey, they tap into the anti-ageing trend, something that has made skin care the powerhouse of the cosmetics and toiletries industry, and has also spurred sales in other products including tooth whiteners and sun care. They also appeal to the younger set, helping them keep up with the latest season's trends. Not only that, but colourants can also inject texture and shine into flat, dull-looking hair making it appear healthier and more glamorous. Yet, despite all this, the sector is losing its gloss and the key reason is manufacturers' failure to respond to consumer demands.

The problem
Colourants grew by 7% last year to reach US$9.6 billion globally, according to the latest research from Euromonitor International. It sounds impressive but compared to the 8% achieved by the total cosmetics and toiletries market, the sector has actually underperformed. What growth it did realise was largely attributable to the under-developed markets of Asia-Pacific, Latin America and Eastern Europe, with the high-value countries returning less dynamic results. Euromonitor International's research shows that of the top five markets in terms of value size (the US, Brazil, Japan, France and Germany), only Brazil achieved more than 3% growth in 2005. Both France and Germany saw declines.

The reason behind these lacklustre figures is the perceived lack of product performance. Consumers in these wealthier markets want professional results and currently it is perceived that the best way to obtain these is in a salon. For more money-conscious consumers, this is not always an option and for them choosing a brand is a trade off between results and price, something which favours cheaper, "value" labels. As such, Revlon was the only manufacturer to see significant share gains in the US last year (up more than 1 percentage point to close to 7%) thanks to its Coloursilk brand. Meanwhile L'OrÃ©al's premium Couleur Experte, which retails at US$20 a pack, dropped half a percentage point in the same year.

The solution
To get consumers out of the salon and back into the drugstore, manufacturers need to invest in innovation, creating brands that provide professional results but in easy-to-use, at-home formats. Between the major players in hair colourants, there were just four new product launches in the US last year. Among niche brands, the focus has been on replacing artificial bleaches with gentler, natural ingredients, including International Hair and Beauty Systems' Organic Color Systems, an ammonia free colourant, and Jots, which contains burdock oil extract instead of ammonia and peroxide. Salon branded colourants could be one way to convince consumers of a product's superior quality, much as it has contributed to premium sales within other hair care sectors. Products that battle brassiness, are longer-wearing, or inject moisture into the hair could also do well, although they risk cannibalising same-brand shampoos, conditioners and treatments designed to restore colour-treated hair.

Another way of attracting sales is targeting specific consumer groups, a form of categorisation already prevalent in other hair care product sectors. Some brands have already begun doing just this: Combe Inc is becoming an international success with its male-specific labels. In attracting men, manufacturers should focus on the older set, offering products to cover grey, similar to Combe's Just for Men, which made US$185 million in value sales last year. The company is also branching out with products to appeal to the younger, metrosexual male. Its Maxim brand has grown 138% in just four years on the US market. Older women too could be receptive to a line of products just for them. The range of colours should be more natural and come in lighter shades which soften the appearance of older skin and the ingredients should be tailored to the specific needs of dry, coarse grey hair.

For further detail about this article and other related findings, please visitÂ Euromonitor International by clicking here.

Â