

Friday, 31 May 2019

Priceline ‘makes up’ even more of the Australian cosmetics market

Priceline Pharmacy has continued to grow their share of the Australian cosmetics market. Now almost 1-in-4 of Australian women (23.3%) who buy cosmetics buy from Priceline, up from 12.8% four years ago. During this period the number of women buying cosmetics at Priceline has shot up from around 620,000 to over 1.2 million in the year to March 2019.

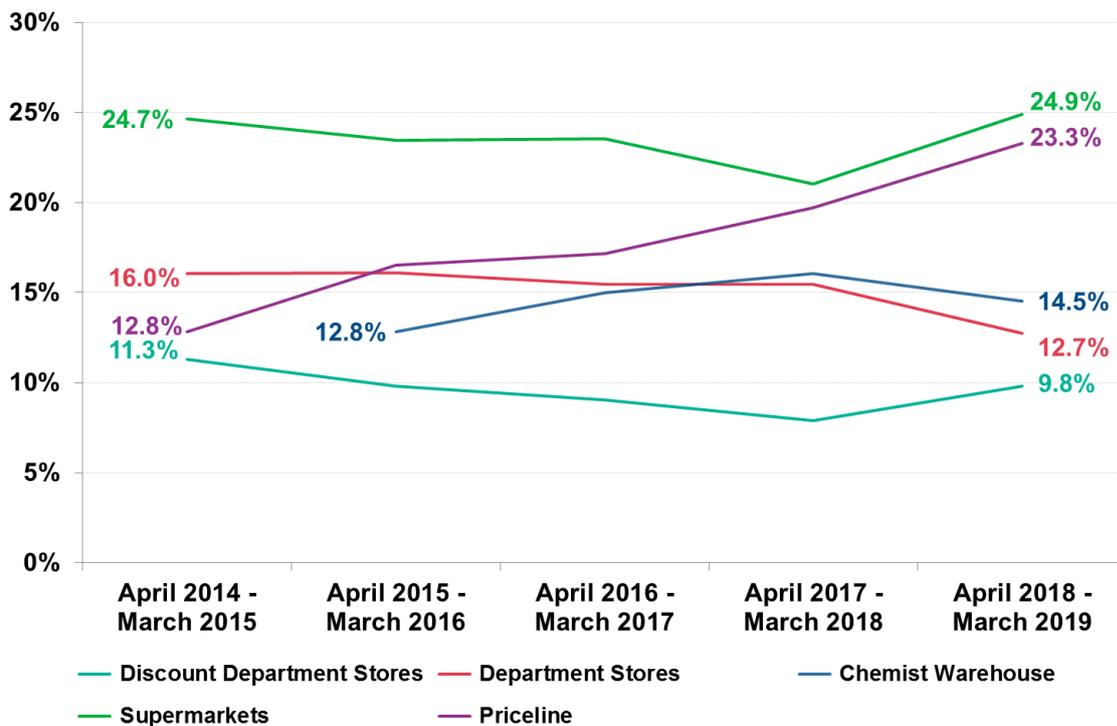
The success of Priceline in significantly growing their market share of the cosmetics market has come as Australian women increasingly purchase their health and beauty products online. We highlighted these trends earlier this year – [Cosmetics and skincare products increasingly bought online – February 22, 2019](#). In the year to December 2018 26% (up 8% points in four years) of Australian women buying cosmetics bought health and beauty products online.

Supermarkets have stabilised their customer patronage for cosmetics after a dip in recent years. Nearly a quarter of Australian women who buy cosmetics, 24.9%, buy from supermarkets with both Coles and Woolworths experiencing an increased number of customers buying their cosmetics products compared to four years ago.

However, there are also retailers which haven’t been able to match the growth seen at supermarkets, or Priceline in particular. Fewer women than four years ago are now buying cosmetics at leading department stores such as Myer and David Jones and Discount Department Stores such as Target, Big W and Kmart.

Chemist Warehouse has also experienced a small slump in cosmetic customers in 2019, despite previous years of strong growth.

Leading retail outlets where Australian women buy their cosmetics



Source: Roy Morgan Single Source (Australia), April 2014 – March 2019. **Base:** Australian women aged 14+ who buy cosmetics in an average six months, n=average of 8,500 female cosmetics buyers per calendar year.

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Attitudes that drive purchasing decisions for cosmetics

Another important consideration which drives the purchase of cosmetics is consumer attitudes to cosmetics, and what they want their cosmetics to do for them. These attitudes vary significantly across different demographics, including age, and are an indicator as to what each generation values in their cosmetic products.

When asked what the important features when purchasing cosmetic products are, 62% of women who use cosmetics answered Value for Money, followed by Natural Look (49%), Not Tested on Animals (48%), Sun Protection Factor (42%), and Quality Brand (39%). The features mentioned by the fewest women who use cosmetics include a Glamorous Look (9%), Packaging (6%), Technologically Advanced (5%), and Advertising (4%).

Older generations of cosmetic users tended to have fewer pressing criteria for cosmetic product features. Unsurprisingly, customers over 65 years old cared the most about Anti-Aging and Moisturising Benefits, as well as having the highest preference for products Made in Australia.

Women aged 50-64 years old cared the most about the Hypo-allergenic features of cosmetics, while 35-49 year old customers ranked the SPF features of their cosmetics higher than other women.

Younger women aged 18-24 years old and under 18 years of age both had numerous features which they ranked as more important than other age groups with more than two-thirds of these age groups mentioning Value for Money as an important feature.

Women aged 18-24 years old also cared more than other age groups about Quality Brands, Longwearing and Oil Control Benefits. They also cared significantly more than other age groups about a product being recommended by Friends/Family, indicating the value of Word-of-Mouth recommendations for cosmetics among the 18-24 year old age group.

By comparison, under 18 year old women cared more than other age groups about cosmetics being Not Tested on Animals, having Proven Benefits, a Range of Colours, and a Glamorous Look.

Interestingly, the features which really stand out as being important to under 18's are Recommendation by Make-Up Artist, and Advertising. This is likely due to their relative newness to the industry and their need for information as to which products they should be purchasing. Social Media influencers would be a strong consideration for appealing to this emerging market.

Michele Levine, CEO of Roy Morgan, says:

"The cosmetics industry is a very competitive one with pharmacies and chemists, supermarkets, department stores and discount department stores all vying to increase their share of the market and looking for an edge to retain existing customers and draw in new ones.

"With each retailer targeting a larger slice of the cosmetics 'pie', it is vital to keep up with the fortunes of not just direct competitors, but all players in the market. Supermarkets have recovered some of their lost market share over the last year, with Woolworths attracting an older cosmetic market to their stores and Coles increasing the number of younger customers buying their cosmetics from their well-lit aisles.

"Meanwhile, Priceline is enjoying their fifth straight year of growth in the market, fueled by a hardcore base of 18-24 year olds and a successful use of the [growing online channel](#). Staggeringly, 41.5% of 18-24 year old women who purchased a cosmetic product in an average 6 months purchase a cosmetic product from Priceline. No other retailers are seeing even close to this level of market power over a particular age group.

"Looking at the attitudes which these customers value, it's not hard to see why Priceline has captured so much of the cosmetic market, in particular that of the 18-24 year olds. Value for Money is considered important by 68% of 18-24 year olds.

“While supermarkets can offer low prices, and department stores can offer premium brands, Priceline is able to combine these strengths into a high-value offering, appealing to those looking for Value for Money cosmetics. Meanwhile, more practical benefits such as Moisturising Benefits, Hypo-allergenic features and SPF ratings are considered more important by older generations than by their younger peers.

“The Australian cosmetic industry is a multi-faceted market which services over 5 million customers a year. In order to gain a competitive edge, industry players need a ‘foundation’ of knowledge from which to build their business strategies. Roy Morgan can offer the in-depth data on your industry to help you decide which path to travel.”

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Related research findings

View our extensive range of profiles for Australians buying various types of [cosmetics](#), [hand & body lotions](#), [feminine products](#), [face care products](#), [home hair colouring products](#), [personal products](#), [shampoos](#), [soaps](#) and many other types of consumer products. These profiles provide a broad understanding of the target audience, in terms of demographics, attitudes, activities and media usage in Australia.

About Roy Morgan

Roy Morgan is the largest independent Australian research company, with offices in each state of Australia, as well as in the United States and the United Kingdom. A full service research organisation specialising in omnibus and syndicated data, Roy Morgan has over 75 years' experience in collecting objective, independent information on consumers.

Margin of Error

The margin of error to be allowed for in any estimate depends mainly on the number of interviews on which it is based. Margin of error gives indications of the likely range within which estimates would be 95% likely to fall, expressed as the number of percentage points above or below the actual estimate. Allowance for design effects (such as stratification and weighting) should be made as appropriate.

Sample Size	Percentage Estimate			
	40%-60%	25% or 75%	10% or 90%	5% or 95%
1,000	±3.0	±2.7	±1.9	±1.3
5,000	±1.4	±1.2	±0.8	±0.6
10,000	±1.0	±0.9	±0.6	±0.4
20,000	±0.7	±0.6	±0.4	±0.3
50,000	±0.4	±0.4	±0.3	±0.2

