

FRAGRANCE AND PERSONAL CARE

Shiseido makes strategic investment in beauty retailer Violet Grey

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Shiseido has seen significant sales but decrease in profitability. Image credit: Shiseido.

By STAFF REPORTS

Japanese beauty group Shiseido has made a strategic investment in beauty retailer Violet Grey, expanding the group's presence in the U.S. market.

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The deal, which was reported by Women's Wear Daily, sees Shiseido continuing to expand its presence in the luxury beauty sector, putting it on course to better compete with other big conglomerates such as Estée Lauder. Violet Grey's online presence also fits well into Shiseido's established strategy of aggressively pursuing beauty ecommerce.

"Shiseido Americas has taken a limited, minority interest in Violet Grey Inc., an online luxury beauty retailer with whom several of our brands do business," said Shiseido in a statement given to [WWD](#). "Violet Grey's unique approach to prestige beauty is well-aligned with Shiseido's ecommerce strategy.

"This investment offers us the opportunity to grow our existing presence on VG's online platform, and to gain from Violet Grey's unique insights into the luxury beauty market."

Expanding influence

Shiseido has been on an investing spree recently, working with numerous smaller companies, particularly those experimenting with digital and ecommerce tools.

For instance, the group's American affiliate 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](#)).

Shiseido's latest investment in Violet Grey is a perfect example of how Shiseido is pursuing forward-thinking ecommerce startups to expand its presence in the U.S. and online.

While terms of the deal are not public, WWD reports that it was likely between \$5 million and \$10 million.

Violet Grey's main pedigree is in the ecommerce space as it hosts an online marketplace of brands such as Tom Ford.

Most recently, Violet Grey also inked a deal to sell luxury beauty products on Amazon, a move that makes Shiseido's investment in the company even more interesting.



Violet Grey recently signed a deal to sell luxury cosmetics on Amazon. Image credit: Violet Grey

Shiseido is banking on its spending and investing to provide ROI in the near future. Although the company is in good health, it has had some problems maintaining profits.

In 2017, Shiseido hit a milestone, hitting 1 trillion yen in net sales, or \$9 billion at current exchange, but its profitability suffered.

Shiseido's earnings for the year 2017 revealed the beauty group exceeded its expectations, which the company attributed the success to structural reform and bold marketing. Due to its Bare Escentuals division, however, reports show that Shiseido saw a 30 percent drop in annual profit ([see story](#)).

The company's investment in Violet Grey is another example of the group's commitment to expanding its presence online and abroad.