

FRAGRANCE AND PERSONAL CARE

Shiseido forecasts 10.5pc sales growth for 2017

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Shiseido's Rouge Rouge lipstick collection

By STAFF REPORTS

Japanese beauty group Shiseido saw growth in categories such as prestige and travel retail, making up for unforeseen challenges in 2016.

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Shiseido's 850 billion yen in net sales, around \$7.5 billion at current exchange, was up 5.2 percent from 2015 when measured in local currency. After adjusting its forecast in the first half of 2016, cost-cutting tactics and efficiency measures helped the company come out ahead of its fiscal year predictions in November.

New additions

Shiseido's existing businesses grew 6 percent in 2016. The negative impact of losing the Jean Paul Gaultier license in 2015 was counteracted by the addition of Laura Mercier and Dolce & Gabbana's beauty license ([see story](#)).



Dolce & Gabbana's Light Blue Winter campaign

Factors such as the currency exchange rates and the investment in these new brands kept Shiseido's operating income below its target 38 billion yen, coming in at 36.8 billion.

Shiseido's profitability was partly driven by China, which saw 11.4 percent sales growth and more than a 50 percent boost to ecommerce.

Despite an 8 percent growth in sales in the Americas, Shiseido saw a 3.7 percent decrease in profitability in the region.

Sales in the Europe, the Middle East and Africa fell 8.1 percent, with the region's profitability also falling 12.3 percent. Shiseido attributes this to the impact of Jean Paul Gaultier and the currency exchange.

Travel retail was a particularly strong area for Shiseido, with 60.4 percent sales growth.

Looking ahead, Shiseido plans to invest heavily in its prestige skincare, makeup and fragrance brands. This includes a heavier advertising push for Dolce & Gabbana and an increased global digital communication and ecommerce strategy for all of its brands, with the goal of having more than 20 percent of prestige sales coming from online channels by 2020.



Image courtesy of Shiseido Group

Shiseido has made other digital moves lately. The group's American affiliate recently acquired startup MatchCo in an effort to further customize its offerings to consumers.

The California-based MatchCo developed a mobile application that scans a user's face and wrists, using the data collected to blend a foundation shade specifically for their skin tone. With this addition, Shiseido plans to leverage MatchCo's technology to personalize cosmetics throughout its umbrella of brands ([see story](#)).

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