



What's Hot Around the Globe

Insights on Growth
in Personal Care

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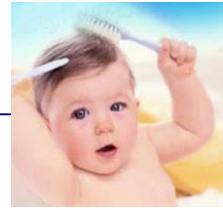


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The information contained in this report has been collected from the ACNielsen Marketing Information Group in 56 countries around the world. For questions or to obtain more detailed information by country please contact your local ACNielsen Global Services representative or contact Clare Nishikawa at clare.nishikawa@acnielsen.ca

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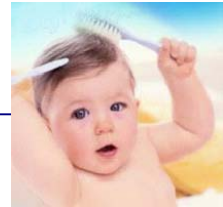
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INTRODUCTION

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Introduction

What's Hot Around the Globe – Insights on Growth in Personal Care is the latest study in ACNielsen's ongoing Executive News Reports series. In 2002, ACNielsen published another 'What's Hot' report that focused on global growth trends across Food and Beverages categories. Based on the positive feedback we received from that study, and at the request of many of the world's leading manufacturers in Personal Care, we have now looked at which Personal Care categories are exhibiting the highest levels of growth around the world...and what are the key drivers behind that growth.

With ACNielsen analyzing retail purchases in nearly 100 countries around the world, this study focuses on 56 of those 100 countries, spanning Asia Pacific, Emerging Markets, Europe, Latin America and North America. The 56 countries included in the study account for over 95% of the world's GDP (Gross Domestic Product) and over 75% of the world's population.

To get a complete view of the Personal Care market in these 56 countries, ACNielsen included trends from nearly 60 Personal Care categories and then grouped these categories into nine larger product areas for a higher-level analysis. These nine areas include Baby Care, Cosmetics, Hair Care, Personal Paper, Dental Care, Body Cleansing & Moisturizing, Face Cleansing & Moisturizing, Sun Care and Hair Removal.

Based on the category and country results, ACNielsen has identified six key trends that we believe are contributing to the growth of the 'hottest' Personal Care categories around the world. These trends are:

- **The Need for Convenience**
- **Concerns Over Health and Safety**
- **New Product Innovation in Both Form and Function**
- **Changing Demographic Profiles and the Aging Population**
- **The Blossoming of the Metro-Sexual Man**
- **Introduction and Wider Distribution of Premium Products**

Interestingly enough, the first three of these key trends were similar to those found in our earlier study on Food and Beverages. For example, the need for convenience in our lives...whether in the food and beverage products we buy or the personal care products we use every day...is still a key driver behind category growth. Our universal concern over health and safety, along with innovative new kinds of products in

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relatively mature categories, surfaced as key trends in both studies. These trends will be reviewed in more depth in the analysis that follows.

As with our other studies, this report is based on purchasing information from supermarkets, hypermarkets, mass merchandisers and drug stores and generally excludes such channels as department stores. In some countries, sales from convenience stores and pharmacies were not included.

In addition, due to the fact that category coverage can significantly differ across countries, we have cited in our findings the actual number of countries included in this study for each category. Where products were segmented into different categories across markets, we have reconstructed the categories in order to have the most consistent view.

For 44 of the 58 categories in the United States, information on consumer purchases via ACNielsen's Homescan Services has also been included to provide a total market read that includes Wal-Mart.

It is also important to note that since volume measures often differ across countries and categories, *What's Hot in Personal Care* looks at growth trends in sales value, not volume. The study specifically focuses on results for 2003 compared to year ago. To obtain a global perspective on a product area or category, global aggregations were created by converting local currency to US dollars using a constant exchange rate. Since our analysis is based on value growth we have looked at the regional trends excluding the hyper-inflationary countries of Bulgaria, Romania, the Ukraine and Turkey.

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GLOBAL FINDINGS

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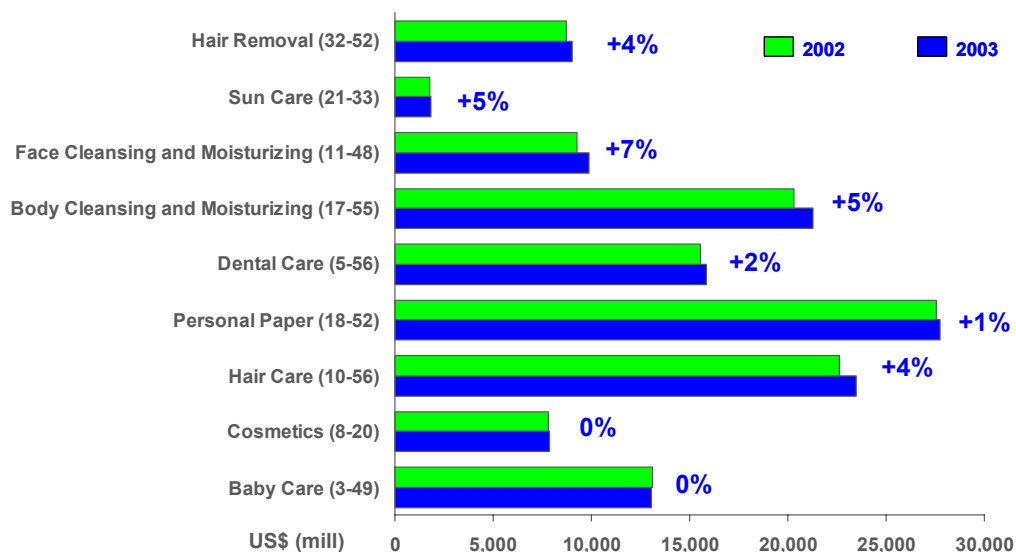


Global Findings

Overall Growth for the Personal Care Categories Was +3% in 2003

Within the 56 countries included in the study, the aggregated sales value of the 58 Personal Care categories selected for this study was up by just +3% versus year ago (Personal Care sales were measured at US\$130 billion for the 52 weeks ending October 2003).

The largest product area studied based on sales value was Personal Paper, primarily due to two very large categories that are included in this group – Toilet Tissue (US\$12.6 billion) and Sanitary Protection (US\$8.6 billion). Although this was the largest area studied based on sales value, the overall growth rate for this group was among one of the smallest, at only +1% versus year ago.



Global Growth by Product Area
(Number of countries covering the various categories in each product area)

In addition, there were three other product areas that showed little to no growth over year ago. Baby Care and Cosmetics remained flat versus year ago and Dental Care grew by only +2%. The other five areas (Hair Care, Sun Care, Hair Removal, Face Cleansing & Moisturizing and Body Cleansing & Moisturizing) all showed growth varying from +4% to +7%.

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The fastest value growth (at +7%) was in the area of Face Cleansing & Moisturizing. Coming in second, based on growth rate, were the product areas of Body Cleansing & Moisturizing and Sun Care, each with growth of +5%. Interestingly, although it was second in growth rate, given the overall size of the Body Cleansing & Moisturizing area, it actually experienced the largest absolute value growth of the nine product areas studied (growth of nearly US\$1 billion versus 2002).

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Among the 58 Categories Reviewed...

Tooth Stain Removers/ Whiteners Experienced the Fastest Growth

Within each of the nine product areas, we identified the fastest growing categories. Not surprisingly, based on the global findings discussed above, the individual category growth rates for many of the categories were in the single digit range, similar to those seen across the nine product areas. In three of the product areas, however, there were categories that experienced double-digit growth in 2003. Tooth Stain Removers/ Whiteners (within the Dental Care product area) experienced the highest growth rate at +48%. Disposable Changing Mats (in Baby Care) also experienced strong growth at +23% and Lip Gloss (in Cosmetics) experienced growth of +10%.

Product Area	Growth of Product Area	<u>Fastest</u> Growing Category within Product Area	Number of Markets Growing/Measured	Category Growth Rate 02-03	Category Growth Value US\$
Baby Care	0%	Disposable Changing Mats	3 of 3	+23%	1 mil
Cosmetics	0%	Lip Gloss/ Tinted Balm	14 of 14	+10%	38 mil
Hair Care	+4%	Conditioners	36 of 45	+7%	251 mil
Personal Paper	+1%	Incontinence Pads/Pants	21 of 27	+4%	84 mil
Dental Care	+2%	Tooth Stain Removers/ Whiteners	4 of 5	+48%	127 mil
Body Cleansing & Moisturizing	+5%	Body Cleansing – Cream/Gel/Liquid	35 of 39	+7%	227 mil
Face Cleansing & Moisturizing	+7%	Face & Eye Moisturizers	31 of 38	+9%	348 mil
Sun Care	+5%	Aftersun	20 of 23	+7%	8 mil
Hair Removal	+4%	Razors & Blades	40 of 52	+5%	317 mil

One key point is that these growth rates are markedly lower than those we found in the earlier study done in 2002 – *What's Hot in Food and Beverages*. In that study, nine of the 90 food and beverage categories (or 10%) experienced double-digit growth – in this study only 5% of the categories showed growth of +10% or more. Similar to the Food and Beverages study, however, the fastest growing category in Personal Care was also one of the smallest in sales value. Tooth Stain Removers/ Whiteners, growing by +48%, was worth only US\$393 million in 2003 across the five countries measured, but year-over-year growth was over US\$125 million.

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Shampoo Experienced the Largest Global Growth in Absolute Sales Value in 2002 – 2003

As you might expect, most of the categories that experienced the fastest growth were the smaller categories, where the growth rates were calculated off a considerably smaller base. For a slightly different perspective, we have also identified those categories that have shown the largest growth in absolute value (2003 vs. 2002).

The shampoo category experienced the largest growth across the 56 countries in which it was measured and had an overall sales value of US\$10.7 billion. Compared to 2002, this was an increase of over US\$430 million in sales.

Only two categories appeared in both the fastest growth and the largest growth lists, Face & Eye Moisturizers and Razors & Blades. The Face & Eye Moisturizers category experienced +9% growth or an increase in the 38 countries measured of US\$348 million; the Razors & Blades category experienced +5% growth or an increase of US\$317 million in the 52 countries measured.

Product Area	Category with the <u>Largest Absolute Growth in Value</u>	Number of Markets Growing/ Measured	Category Growth Value US\$	Category Growth Rate 02-03
Baby Care	<i>Moist Wipes</i>	19 of 28	30 mill	+2%
Cosmetics	<i>Mascara</i>	15 of 18	83 mill	+9%
Hair Care	<i>Shampoo</i>	40 of 56	433 mill	+4%
Personal Paper	<i>Toilet Tissue</i>	25 of 40	97 mill	+1%
Dental Care	<i>Tooth Cleaning</i>	34 of 55	227 mill	+3%
Body Cleansing & Moisturizing	<i>Deodorants</i>	36 of 50	311 mill	+5%
Face Cleansing & Moisturizing	<i>Face & Eye Moisturizers</i>	31 of 38	348 mill	+9%
Sun Care	<i>Sun Protection</i>	26 of 33	75 mill	+5%
Hair Removal	<i>Razors & Blades</i>	40 of 52	317 mill	+5%

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SIX KEY TRENDS

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Six Key Trends Emerge in Personal Care

Parallel Findings Found in Earlier Food and Beverage Study

Based on the category and country results, ACNielsen has identified six trends that we believe are contributing to the growth of the world's 'hottest' Personal Care categories:

- **The Need for Convenience**
- **Concerns Over Health and Safety**
- **New Product Innovation in Both Form and Function**
- **Changing Demographic Profiles and the Aging Population**
- **The Blossoming of the Metro-Sexual Man**
- **Introduction and Wider Distribution of Premium Products**

It is not surprising that the first three of these key trends were similar to those found in our earlier study on Food and Beverages.

The Need for Convenience: Consumers are looking for more convenience in their lives...whether it is the portable nature of the foods and drinks they consume, or the way they wash their face in the morning. Busy lives – increased stress – two parents working outside the home – all of these are factors that are contributing to the need for more convenience in the food, beverages and personal care products consumers are buying.

Concerns Over Health and Safety: With instant media awareness of diseases breaking out in countries around the world, our concern over health and safety has become universal, and today more than ever it is impacting the purchasing of the foods we eat and our own personal hygiene.

New Product Innovation: As in our previous study, innovation continues to spur growth. A few years ago, who would have envisioned there was more to water than just plain water (now we have sports waters, flavored waters, fortified waters), or that a 'strip' would be introduced to freshen breath. New forms and functions are changing the way we look at categories and the result is illustrated in a number of Personal Care categories highlighted in this study.

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In addition to these trends, ACNielsen identified that Personal Care growth was also influenced by **Changing Demographics** (specifically, a growing aging population), and increased interest in **Personal Care for the Male Population**, as well as the **Introduction and Wider Distribution of Premium Products**. We will take a look at each of these in more depth below.

Key Trends in More Depth

Convenience Plays a Strong Role in Shaping the Consumer's Purchasing Decision

In today's world, time is scarce. The need for quick and easy-to-use products now affects all parts of our lives – what we eat, how we take care of ourselves, as well as how we look after our homes. In 2002, ACNielsen, in its study *What's Hot in Food and Beverages*, found that convenient Ready-to-Eat Meals and portable Prepared Alcoholic Beverages were two of the hottest growing categories globally. This year the need for convenience was also seen across a number of areas within Personal Care; most specifically in Baby Care and Dental Care.

Perhaps in response to more women entering the global work force, new Baby Care products are available to specifically make life more convenient. Originally launched as a training pant, Disposable Diaper Pants are now marketed as a more convenient way to change a baby on the go. Consumer support created a global sales value growth of +5%, with Europe leading with +11% growth in the last year. Also easing the cleanup process, new Disposable Changing Mats, currently only reported in three countries – UK, USA and Ireland – saw a sales value growth of +23% in the last year.

In the Dental Care area, Tooth Stain Removers/ Whiteners allow consumers to whiten their teeth without a trip to the dentist. Whether they apply a liquid or a strip, the consumers' appreciation of saved time, effort and money resulted in a growth in sales value of +48%. With sales reported in just five countries – Thailand, Belgium, UK, USA and Canada – the sales value for 2003 was nearly US\$400 million.

The growing phenomenon of Wipes – to make our lives more convenient – was evident across a significant number of Personal Care categories. The 'wipe' was found in such categories as: Cosmetic Removers, Face Cleansing & Toning, Specialist Hand Cleansers, Deodorants, Aftershave and Sun Protection. Within Anti-Spot/Acne Cleansers, wipes were seen to hold 7% of the global sales value. Within

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Baby Care, Baby Moist Wipes, having been around for a number of years, still grew by US\$30 million in the last year.

Innovation Helps to Drive Product Growth

Consumers have shown they appreciate innovative products – products that meet their needs or desires in new and interesting ways. The *What's Hot in Food and Beverages* study found those areas with new product types (for example, new Spirit Based Ready-Made Drinks), or simply products with new flavors or packaging, exhibited significant growth.

In the Personal Care area, a category that has undergone significant innovation for a number of years continued making leaps ahead this year. With the leading manufacturers striving to use the latest technology to provide the closest shave, the Razors & Blades category grew by US\$317 million in the last year. Forty of 52 countries tracked indicated growth in 2002 – 2003.

At times the innovation may simply be a surprising new form that boosts sales. A recent addition to the Breath Fresheners category was a strip form. The strip sales value, although representing a small portion of the overall category, grew by over +100%. Sales of the strip helped stimulate interest in the whole category, the category grew by +9% from 2002 to 2003. The incremental sales for the category were US\$44 million.

Further innovation within Dental Care can be found within the largest category in the product area, Tooth Cleaning. A continuous stream of new offerings including whitening, sensitivity control and toothpaste and mouthwash in one, helped the category to experience growth of US\$227 million. The category grew in the 34 countries of 55 measured in the last year.

Health and Safety Concerns Impact Product Purchasing *Media Helps Drive Awareness*

Regardless of their nationality, people want to be safe and healthy. These are basic global desires. The 2002 *What's Hot in Food and Beverages* study identified the 'healthy' categories of water, yogurt, fruit and salad as being amongst the fastest growing. The current popularity of new low-carb products is another more recent example of consumers' continued desire for 'healthy' products. More than 800 new low-carb products have been introduced to the market, and even the food service industry has now been adding low-carb options to menus.

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The level to which Personal Care purchases are affected by these needs is a function of both economics and public awareness. Do consumers have the disposable income available to purchase the latest dental care products? Has the local media raised consumer awareness regarding the dangers of skin damage from the sun?

Growing awareness and concern regarding skin cancer and premature aging from unprotected sun exposure positively affected sales within the area of Sun Care. Global Sun Care sales value grew by +5% overall in the last year. Sun Protection products specifically experienced the largest growth of \$US75 million. The three regions driving this growth were Europe with +13% growth, Emerging Markets with +17% growth and Latin America with +22% growth. However, with consumers still wanting to 'look' tanned, a number of consumers were choosing an alternate tanning option to the sun. Although a less developed category (particularly in the Emerging Markets and Latin America) Self-Tanning products grew by +11% within Europe in 2003.

A global threat like SARS had consumer concerns escalating around the world and significantly impacting sales of personal cleansing products. Toilet Soap (including Specialist Hand Cleansers and Hand Sanitizers) grew on a global basis by only +3% in the last year. But when you look specifically at those countries most affected by SARS (China, Hong Kong, Philippines, Singapore, Vietnam and Canada), it was identified that the category grew by +10%. Liquid Soap and Hand Sanitizers in particular drove this growth. In Canada, for example, Hand Sanitizers grew by +187%, boosting sales from US\$2.3 million in 2002 to US\$6.7 million in 2003.

The Aging Population Drives Specific Category Growth

Changing demographics continue to impact every part of our daily lives. As we are all aware, the baby boomer generation has been impacting the consumer marketplace since their beginnings in the 40's and 50's. Today, the fact is that fewer babies are being born and the proportion of older consumers around the world is growing. Although the changes in these trends from one year to the next (and over the short timeframe of this study) are minimal, the marketplace is changing and the percentage of the population over 65 years of age continues to increase in most regions of the world.

This increase was reflected particularly in the growth of Incontinence products. On a global basis, Adult Incontinence Pads/Pants grew by +4%, a growth of US\$84 million. In Latin America the proportion of population over 65 is smaller than in many of the North American and European countries (varying between 4.5% in Mexico to 10.7% in Puerto Rico). This segment of the population, however, was seen to be growing the

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fastest in Latin America when compared to the other regions of the world. As a reflection of this stronger growth, Adult Incontinence Pads/Pants grew the fastest in Latin America, by +6%. In the regions of North America and Europe, the percentage of the population over 65 varied between 11.4% in Ireland to 12.6% in the USA to 18.6% in Italy. These more mature markets saw far larger value sales in Incontinence products but a lower rate of growth.

The impact of the aging population was also seen in other Personal Care categories. With a growing desire to remain youthful looking, anti-aging products were evident in a number of categories. Anti-aging products have now been developed to tackle a number of signs of aging: to reduce wrinkles, minimize dark circles and lighten dark patches on the skin. The growth in the aging population, linked with these product developments, contributed to the +9% growth in Face & Eye Moisturizers (US\$348 million). Looking at Hair Care, other 'staying young' categories include Hair Colorants and Hair Loss Solutions (Hair Loss Solutions are not covered in this study). Hair Colorants although growing minimally overall, did have pockets of strong growth in Latin America (+10%) and the Emerging Markets (+20%). The +48% growth in Tooth Stain Removers/Whiteners is just one more indication of consumers concern with combating the signs of aging.

The 'Metro-Sexual' and Changing Male Grooming Practices Result in New Products and Category Growth

Trends in male grooming have spurred considerable interest in the last couple of years, so much so in fact that a new descriptor has been added to modern-day vocabulary – the 'metro-sexual'. *Word Spy*, a website devoted to new words and phrases, defined the metro-sexual as '*an urban male with a strong aesthetic sense who spends a great deal of time and money on his appearance and lifestyle.*' Since becoming popular in 2002, this term has been used in thousands of media outlets. #

This increased interest in grooming among the male population has had manufacturers developing products specifically for them. In March 2004, Procter & Gamble announced an exclusive licensing agreement with OT OverTime to market a line of Personal Care products developed for tweens and teenage boys.

Unilever has also been very much at the core of this trend. Their male-focused brand Axe, now available in over 58 countries, has expanded into a number of categories. Initially a Deodorant in spray form, Axe is now also available as Deodorant in a roll-on

www.wordspy.com

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form, Shower Gel, Pre-Shave, Aftershave, and as a Hair Styling product. According to Unilever, within a year of its launch in North America in August 2002, Axe had outperformed its own targets by 25%.

Such products have specifically boosted sales within the Body Cleansing & Moisturizing product area. Body Cleansing Shower Gel (Cream/Gel/Liquid) experienced the fastest growth in sales value with an increase of +7%, worth US\$227 million. In the UK, the total category grew by +4%, but the male segment grew by +18%. Deodorants experienced the largest incremental sales growth of US\$310 million. Again in the UK, the male segment grew by +11%, while the female segment only grew by +6%.

Introduction and Wider Distribution of Premium Products

The introduction and wider distribution of more premium priced products also impacted growth in the area of Personal Care. With scientific research continually leading to the development of new and improved formulae, manufacturers are introducing more premium-priced products. For example, Procter & Gamble recently launched their SK-II line of moisturizers in the United States. SK-II is a range of products built around a five-ounce jar of facial cream retailing for over US\$100. Along with new introductions, premium brands, that were once only available in select retailing establishments (hair salons, beauty parlors, or high-end department stores) are also now being distributed in more traditional retailers and purchased by a far wider range of consumers. Face Cleansing & Moisturizing and Hair Care product areas specifically benefited from this trend, with sales of higher priced products raising the overall sales value.

But increased consumer focus on image isn't just a North American trend. For example, *Extreme Makeover*, a reality television series that follows people through major transformations in their appearance, has now been sold to 120 territories worldwide. Personal Care products are the key for these television viewers to create their own 'makeover'. China attributed their +23% increase in Face Cleansing & Moisturizing to the improved performance of premium products. Sri-Lanka attributed their +13% increase in Colorants to the wider availability of products, previously only sold in niche markets.

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REGIONAL GROWTH

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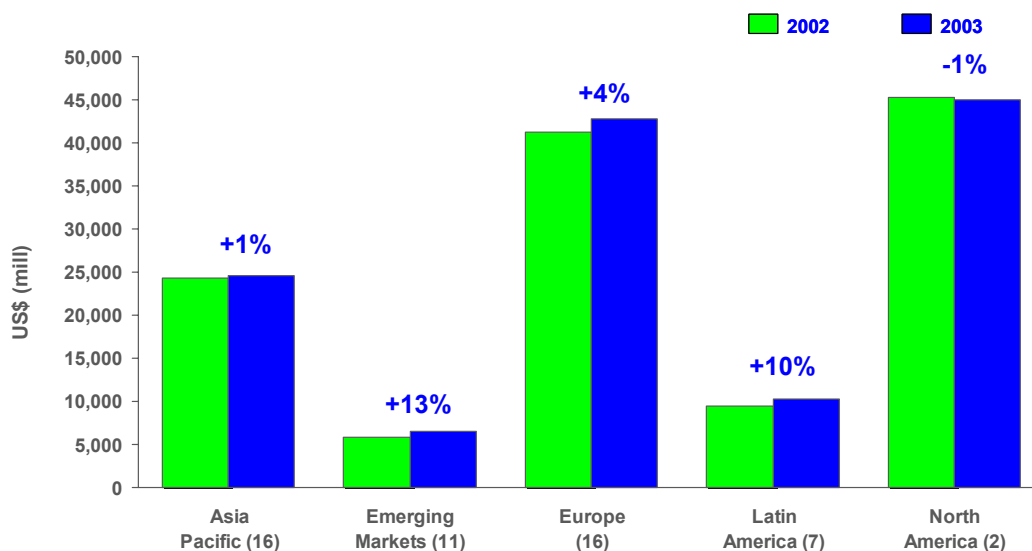
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Regional Growth

Personal Care Showed Wide Variations in Growth Across the Globe *Emerging Markets and Latin America Experienced Double-Digit Growth*

Overall regional growth trends in Personal Care were investigated by cumulating individual local country data into the five regional totals. The smaller regions of Latin America and Emerging Markets experienced the fastest growth – each experiencing double-digit growth in the last year. Europe, on the other hand, was the region that saw the largest absolute dollar growth in 2003. France, Spain, Italy and the UK were the primary European countries driving that dollar growth.



Regional Growth in Personal Care Categories
(Number of countries included within each region)

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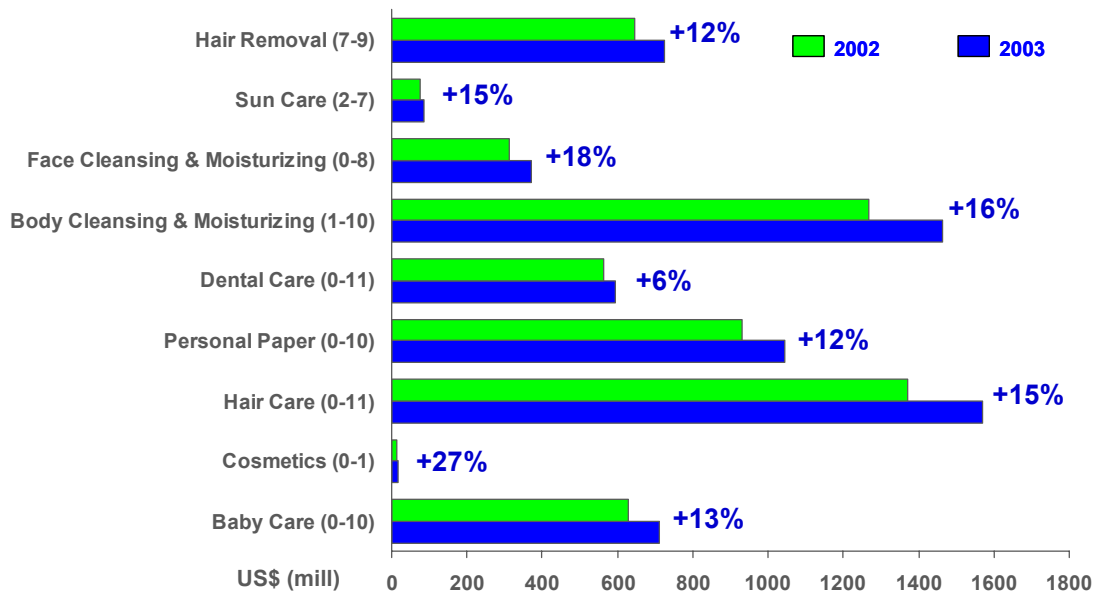
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Emerging Markets Had Strongest Growth in Personal Care +13%

When analyzing the information in the Emerging Markets, three Eastern European countries that were included in the global analysis were considered hyper-inflationary economies (Bulgaria, Romania and the Ukraine). Since our analysis is based on value sales, these three countries were excluded from the regional totals to gain a more accurate growth perspective on the other markets. Information from these three countries is, however, included in the global analysis.

Eight of the nine product areas in the Emerging Markets experienced double-digit growth. The fastest growing product area, Cosmetics, was the smallest in absolute value but grew by +27%. The largest absolute dollar growth was experienced in Hair Care, primarily driven by Russia. In a close second place, Body Cleansing & Moisturizing also saw very significant absolute dollar growth. Again, a considerable proportion of this growth could be attributed to value growth in the Russian market.



Growth by Product Area in Emerging Markets

(Number of countries covering the various categories in each product area)

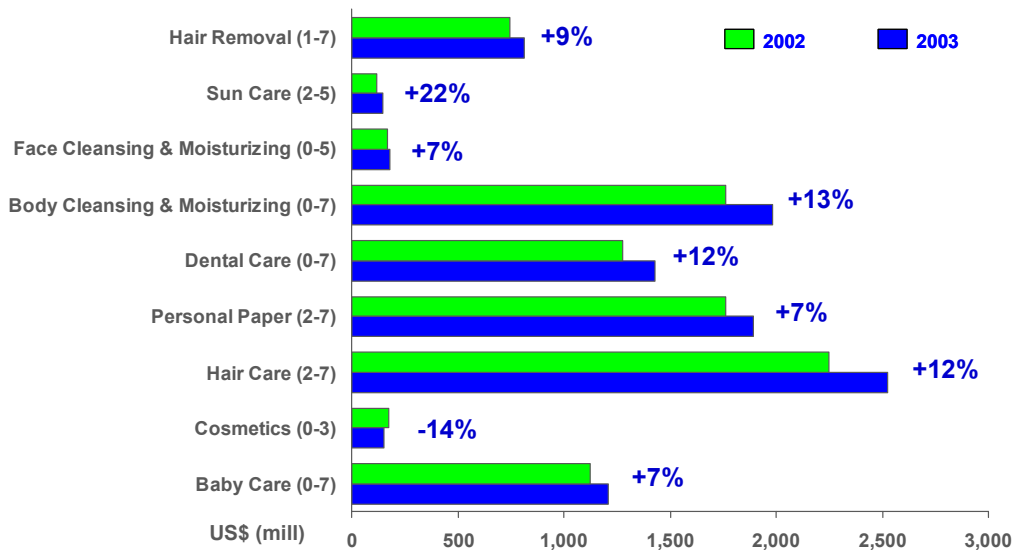
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The Latin American Personal Care Market Grew by +10%

Unlike the global results, Latin America showed strong growth rates across a number of categories. In fact, four product areas experienced double-digit growth. The fastest growing area was Sun Care (again the smallest product area). The only category seen to decline in Latin America in 2003 was Cosmetics. As in the Emerging Markets, the largest absolute dollar growth was in the Hair Care area. In Latin America, Brazil was seen to be the primary driver behind the value growth in this category.



Growth by Product Area in Latin America
(Number of countries covering the various categories in each product area)

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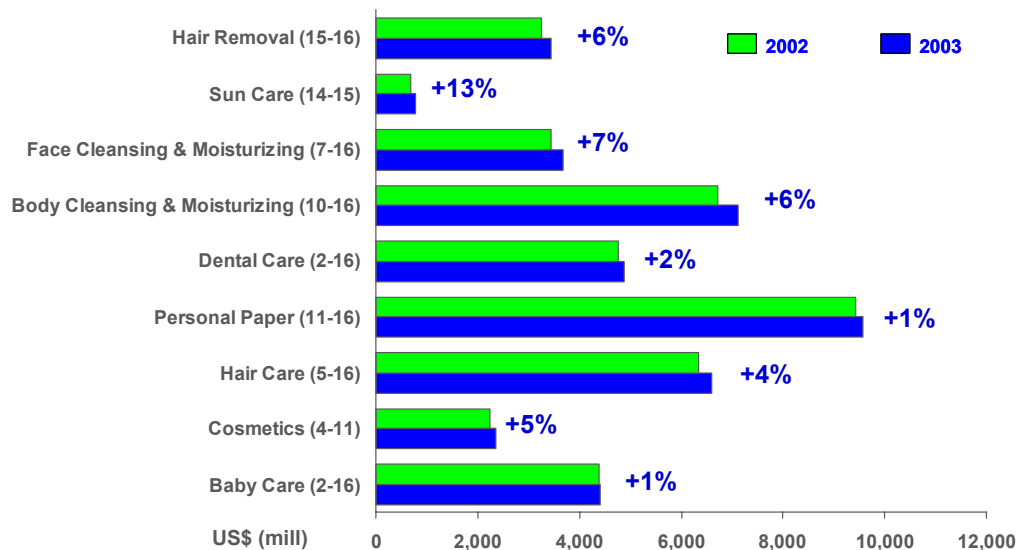
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European Personal Care Grew by +4% All Categories Showed Growth

Since our analysis is based on value sales, to understand the European trends we have excluded the hyper-inflationary market of Turkey from the regional findings below.

Unlike the ups and downs we saw globally, all product areas showed growth in Europe. As we have seen previously, the fastest growing category was also the smallest, Sun Care, growing by +13%. The largest absolute dollar growth was seen in Body Cleansing & Moisturizing, driven by France, Italy and Spain.



Growth by Product Area in Europe
(Number of countries covering the various categories in each product area)

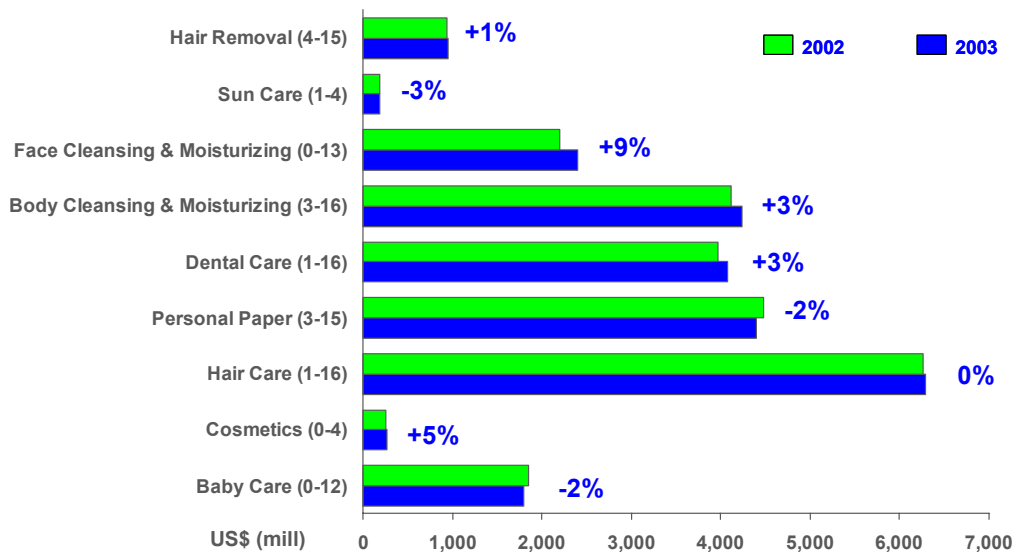
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Personal Care Grew by Only +1% in Asia Pacific in 2003 Some Categories Up – Some Down

Similar to the global results, the fastest growing product area in Asia Pacific was Face Cleansing & Moisturizing. Differing from the global results, however, Baby Care, Personal Paper and Sun Care each showed declines in the region. The largest absolute dollar growth in Asia Pacific was in Face Cleansing & Moisturizing, primarily driven by its value growth in China.



Growth by Product Area in Asia Pacific
(Number of countries covering the various categories in each product area)

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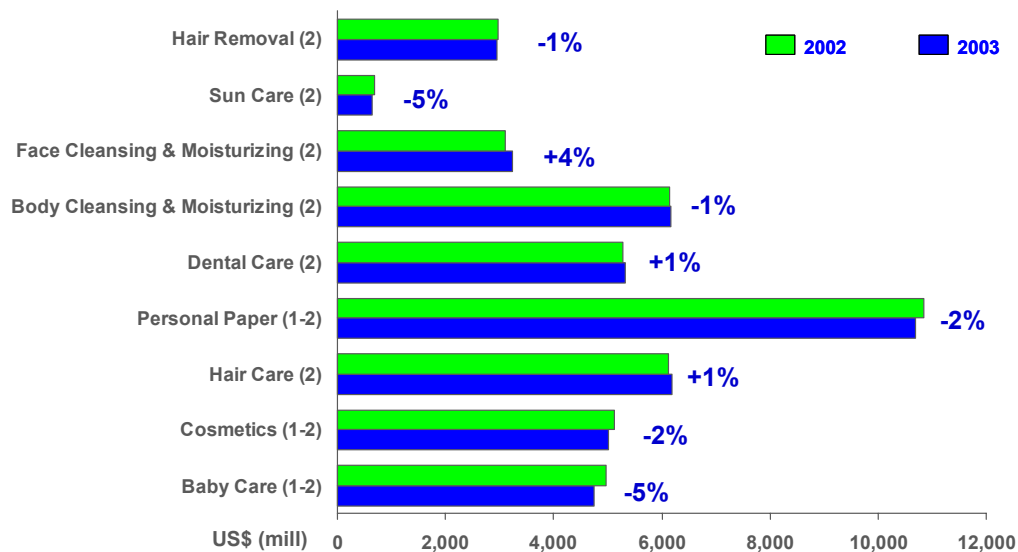
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Personal Care Declined in North America by -1%

The North American data was made up of information from two countries, the United States and Canada. Six product areas experienced decline in the last year in North America. Only three categories showed growth, Hair Care, Dental Care and Face Cleansing & Moisturizing. The fastest and largest growth seen in North America was seen in Face Cleansing & Moisturizing with +4% growth.

Due to the relative size of the two countries, these trends were primarily driven by the United States where again the only three categories that showed growth were Hair Care, Dental Care and Face Cleansing & Moisturizing. Overall, the United States declined by -1% across the 57 categories measured in Personal Care. Looking specifically at the US Homescan Wal-Mart data, the 44 categories measured experienced an overall value growth of +5%, with only a single product area in decline, Sun Care. Unlike the United States, the Canadian market saw an overall growth in Personal Care of +4% and showed growth in all product areas except for Baby Care.



Growth by Product Area in North America
(Number of countries covering the various categories in each product area)

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Other Thoughts on Regional Differences in Growth...

When looking at global trends it is important to consider that what is new in one country may well have been available for years in another. Disposable Diapers, for example, grew by +24% in Indonesia as the dimensions of the category expanded with the introduction of lower priced products. Although less developed countries have for years relied upon the sanitary protection of Towels and Pads, with the introduction of more affordable Tampons and Pant-Liners, we are now seeing movement among consumers towards these types of products. Hungary, for example, saw +10% growth in Sanitary Protection driven by the Tampon and Pant-Liner segments. Such increased penetration has also been used to explain growth in other categories, including Hair Styling in Taiwan and Toothbrushes in Sri-Lanka.

Another factor reported to be driving growth in the less developed markets was the increased presence of international grocery chains and, correspondingly, the increased availability of international brands and private label (as discussed in ACNielsen's *The Power of Private Label* - 2003). As the area of Personal Care becomes more developed, with the constant addition of new forms, varieties and brands to the developing marketplaces, the potential for growth remains strong.

In the *Private Label* study we saw that private label brands had the greatest market share in the more developed regions of Europe and North America. In the areas of Personal Paper and Baby Care, private label products were seen as the more 'economical' option for consumers. The strength of private label sales in these product areas was one contributing factor to the lack of value growth in Europe and North America in Personal Paper and Baby Care.

Another retailer influence in the regions of Europe and North America has been the growing share of warehouse clubs, hard discounters and dollar stores. Such stores as Aldi, Lidl, Costco and Sam's Clubs, have been most effective in providing the consumer with low priced, high volume alternatives. The strength of private label brands and the growth of these retail formats have both negatively impacted the value sales growth in commodity categories such as Toilet Tissue and Disposable Baby Diapers.

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CATEGORY DETAILS

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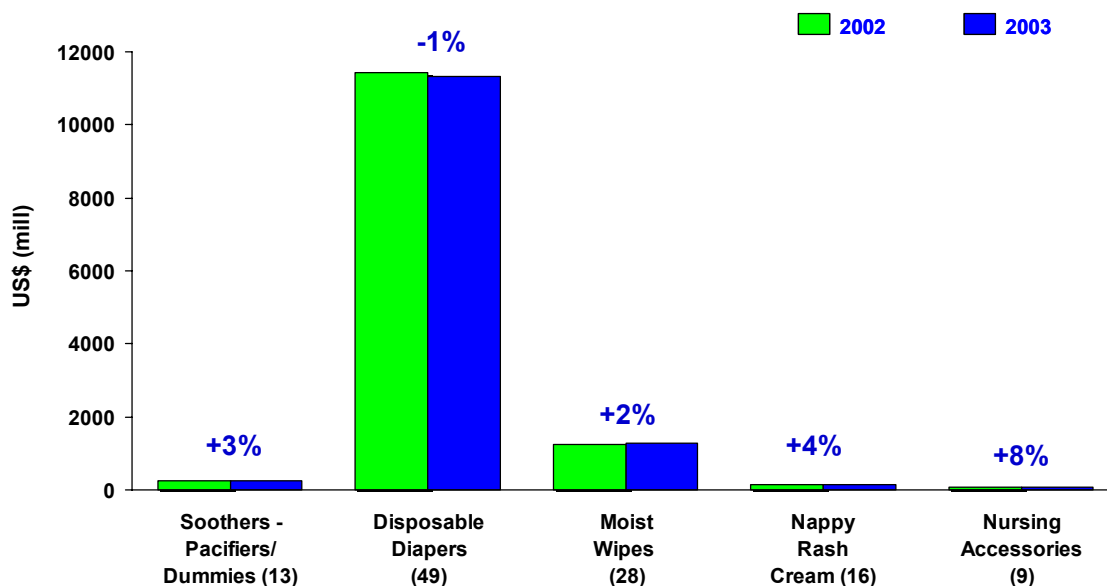


Category Details

New Convenient Baby Care Products Drove Growth in Niche Areas *Largest Category of Diapers Actually Declined in Value*

The key influence in the overall stalemate in the Baby Care area was the decline of the largest category. Disposable Diapers declined by -1% in 2003. This decline was not consistent across countries, however. Both the Emerging Markets and Latin America showed growth in Disposable Diapers last year. Disposable Diapers grew by +13% in the Emerging Markets and by +8% in Latin America. Another area of growth within Disposable Diapers was Disposable Diaper Pants. This segment of diapers, appealing to the need for convenience, grew by +5% globally. In Europe the growth was strongest at +11%.

Another convenient (but less widely available) category within Baby Care was Disposable Changing Mats. This category, only measured in three countries (UK, USA and Ireland) saw a growth of +23%, for a 2003 sales value of over US\$5 million. (Due to the small size of the category, however, it is not included on the chart.)



Global Growth in Baby Care Categories

(Number of countries included for each category)



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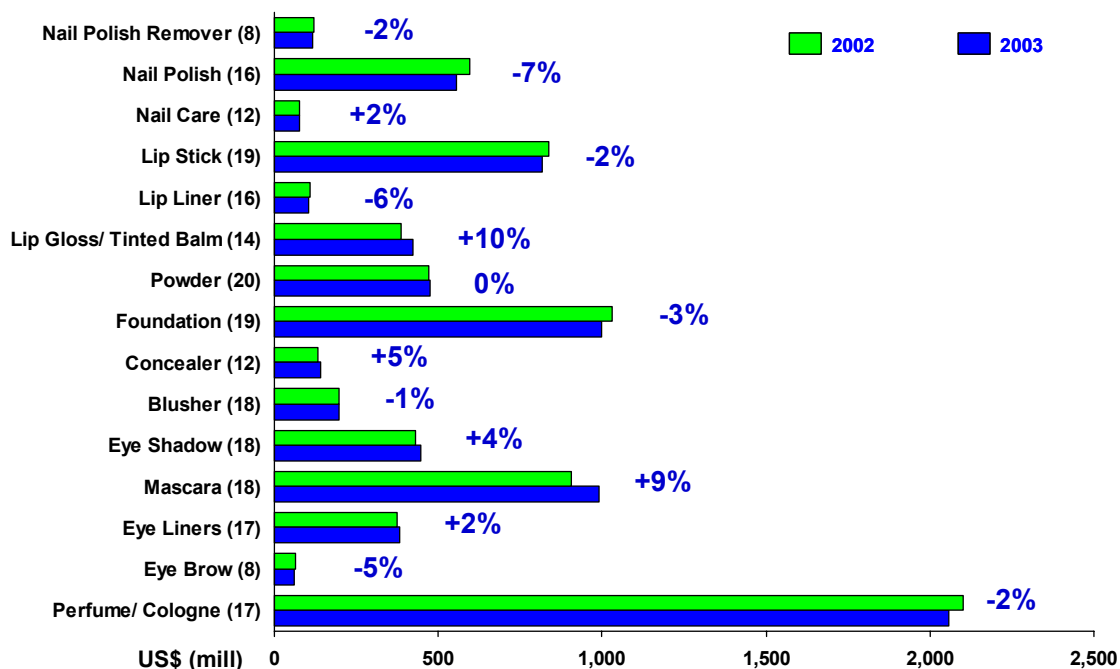
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Results in Cosmetic Categories Were Mixed...Half Up – Half Down

The sales of Cosmetics were primarily measured in Europe and North America and hence, the overall figures most closely reflect the trends in those two regions. Looking at a number of the smaller countries in the Emerging Markets, however, Bulgaria, Hungary and South Africa each showed overall growth of over +20% in the Cosmetics categories.

Fashion trends drove the highs and lows within this category. Categories appealing to a 'natural' and 'healthy' look led the growth. For example, Lip Gloss/Tinted Balm grew at +10%, whereas the larger category of Lip Stick declined at -2%. Although Perfume and Cologne declined by -2%, the male segment of this category grew by +2%.



Global Growth in Cosmetics Categories
(Number of countries included for each category)

What's Hot Around the Globe

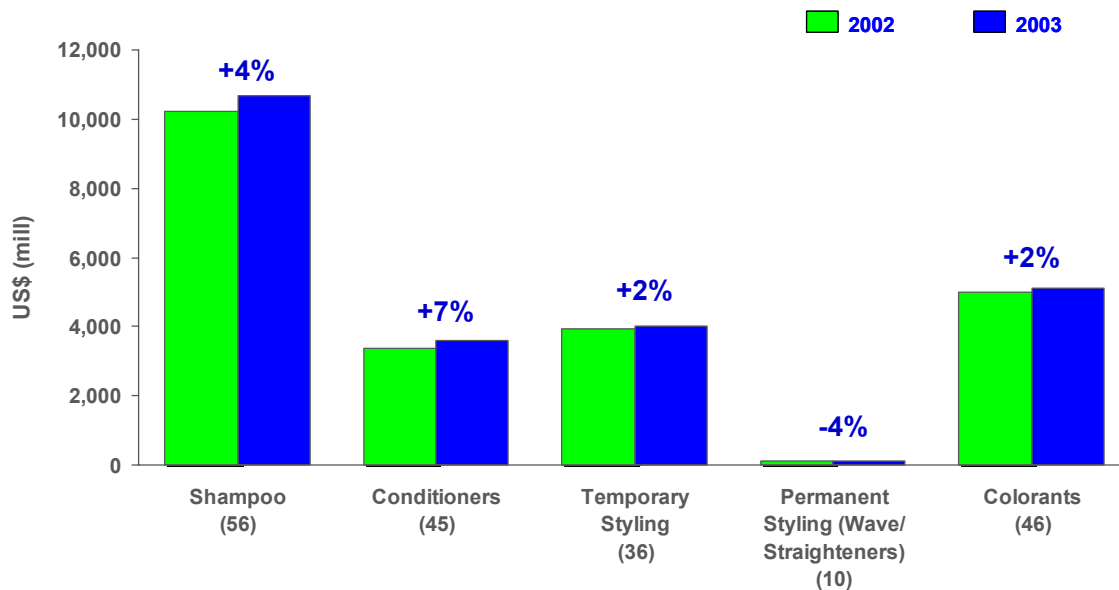
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Overall Hair Care Categories Grew by +4%

Within the Hair Care area, the fastest growing category was Conditioners at +7%. Although North America and Asia Pacific each experienced less than +3% growth in the Conditioners category, Europe, Latin America and the Emerging Markets all experienced double-digit growth.

The largest category in absolute dollars and in absolute dollar growth was Shampoo. Similar to the growth in Conditioners, cited above, Latin America and the Emerging Markets also saw double-digit growth in Shampoo. Shampoo grew by +5% in Europe; Asia and North America showed minimal growth (+1% and +2%, respectively) resulting in the overall growth rate being less than +5%.



Global Growth in Hair Care Categories

(Number of countries included for each category)

What's Hot Around the Globe

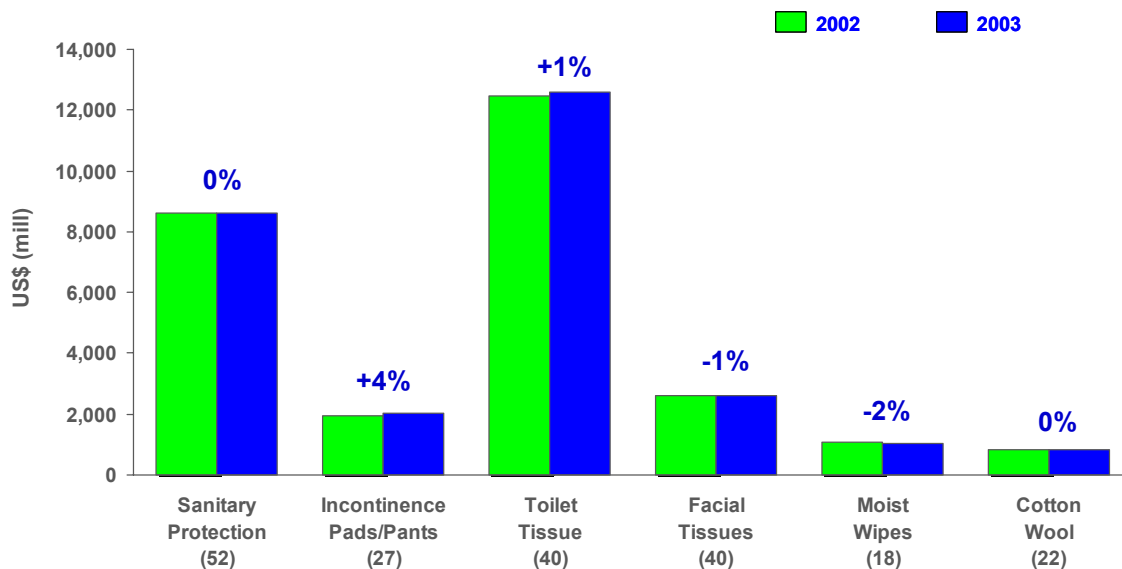
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The Largest Product Area, Personal Paper, Experienced Only +1% Growth *Incontinence Pads Had the Highest Growth at +4%*

The fastest growing category within Personal Paper was Incontinence Pads/Pants. This growth is directly attributable to the changing demographics – a growing aging population. In fact, each region saw growth in this category in the last year, with the fastest growth in Latin America at +23%. Although Latin America overall has a younger average age than some of the more mature regions, Latin America also experienced the largest growth in the proportion of population over 65 years of age.

The largest absolute dollar growth within the product area was in the Toilet Tissue category. Twenty-five of 40 countries reported growth in this category, with an incremental sales growth of nearly US\$100 million over 2002.



Global Growth in Personal Paper Categories

(Number of countries included for each category)

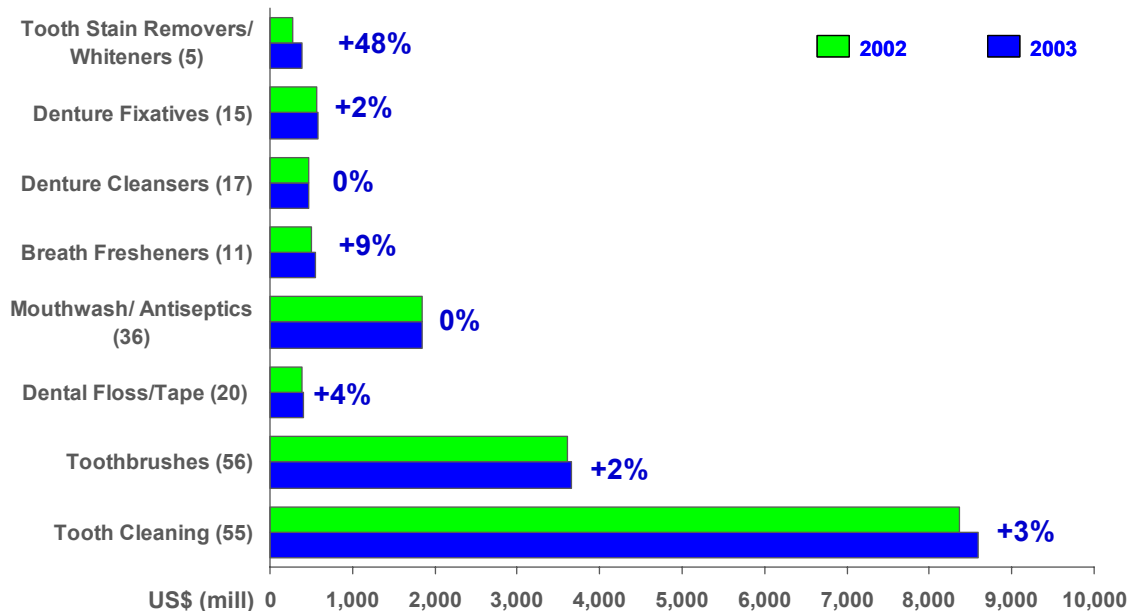
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Innovation Drove the Dental Care Product Area

The fastest growing category within Dental Care was a new category in the area of whitening – Tooth Stain Removers. Tooth Stain Removers/ Whiteners is a new innovative and convenient way of whitening teeth to get a more youthful smile. Measured in five countries – Thailand, Belgium, UK, USA and Canada – the category grew by +48% in the last year.



Global Growth in Dental Care Categories

(Number of countries included for each category)

Another category showing significant growth in Dental Care was Breath Fresheners. New product innovations boosted interest in the category with the introduction of the new 'strip' form. Breath Fresheners saw double-digit growth in Asia Pacific, Latin America and Europe.

Again, the largest category within the product area, Tooth Cleaning, experienced the largest absolute dollar growth. Tooth Cleaning (including toothpaste, gel, cream and

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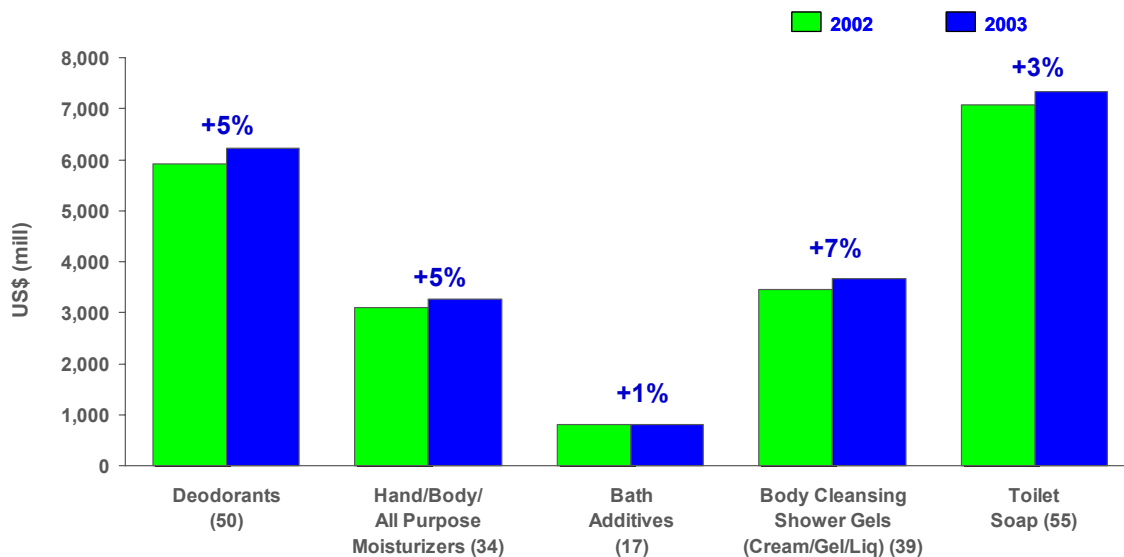
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powder) experienced growth in all regions except for North America. This product area has seen a wide variety of new product introductions over the last few years including products offering whitening and sensitivity control, as well as toothpaste and mouthwash in one.

All Five Body Cleansing & Moisturizing Categories Showed Growth Overall Growth of +5%

The fastest growing category in this product area was Body Cleansing Shower Gels (Cream/Gel/Liquid), with +7% growth in the last year. Growth in this category was highest in the Emerging Markets at +48%, as consumers moved from bar Toilet Soap to this newly emerging category. Europe and Asia Pacific showed more moderate growth (less than +10%). A number of countries indicated that this growth was due to the introduction of new male oriented products. North American sales in this category were relatively flat, while Latin America showed a decline.



Global Growth in Body Cleansing & Moisturizing Categories
(Number of countries included for each category)

Another category offering new male products was Deodorants. This category experienced the largest absolute dollar growth in the product area of Body Cleansing & Moisturizing. The Deodorants category grew in 36 of the 50 countries in which it

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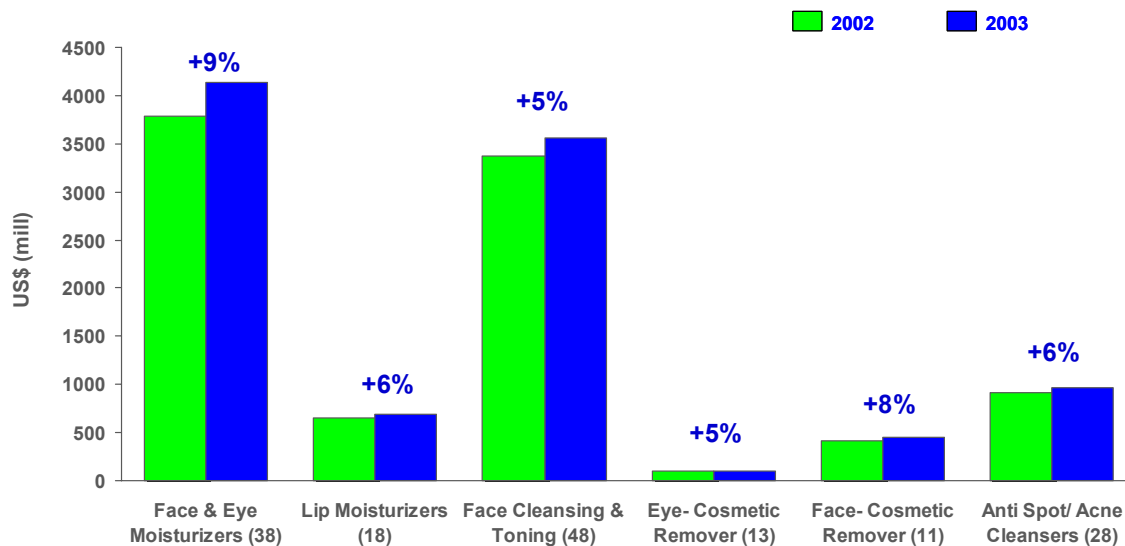


was measured and showed overall growth in each of the five regions. Incremental sales for the category in 2003 were US\$311 million.

Specialist Hand Cleansers, a small segment within the Toilet Soap category, experienced extremely fast growth (+35%). This growth was primarily in response to the global concern for health and safety.

Face Cleansing & Moisturizing Experienced the Fastest Growth Overall in Personal Care at +7%

With strong consumer interest worldwide in combating the tell-tale signs of aging, consumers are focused on maintaining youthful looking skin. As evidence of this, the category of Face & Eye Moisturizers was seen to be both the fastest growing category and the category with the largest growth in absolute dollars in this product area. As premium products gained in distribution, Face & Eye Moisturizers grew in all of the five regions measured and experienced +9% growth overall in 2003. The fastest growth was in Asia Pacific where the category grew by +21%. Europe, Latin America and North America each saw growth of +7%, with the Emerging Markets at +2%.



Global Growth in Face Cleansing & Moisturizing Categories
(Number of countries included for each category)

What's Hot Around the Globe

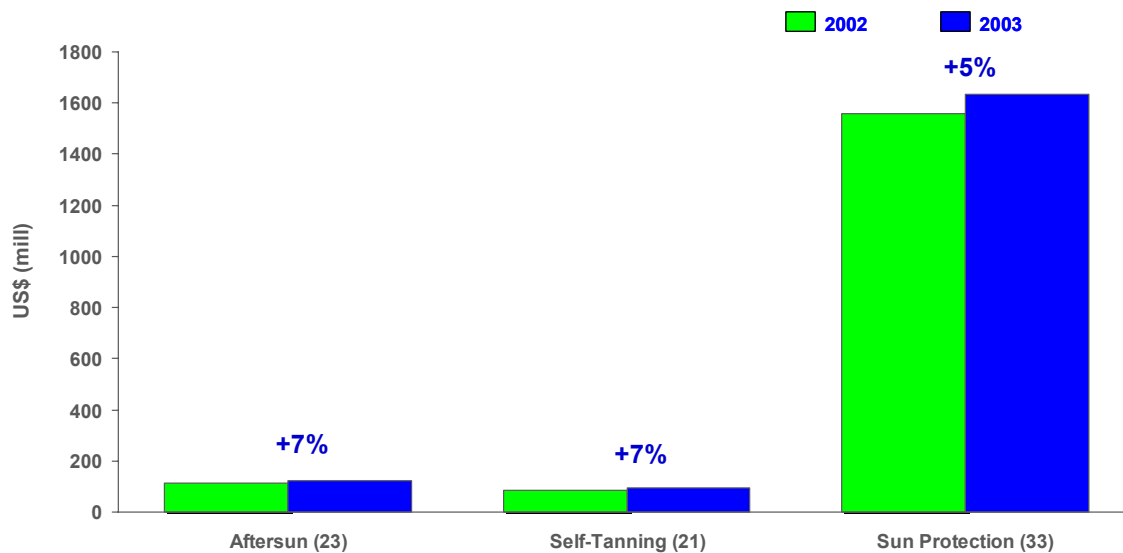
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Sun Care Categories All Grew in 2003

Sun Care was the smallest of the nine product areas studied with the three categories in this product area all showing growth in 2003. The fastest growing category within Sun Care in 2003 was Aftersun, products which soothe and moisturize the skin after sunbathing. Although off a small base, Aftersun grew by +7% in the last year, primarily driven by growth in Europe and Latin America. Just behind Aftersun, Self-Tanning products also grew at +7% in 2003. The only region driving this growth, however, was Europe with +11% growth. Interestingly, the four other regions each saw a decline in the value sales of Self-Tanning products.

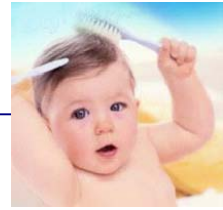
Not surprisingly, the largest category, Sun Protection, also had the largest growth in absolute dollars. The category grew by +5% and had incremental sales of US\$75 million. Twenty-six of the 33 countries in which Sun Protection was measured experienced growth. Latin America, Europe and the Emerging Markets showed growth; North America and Asia Pacific saw declines.



Global Growth in Sun Care Categories
(Number of countries included for each category)

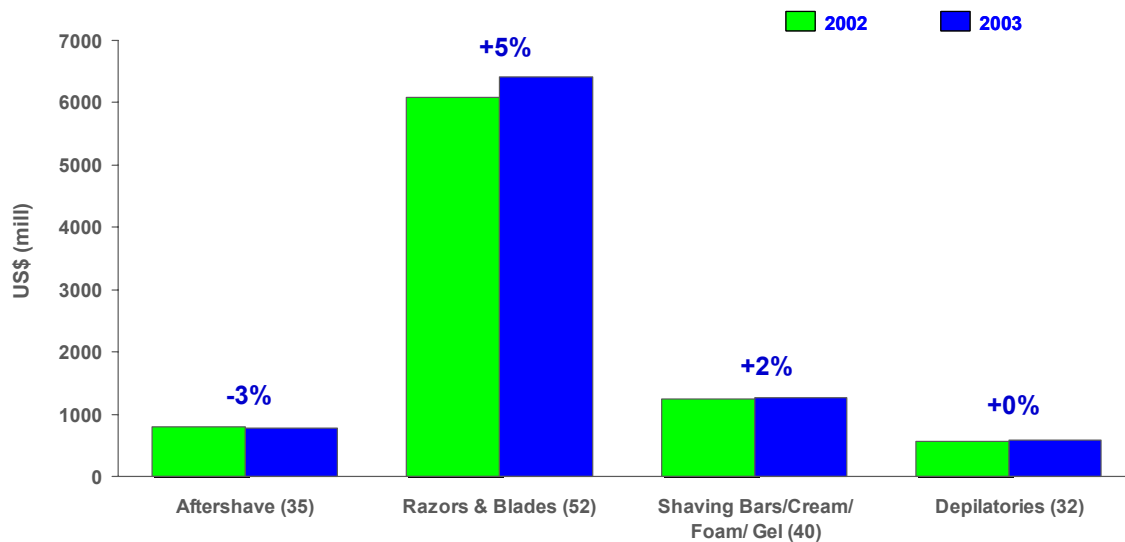
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Hair Removal Area Grew by +4% Overall

The Razor & Blades category was both the fastest growing category and the category with the largest absolute dollar growth within Hair Removal in 2003. With leading manufacturers continuously driving technological advancements within the category, each region contributed to the global growth of +5% in the last year. Both the Emerging Markets and Latin America saw double-digit growth in Razors & Blades; Europe grew by +7%; Asia Pacific and North America each grew by just +1%. Forty of 52 countries experienced growth in the Razor & Blades category accounting for US\$317 million in incremental sales in the last year.



Global Growth in Hair Removal Categories
(Number of countries included for each category)

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SUMMARY

What's Hot Around the Globe

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In Summary

What's Hot in Personal Care focuses on the growth trends of 58 Personal Care categories across more than 50 countries. Although we found that the growth rates in the Personal Care categories overall were smaller than those found in the *What's Hot in Food and Beverages* study in 2002, many of the same consumer trends were apparent in both studies. The common themes of innovation, convenience and a concern for health and safety continue to positively influence the sales of products worldwide.

- Leading Personal Care manufacturers have helped stimulate growth in Personal Care through their development and innovation. New 'strip' Breath Fresheners and easy-to-use Tooth Stain Removers/Whiteners are examples of innovation driving growth.
- The continuing need of mothers for more convenient products contributed to the growth of the innovative Diaper Pants market in North America and Europe. A similar need for convenience caused consumers in the Emerging Markets to trade up from bar Toilet Soap to Shower Gels.
- The concern for health and safety was found to be worldwide and caused Toilet Soap, for example, to grow in the SARS affected countries in Asia Pacific. Similar health concerns regarding exposure to the sun caused Sun Protection products to grow significantly in Latin America.

The study also highlights the impact of certain demographic segments on purchases in Personal Care:

- A growing aging population has impacted the growth of Personal Care products. Age-directed product lines, particularly in the Face & Eye Moisturizers category and the Adult Incontinence category, have contributed to growth.
- The male population, now more focused on improving its self-image, has boosted sales in Personal Care products, especially in Body Cleansing and Deodorants.

Additionally, the expansion of premium Personal Care products that were once found only in salons or department stores into more traditional retail channels, along with the introduction of new premium products are both examples of how manufacturers and

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retailers have expanded the breadth of the Personal Care categories to positively impact sales growth.

Looking across the regions, the overall growth in Personal Care varied considerably dependent on the market.

- We saw many of the fastest growing categories (those experiencing double-digit growth) were in the smaller regions of Latin America and the Emerging Markets. One factor contributing to the growth in these regions was the increased presence of international grocery chains and a growing distribution of international brands.
- At the same time, one of the largest, most developed regions, North America, experienced declines in two-thirds of the nine Personal Care product areas reviewed. In fact, only three of the nine product areas studied experienced growth in North America. For certain categories (e.g. commodity categories such as Toilet Tissue and Disposable Diapers), value growth was strongly affected by the wider availability of 'economical' products in warehouse clubs, hard discounters and dollar stores as well as the increased share of less expensive private label brands.

The complexities of growth within Personal Care are many. Geography, demographics and consumer economics are all working together to drive, or in some cases, inhibit growth. But opportunities do exist. There are opportunities, for example, for manufacturers and retailers as the more developed regions begin to require the products of an aging population. There are also opportunities in the developing countries as retailer infrastructure grows and disposable income increases. Products once not available in these growing regions are becoming a reality of everyday life.

Understanding the complexities impacting the Personal Care industry is the first step to more effectively addressing the diverse needs of consumers worldwide and ultimately stimulating growth for both manufacturers and retailers around the globe.

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METHODOLOGY

What's Hot Around the Globe

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Methodology

Countries

With ACNielsen analyzing retail purchases in nearly 100 countries around the world, this study focuses on 56 of those 100 countries, spanning across Asia Pacific, Emerging Markets, Europe, Latin America and North America. The 56 countries included in the study account for over 95% of the world's GDP (Gross Domestic Product) and over 75% of the world's population

Asia Pacific

- Australia
- Bangladesh
- China
- Hong Kong
- India
- Indonesia
- Japan
- South Korea
- Malaysia
- New Zealand
- Philippines
- Singapore
- Sri Lanka
- Taiwan
- Thailand
- Vietnam

Emerging Markets

- Bulgaria
- Czech Republic
- Egypt
- Hungary
- Morocco
- Poland
- Romania
- Russia
- Saudi Arabia
- Slovakia
- South Africa
- Tunisia
- Ukraine
- United Arab Emirates

Europe

- Austria
- Belgium
- Denmark
- Finland
- France
- Germany
- Greece
- Ireland
- Italy
- Netherlands
- Norway
- Portugal
- Spain
- Sweden
- Switzerland
- Turkey
- United Kingdom (UK)

North America

- Canada
- United States (USA)

Latin America

- Argentina
- Brazil
- Chile
- Colombia
- Mexico
- Puerto Rico
- Central America (Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Panama)

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Categories

To get a complete view of the Personal Care market in these 56 countries, ACNielsen included trends from 58 Personal Care categories and then grouped these categories into nine larger product areas for a higher-level analysis.

Baby Care

- Soothers - Pacifiers /Dummies (13 Countries)
- Disposable Diapers (49 Countries)
- Moist Wipes (28 Countries)
- Nappy Rash Cream (16 Countries)
- Disposable Changing Mats (3 Countries)
- Nursing Accessories (9 Countries)

Cosmetics

- Perfume/Cologne (17 Countries)
- Eye Brow (8 Countries)
- Eye Liners (17 Countries)
- Mascara (18 Countries)
- Eye Shadow (18 Countries)
- Blusher (18 Countries)
- Concealer (12 Countries)
- Foundation (19 Countries)
- Powder (20 Countries)
- Lip Gloss/Tinted Balm (14 Countries)
- Lip Liner (16 Countries)
- Lip Stick (19 Countries)
- Nail Care (12 Countries)
- Nail Polish (16 Countries)
- Nail Polish Remover (8 Countries)

Hair Care

- Shampoo (56 Countries)
- Conditioners (45 Countries)
- Hair Styling Temporary (36 Countries)
- Hair Styling Permanent Wave/ Straighteners (10 Countries)
- Colorants (46 Countries)

Personal Paper

- Sanitary Protection (52 Countries)
- Incontinence Pads/Pants (27 Countries)
- Toilet Tissue (40 Countries)
- Facial Tissues (40 Countries)
- Moist Wipes (18 Countries)
- Cotton Wool (22 Countries)

Dental Care

- Tooth Cleaning (55 Countries)
- Toothbrushes (56 Countries)
- Dental Floss/Tape (20 Countries)
- Mouthwash/Oral Rinses/Antiseptics (36 Countries)
- Breath Fresheners (11 Countries)
- Denture Cleansers (17 Countries)
- Denture Fixatives (15 Countries)
- Tooth Stain Removers/ Whiteners (5 Countries)

Body Cleansing & Moisturizing

- Deodorants (50 Countries)
- Hand/Body/All Purpose Moisturizers (34 Countries)
- Bath Additives (17 Countries)
- Body Cleansing Shower Gel (Cream/Gel/Liquid) (39 Countries)
- Toilet Soap (55 Countries)

Face Cleansing & Moisturizing

- Face & Eye Moisturizers (38 Countries)
- Lip Moisturizers (18 Countries)
- Face Cleansing & Toning (48 Countries)
- Eye-Cosmetic Remover (13 Countries)
- Face-Cosmetic Remover (11 Countries)
- Anti Spot/Acne Cleansers (28 Countries)

Sun Care

- Aftersun (23 Countries)
- Self-Tanning (21 Countries)
- Sun Protection (33 Countries)

Hair Removal

- Aftershave (35 Countries)
- Razors & Blades (52 Countries)
- Shaving Bars/Cream/Foam/Gel (40 Countries)
- Depilatories (32 Countries)

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Coverage

As with our other studies, this report is based on purchasing information from supermarkets, hypermarkets, mass merchandisers and drug stores and generally excludes such channels as department stores. In some countries, sales from convenience stores and pharmacies were not included.

In addition, due to the fact that category coverage can significantly differ across countries, we have cited in our findings the actual number of countries included in this study for each category. Where products were segmented into different categories across markets we have reconstructed the categories in order to have the most consistent view.

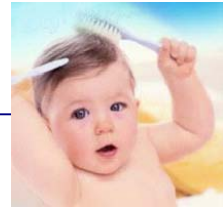
ACNielsen Homescan data has been included as the source for US Wal-Mart information for 44 of the 58 categories covered in the study.

Time Period

Information was collected for the 52 weeks ending Q3 2002 and 2003.

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Exchange Rates Used

To obtain a global perspective on a product area or category, global aggregations were created, converting local currency to US dollars using a constant exchange rate.

Currency	Exchange Rate	Currency	Exchange Rate
Australian Dollar	0.5320	British Pound	1.5200
Bangladesh Taka	0.0175	Danish Krone	0.1342
China Renminbi	0.1220	Euro	1.0000
Hong Kong Dollar	0.1300	Norwegian Krone	0.1317
Indian Rupee	0.0210	Swedish Krona	0.1096
Indonesian Rupiah	0.0001	Swiss Franc	0.6750
Japanese Yen	0.0080	Turkish Lira	0.000000679
South Korean Won	0.0008	Argentine Peso	0.2734
Malaysian Ringgit	0.2706	Brazil Real	0.2833
New Zealand Dollar	0.4551	Chilean Peso	0.0015
Philippines Peso	0.0204	Colombian Peso	0.0004
Singapore Dollar	0.5963	Mexican Peso	0.0896
Sri Lanka Rupee	0.0105	Canadian Dollar	0.6245
Taiwan Dollar	0.0306		
Thai Baht	0.0248		
Vietnam Dong	0.0001		
Bulgarian Lev	0.5803		
Czech Koruna	0.0335		
Egyptian Pound	0.2209		
Hungarian Forint	0.0039		
Moroccan Dirham	0.0906		
Polish Zloty	0.2450		
Romanian Leu	0.0000319		
Russian Ruble	0.0327		
Saudi Riyal	0.2773		
South African Rand	0.0911		
Tunisian Dinar	0.7299		
Ukraine Hryvna	0.1928		
United Arab Emirates Dirham	0.2829		