

FRAGRANCE AND PERSONAL CARE

## Este Lauder's Q1 skincare sales up 24pc

October 31, 2019



*La Mer is taking its Treatment Lotion Hydrating Mask out of the house. Image credit: La Mer*

By STAFF REPORTS

Skincare continues to be a growth driver for beauty group Este Lauder Companies, with the category's sales up 24 percent year-over-year in the first quarter of the 2020 fiscal year.

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In the quarter ended Sept. 30, the company's total net sales grew 11 percent to \$3.9 billion. Along with skincare, Este Lauder attributes its positive quarter to emerging markets including China, online channels and travel retail.

"We have started fiscal year 2020 with terrific results," said Fabrizio Freda, president/CEO of Este Lauder Companies, in a statement. "Our winning strategy based on multiple engines of growth helped us deliver an extraordinary performance, especially in light of the volatile global environment, reflecting the agility and resiliency we have created in our business model.

"Our sales growth was led by excellent results from our international markets, particularly in China and our other emerging markets, the skincare category, the travel retail and online channels globally, our Este Lauder brand and several luxury brands, all of which grew double digits," he said.

"In addition, all four of our biggest brands, each with annual sales well over \$1 billion, grew globally. This demonstrates the enduring consumer interest in established brands and their proven, desirable products."

Beauty buyers

Este Lauder's skincare sales totaled \$1.84 billion. Skincare sales were up across all regions, with the flagship Este Lauder brand and La Mer leading increases with double-digit growth.

Comparatively, makeup came in second with \$1.44 billion in sales, rising 4 percent year-over-year. Makeup sales for Este Lauder, M.A.C, Tom Ford Beauty and La Mer were up by double digits, offsetting declines at Too Faced, Becca and Clinique.

Fragrance sales were down 2 percent in the quarter to \$462 million. Tom Ford and Jo Malone saw growth, while Este Lauder was challenged by a strong comparison basis from the prior year, when it launched Beautiful Belle.



*Estée Lauder's Beautiful Belle. Image credit: Estée Lauder*

In the Americas, softening color cosmetic sales and a decline in fragrance revenues led overall net sales to drop 6 percent from the same quarter of 2018.

Estée Lauder noted a decline in travel retail in Hong Kong. However, this was countered by strong double-digit growth across about half of the markets in Asia-Pacific, and sales across the region were up 24 percent.

Europe, the Middle East and Africa saw sales increases of 17 percent year-over-year, led by emerging markets, travel retail and online sales.

Looking to further power its growth, Estée Lauder has upped its advertising spending. It has also been using more customer data and analytics to guide marketing and product development.

Looking ahead, Estée Lauder is cautious about the potential impact and uncertainty surrounding Brexit and ongoing trade negotiations between the U.S. and other nations. The company also anticipates a moderation of growth in China, and continued impacts due to protests in Hong Kong.

Another issue facing Estée Lauder is the slowdown of bricks-and-mortar shopping in the U.S. and U.K.

The group expects the prestige beauty category to grow between 5 and 6 percent this year, and it projects that its growth will be ahead of the industry, increasing between 7 and 8 percent.

Even though Estée Lauder is preparing for a potential slowing of growth in China, the market remains key for beauty.

China's beauty market is dominated by mass-market players, but luxury brands are embracing technology and personalization to propel their growth at a faster rate.

According to a report from J.P. Morgan, China is the world's second largest beauty market and sales there jumped almost 13 percent in 2018. Luxury labels including Estée Lauder have also benefitted the most from the boom in ecommerce beauty sales ([see story](#)).