

Nov 18 2011

BEAUTY NEWS & MOVES 2011  
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## Beauty News & Moves 2011

As the power of niche beauty retailing strengthens, the lines between big business and small, quirky brands are becoming increasingly blurred. Stylus explores the news and moves in beauty for 2011.

### Mergers and Investments

**Niche and online retailers flourish during the recession.**

- Online beauty store **Zuneta** not only picked up new brands, but also merged with organic beauty e-tailer **LoveLula** to form **Zulu Beauty**, with backing from **Forward Venture Partners**.
- "Zuneta is proof that there is a big market for luxury niche brands – we're seeing triple-digit growth year on year across our ranges," explains **Zu Rafalat**, founder of Zuneta. "LoveLula also continues to take the organic and natural market by storm, with a sizeable demand from Asian markets."
- A deal between TV retail channel **QVC** and beauty brand **Space NK** was recently announced in the US. The two retailers will join forces, with QVC selling select items from Space NK in a series of special shows – a first for QVC. The deal would help Space NK reach a much broader audience in the US, where the brand operates through just 21 stores.
- Two founding partners of fashion e-tailer **Net-a-Porter** – Murray Salmon and Mark Quinn-Newall – invested in beauty e-tail and blog platform, **CultBeauty**. Since its launch in 2008, it has enjoyed a year-on-year revenue growth of 300%.
- Similarly, in the US, **Birchbox Inc.** received \$10.5 million in funding, led by Accel Partners.

## The Thread



**NYTimes: The Collection**  
CULTURE & MEDIA / 14:00 / 18 NOV 2011

The New York Times has launched The Collection – an iPad app dedicated to the newspaper's fashion and style editorial content. The Collection... »



**Selfridges Makes Mini Shoes**

10:00 / 18 NOV 2011

London department store Selfridges has created a miniature shoe collection for a sartorial, in-store advent calendar. The miniature collection of... »



**Altuzarra wins CFDA Fashion Fund**

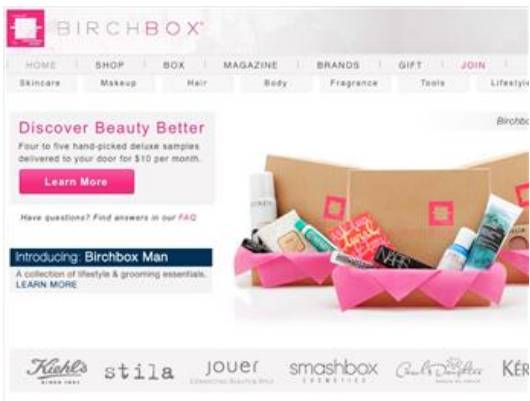
09:00 / 16 NOV 2011

Joseph Altuzarra – founder of fashion label Altuzarra – is the winner of this year's Council of Fashion Designers of America/Vogue Fashion Fund. The... »

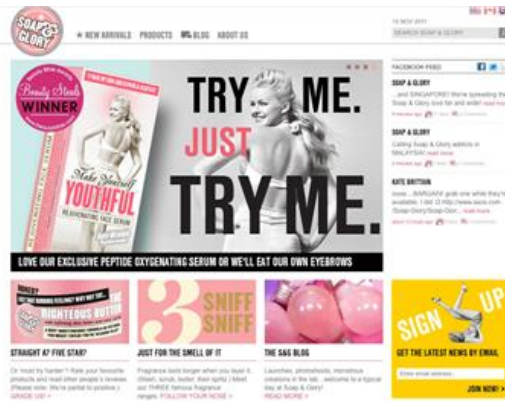
**LVMH Sponsor CSM Teaching Theatre**

09:00 / 15 NOV 2011





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Luxury leviathan LVMH (Louis Vuitton Moët Hennessy) is to sponsor a new lecture theatre in Central Saint Martins College of Art and Design in London.... »

The Eyes of the Skin Exhibition  
16:00 / 11 NOV 2011

Manchester-based artist Susie MacMurray has designed a bridal gown ironically constructed out of thousands of household gloves, currently on... »

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## Acquisitions

Power players focus acquisitions on small, quirky brands.

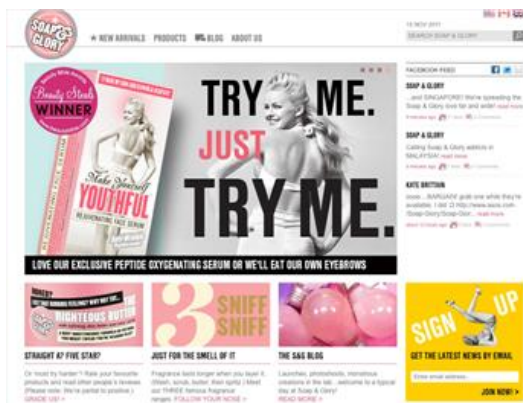
- In the UK, **PZ Cussons** consolidated last year's prestige acquisitions. They created the PZ Cussons Beauty Division of **St Tropez**, **The Sanctuary** and **Charles Worthington** in one portfolio under **Michelle Feeny** (CEO of St Tropez), with the ultimate aim of taking the UK brands to new international markets.
- **Sears** re-entered the beauty market this year, buying drugstore-style beauty brands into its malls, while **Walgreens** acquired **Drugstore.com** for approximately \$409 million. Puig also acquired Gaultier's beauty line.
- Following on from **Coty's** purchase of cult skincare brand Philosophy and Dr Scheller Cosmetics from Russia's OAO Concern Kalina, the trend for big power players to acquire niche ranges continued this year, bringing to mind the late nineties boom in small brand acquisitions.
- **Estee Lauder** acquired privately held LA make-up brand **Smashbox** last year, with plans to extend its digital expertise and offer global expansion opportunities.



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- Luxury goods conglomerate **LVMH** has acquired two cult natural skincare brands: **Nude** and **Ole Henriksen**, the first natural beauty additions to its portfolio. The deal will potentially expand Ole Henriksen's reach to Mexico and Brazil as well as the Chinese market, where the brand had struggled to overcome the country's new product restrictions.
- Also following this trend, **Sephora** acquired niche British beauty brands, **Nails Inc** and **Soap & Glory**, to sell through its US doors.
- **Bumble & Bumble** and **Wella** have also both moved into the North American market through Sephora, as has **The Body Shop** (acquired by L'Oreal in 2006).





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## Retail Acquisitions

### Department stores focus on niche and cult ranges.

- In the UK, 'apothecary'-style spaces – as pioneered by **Nicky Kinnaird at Space NK** – lent a new style to traditional beauty hall retail. Following on from last year's launch of department store **House of Fraser's Apothecary**, both **Harrods** and **Liberty's of London** expanded their beauty halls to accommodate more 'niche' brands.
- The **Harrods** re-launch – a 4,000 sq ft Art Deco-inspired hall, with exclusive 'boutique' designs for **Jo Malone** – saw a heavy push on handpicking 'cult' brands and gadgetry from around the world in the newly assigned **Techno-Beauty** area.
- The **Liberty Beauty Hall** doubled in size, citing niche brands like **Rahua**, **Andrea Garland** and **Egyptian Magic** as key new additions.
- **Selfridges** welcomed more niche brands too – **Kanebo**, **Percy and Reed** and **Honore des Pres**.
- In New York, cult brands also flourished in new spaces. **Nars** opened a new flagship store on Bleecker Street – filled with all of Nars' inspirations, like DVDs of *Belle du Jour* and *Funny Girl*, and books like *All About Eve* – and **Aesop** opened an additional four spaces. Sephora opened a series of nail art bars, coinciding with its investment in **Nails Inc.**



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## Stylus Summary

Acquisitions were mainly focused on niche brands. Sephora swept up a large number of small UK cosmetic brands, while LVMH focused on those that could lend their

Big retailers in the US and UK focused buying strategies on cult brands and created 'boutique-style' spaces within stores, as consumers sought more individual, niche

eco credentials to the company's portfolio.

purchases.

Niche retailers flourished this year, with the significant backing of high-grossing bodies such as QVC and Accel Partners. **Ultimately, it is still the big retailers who pull the financial strings for cult names to make waves in the industry.**

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