

L'Oréal Group travel retail sales break \$2bn barrier in 2018



L'Oréal Group's big brands like Lancôme continue to spark consumer enthusiasm in travel retail, bolstered by the travel boom

L'Oréal Group exceeded €2 billion (US\$2.3 billion) in sales in the travel retail market last year, with its brands continuing to do "particularly well" with Asian consumers all over the world, according to its 2018 annual report.

The group recorded "exceptional" travel retail growth of 27.1% in 2018, the annual report revealed.

In the report's travel retail section, subtitled "The boom in Travel Retail continues", the company noted the democratization of travel, such as increased purchasing power of the middle classes, particularly in China, the development of low-cost airlines, and a rising interest in travel among millennials.

A combination of factors is attracting new consumers to the travel retail market, and the number one category in travel retail is beauty, which accounts for 36.9% of the channel's sales, L'Oréal said.

"Bolstered by its 25 brands in the channel and its teams across three major zones (Asia Pacific, Europe Middle East, and North and South America), L'Oréal has the brand portfolio and agility needed to meet the expectations of new consumers in a very competitive market," the group stated in the report.

"Thanks to the trust-based relationships developed with distributors over the last 40 years, the group is able to maximize the potential of its brands in airports around the globe.

The L'Oréal Paris brand is attracting more and more Asian consumers with its affordable premium products, particularly in duty free downtown shops, like those in Bangkok, it continued. The brand

also rolled out a first-ever global travel retail campaign for Color Riche Shine across some of the biggest international airports such as Paris and Singapore.

Meanwhile, Vichy showcased its star product, Minéral 89, through large-scale media advertising in major Asian airports. The campaign provided an occasion to celebrate the brand, which is present in 60 travel retail “dermacenters” alongside other brands from the company’s Active Cosmetics Division.

L’Oréal highlighted its Armani Box pop-up store, which continues its round-the-world tour of airports and downtown shops, “recruiting new consumers for the beauty brand thanks to its distinctive identity and design including fine lines, and bright red hues”.

It added: “The striking results are a particular hit with millennials, who are likely to share images via social networks and help events go viral.”

While big brands like Lancôme – with its star product Génifique – Yves Saint Laurent, Kiehl’s and Giorgio Armani continue to spark consumer enthusiasm, upcoming brands are also doing well, the group reported.

In 2018, men’s grooming brand House 99 was launched, while Atelier Cologne opened pop-up stores in Paris and Los Angeles.

Plans for growth in travel retail

E-commerce represents 12% of L’Oréal’s travel retail sales, and the channel will continue to expand its digital presence to meet the demands of today’s “ultra-connected consumers”, it continued.

“L’Oréal Travel Retail provides personalized offers both on- and offline all throughout the traveler’s journey, as well as before and after,” it said.

L’Oréal cited its activation campaigns to attract travelers to shops, such as the Shu Uemura Shu Kiss initiative in Seoul, in partnership with Lotte, and the Ralph Lauren Father’s Day campaign in Brazil, in cooperation with Dufry.

Secondly, the group will maintain focus on its sustainable development initiatives.

“By ensuring the sustainable manufacture of products sold exclusively in airports, offsetting the carbon footprint generated by employee travel and recycling and reusing merchandising equipment, L’Oréal aims to make performance meaningful and become a leading player in this vital transformation of the travel retail channel,” it said.

The group cited key 2018 figures: 100% of CO2 emissions due to L’Oréal Travel Retail employee trips were offset; 100% of cardboard used for products sold only in airports was certified FSC and PEFC; and 90% of materials and furniture in the TFWA World Exhibition was reused or recycled.