

Personal Care:

U.S. Competitor Cost Structures 2009

7th Edition

One of Kline's series of reports on competitor cost structures

To Be Published 4th Quarter 2009

Base Year: 2008 and 1st half 2009

An accurate and comprehensive examination of competitor cost structures of leading personal care marketers, focusing on key trends, developments, and business opportunities designed to:

- Understand how key marketers' cost structures have changed during the recession
- Offer a benchmark for industry cost performance
- Reveal profit and loss line items for each player and their largest product classes
- Assess cost positions of market leaders including L'Oréal, Procter & Gamble, Estée Lauder, and Avon
- Give subscribers critical insights in order to win in the face of intensifying cost pressures
- Provide an appraisal of expected future performance

Report Scope

Personal Care: U.S. Competitor Cost Structures has been successfully completed seven times before and was last published in 2008. *Personal Care: U.S. Competitor Cost Structures 2009* will present information on the financial performance of 12 leading suppliers of cosmetics and toiletries in the United States. For each company, cost breakdowns will be provided for its overall personal care business, as well as its leading product classes. The product classes covered in this report are the same as those covered in our *Cosmetics & Toiletries USA* program.

Cost structures will refer to U.S. operations only. Sales, expenses, and profits will be presented for the 2008 calendar year and the first half of 2009 and will not include extraordinary or nonrecurring items reported in published financial statements. References to overall corporate results will be for the latest fiscal year available.

Key Benefits

This study will provide subscribers with accurate and concise profitability information and cost structures of 12 major personal care marketers in the United States. It is designed to help cosmetic and toiletry firms benchmark their cost structures with those of their competitors. Charter subscribers also benefit from shaping the scope of the report and a reduced price.

Specifically, this report will assist subscribers by providing:

- Line-item detail to allow companies to benchmark their business against that of competitors
- Details on how personal care marketers structure and run their operations
- Insights into decisions companies have made regarding outsourcing, resource allocation, and product portfolios
- Competitive intelligence that will help make decisions to take steps toward lowering costs
- Important comparisons of marketers' cost structures between 2007, 2008 and 1st half of 2009, and understanding how personal care marketers are coping with the recession by shifting their costs

Tentative Report Contents

1. INTRODUCTION

2. EXECUTIVE SUMMARY

- State of the industry
- Impacts on the industry from the recession
- Comparisons between 2007, 2008 and 1st half of 2009 cost structures
- Market sales and growth
- Industry cost structure
- Key factors influencing profitability
- Analysis of key expenses
- Competitive landscape
- Product class analyses (for each product class listed in Table 1)
- Appraisal and outlook

3. COMPANY PROFILES

For each of the companies to be profiled in this report (listed in Table 2), this report will provide information on profitability for its personal care business unit and leading product classes, as shown in Table 3, and will include:

- Corporate overview
- Corporate sales and profits
- Business unit cost structure
- Profitability
- Analysis of key expenses
- Cost structure of leading product classes
- Appraisal

Table 1

Personal Care Product Classes to be Covered

- Fragrances
- Hair care
- Makeup
- Oral care
- Skin care
- Other toiletries-a

a- Includes deodorants, depilatories, personal cleansing products, shaving products, and miscellaneous products.

Table 2

Companies to be Profiled

- | | |
|------------------------|---------------------|
| ■ Avon | ■ Johnson & Johnson |
| ■ Bare Escentuals | ■ Limited Brands |
| ■ Beiersdorf | ■ L'Oréal |
| ■ Clorox (Burt's Bees) | ■ Mary Kay |
| ■ Colgate-Palmolive | ■ Procter & Gamble |
| ■ Estée Lauder | ■ Unilever |

NOTE: List is tentative and subject to change based on charter subscriber input

Table 3

Cost Structure of the Personal Care Industry

Line item	% Of net sales
NET SALES	
COST OF GOODS SOLD	
Raw materials	
Packaging	
Processing	
Overhead	
Total	
GROSS MARGIN	
MARKETING EXPENSES	
Promotion	
Trade	
Consumer	
Total	
Advertising	
Marketing department	
Sales force/sampling	
Distribution	
Total	
MARGIN AFTER MARKETING EXPENSES	
OTHER OPERATING EXPENSES	
Administration	
Research and development	
Total	
OPERATING MARGIN	

Methodology

Kline is unmatched in our ability to gather hard-to-get market and competitive intelligence with a high degree of confidence. Kline's approach relies heavily on primary research, employing the use of field and telephone interviews to capture insights and information from a wide range of industry experts and opinion leaders including:

- Executives from cosmetic and toiletry firms in functional areas such as finance, production, procurement, sales, marketing, distribution, and research and development
- Suppliers of raw materials, packaging, and processing equipment
- Service providers such as advertising agencies, logistics providers, contract manufacturers and packagers, and retailers/distributors
- Key professionals specializing in manufacturing economics, packaging, chemicals, and technology assessment

This report will also draw upon nonconfidential data from Kline & Company's internal database, which contains 50 years of syndicated research on the personal care industry. The analysis will be supplemented by secondary research, including a review of annual reports and other financial files and analyses. This approach has proven to be the most effective and reliable approach to obtaining accurate data and expert insights.

Kline Credentials

Kline is a worldwide consulting and research firm dedicated to providing the kind of insight and knowledge that helps companies find a clear path to success. The firm has served the management consulting and market research needs of organizations in the chemicals, materials, energy, life sciences, and consumer products industries for 50 years.

Kline's research and consulting services extend across the entire personal care industry value chain. Our solutions have helped clients develop better ways to create and profit from new business opportunities, respond to competitive and economic threats, improve productivity, achieve sustainable growth, and optimize performance. Kline provides clients with facts, forecasts, and recommendations based solidly on the realities of the market.

Our market research reports and services are designed to provide subscribers with a deeper understanding of their markets, an outlook for their business, and accurate information about their competitors. Our clients tell us they often use Kline's market research to validate their own internal analysis, and many clients rely on Kline reports as their most critical source of information.

For more information about this study or Kline's other services, e-mail us at sales@klinegroup.com, visit our website at www.KlineGroup.com, or contact us at any of our regional offices listed below.

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- Natural Personal Care
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- Salon Hair Care
- OTC Drugs: U.S. Competitor Cost Structures
- Impact of Recessions on the U.S. OTC Market

Personal Care: U.S. Competitor Cost Structures 2009

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