

Cosmetics and perfumes: “Made in France” world market leader

July 8th, 2008 - The cosmetics and perfume industry currently generate an estimated turnover of US\$ 170 billion worldwide (Eurostaf, May 2007). Europe is the leading market representing approximately €63 billion. The French market plays a leading role and generates future trends in the global cosmetics market due to the “Made in France” label that is recognized and valued worldwide. In 2006, sales in France were up for the 40th year running, and reached the record level of €6,547 billion (FIPAR).

Among the French companies that have a worldwide reputation are L’Oréal, the leading group worldwide ahead of US company Procter & Gamble and Anglo-Dutch company Unilever, Chanel, LVMH, Yves Rocher, Pierre Fabre Dermo Cosmétique, Clarins, and YSL-PPR. Leading pharmaceutical groups with large cosmetics divisions, such as Sanofi-Aventis and Johnson & Johnson, are major players in an industry that has always succeeded in combining both aesthetic objectives and public health requirements.

This industry relies on continuous innovation and R&D investment, both for product manufacturing and for marketing, in order to consistently combine safety requirements and client demand. Apart from the obvious business activity based in Paris, capital of beauty and fashion, two other national clusters are particularly attractive to industrials in this sector: the PASS cluster (“Parfum, Arômes, Senteurs et Saveurs” – Perfume, aromas, scents and flavors) in the Provence-Alpes-Côtes d’Azur region and the Cosmetic Valley cluster (“Sciences de la Beauté et du bien être” – Science of beauty and well-being) based in the Centre and Normandy regions.

The most representative foreign groups in this sector, such as Shiseido, Beiersdorf, Henkel, Coty Inc., Puig Group, Pacific Europe etc., have a strong presence in France and benefit from a vibrant market that also serves as a test market. According to the 2007 Invest in France Report, there have been major successful foreign investment projects, including: Pacific Chemicals Corp (Korea), which set up a perfume plant in Chartres in 2002; Kobo Products Inc. (Japan and USA), specialized in raw materials for the cosmetics industry, which is continuing to develop in the Haute Garonne region; and Natura (Brazil), leader in the bio-cosmetics sector, which has opened an advanced research center to develop innovative technology for cosmetics.

France’s strong economic attractiveness covers the entire perfume-cosmetics industry, which also incorporates the various actors in related sectors, such as bottle manufacturing and the production of aromas and scents, with for example the Japanese Takasago company, specialized in aromas and perfumes, or the specialist distribution sector, with Marionnaud which was taken over by the Hong Kong Hutchison Whampoa group.

“The French government actively supports research and has introduced the best R&D tax credit system in Europe, which reimburses 50% of R&D costs in the first year. Its budget of over €1.4 billion in 2006 was increased to approximately €2 billion in 2008, following the reform introduced in 2007”, says Philippe Favre, President of Invest in France Agency.

Invest in France Agency (IFA) promotes and facilitates international investment in France. The IFA network operates worldwide. IFA works in partnership with regional development agencies to offer international investors business opportunities and customized services all over France. For more information, please visit www.investinfrance.org

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