



Polski Związek
Przemysłu Kosmetycznego



Cosmetics Industry and COVID-19. Six Months of Operation During the Pandemic

The Polish Union of the Cosmetics Industry (Polski Związek Przemysłu Kosmetycznego)
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Cosmetics Industry and COVID-19. Six Months of Operation During the Pandemic

Report on the Survey Conducted by the Polish Union of the Cosmetics Industry

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ABOUT THE SURVEY

- The second round of Kosmetyczni.pl's survey was conducted in the period **from 26 August 2020 to 23 September 2020** by SW RESEARCH using the web interviewing technique (CAWI) on the **SW Panel** online panel.
- The aim of the survey was to determine how cosmetic companies are coping with the crisis caused by the coronavirus pandemic.
- The survey involved **59 questionnaires** responded to by the cosmetic companies.
- The results were compared with the results obtained during the first round of the survey conducted in the period **from 23 April 2020 to 8 May 2020**, during which **102 questionnaires** responded to by the cosmetic companies were analysed.
- The survey questionnaire was prepared by **SW RESEARCH** on the basis of issues provided by the Polish Union of the Cosmetics Industry.

PRESS RELEASES ON THE FIRST ROUND OF THE SURVEY:

Branża kosmetyczna utrzymuje stabilność dzięki elastyczności i szybkiej adaptacji
[The Cosmetics Industry Remains Stable Thanks to Flexibility and Quick Adaptation]
<https://kosmetyczni.pl/pl/dla-mediow-wyniki-badania-kosmetycznipl.htm>

Etanol covidową lokomotywą produkcji kosmetycznej w Polsce. Na jak długo?
[Ethanol – a Driving Force Behind the Cosmetics Production in Poland During the COVID-19 Pandemic. For How Long?]
<https://kosmetyczni.pl/pl/etanol-covidowa-lokomotywa-produkcji-kosmetycznej-w-polsce-na-jak-dlugo-.htm>

Eksport pod znakiem zapytania. Jak polskie firmy kosmetyczne odnajdą się po pandemii za granicą?
[A Question Mark Over the Exports. How will Polish Cosmetics Companies Manage to Operate Abroad After the Pandemic?]
<https://kosmetyczni.pl/pl/eksport-pod-znakiem-zapytania-jak-polskie-firmy-kosmetyczne-odnajda-sie-po-pandemii-za-granica-.htm>



Introduction



Blanka Chmurzyńska-Brown

CEO

Polish Union of the Cosmetics Industry

The period from March 2020 until now has been a difficult and unexpected test on COVID-19 and all processes and phenomena associated with it. It has been a test of flexibility, innovation and resilience of the cosmetics industry, as well as social responsibility of our companies on which high hopes were pinned by the consumers, their employees and public administration representatives.

The cosmetics industry has managed to successfully deal with this unprecedented crisis – better than many other manufacturers of fast-moving consumer goods, whose businesses experienced a shake-up. It is a well-known fact that the Polish cosmetics companies are managed by genuine leaders. It is largely thanks to them that the cosmetics industry is one of the Polish economy champions.

However, will they have enough energy, resources and means to survive the hard months to come? This question remains unanswered. We are proud that our companies are efficient, flexible, able to quickly adapt to changing economic conditions in Poland and abroad, and understand consumer needs. However, we have to be honest and admit that the cosmetics industry still has to face the uncertainty of tomorrow caused by the economic and political situation in Poland. The changing legal environment in Poland and Europe, high employment costs and changes to tax legislation all add to this uncertainty.

We know all this from the analysis of the responses provided by the cosmetics companies that participated in this survey conducted by the Polish Union of the Cosmetics Industry and thanks to our ongoing dialogue with businesses.

What is the situation of cosmetics companies after six months of operation during the pandemic? Read this report and find it out.

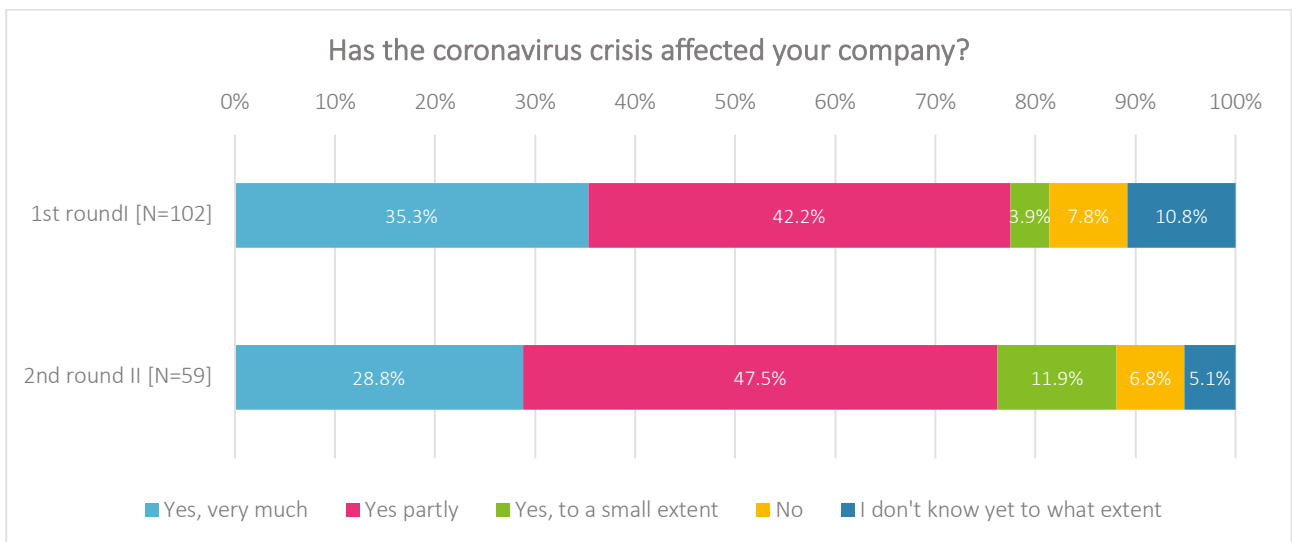


The impact of the coronavirus pandemic on the operation of cosmetic companies

Since March 2020, we have been operating in a new, unknown and difficult to predict business reality. The lockdown, production downtime due to restrictions, difficulties in obtaining raw materials, transport problems, reduced number of orders and sales volume were a blow to the economy that had to be fought back on many fronts. Initially (the first round of our survey in May 2020), business activity was reduced in 80% of companies with sales exceeding EUR 50 million and most micro companies (62%). At the same time, the uniqueness of the situation we had to face and its unpredictability meant that each company had to act without preparation, trusting only the intuition of its managers.

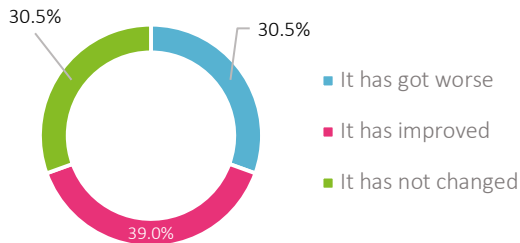
Compared to the first round of the survey conducted at the end of April and the beginning of May 2020, in September, according to the cosmetics companies, the impact of the coronavirus pandemic on their businesses was lower.

The number of respondents who believe the impact on their companies was significant decreased slightly from 35% to 30%. Nearly every other respondent believes that this situation only partially affected their company (an increase of 6 percentage points compared to the first round). Over one in ten respondents believe that the pandemic has affected their company, but to a small extent.





What is the current situation of your company as compared to the beginning of the pandemic (March–April)?



40% of the respondents say that in comparison with the period at the beginning of the pandemic, the situation in their company has improved. According to 30% of respondents, the situation in their company has got worse. The same percentage of respondents believe that their situation has not changed.

The results of the September round of our survey show that despite the flexibility, quick response and actions taken still nearly 60% of companies feel that the impact of the pandemic on their business is significant.

How long will it take to return to the level of early 2020?

” Although the Polish cosmetics sector has been one of the most dynamically developing branches of the national economy for many years, 2020 will probably not be successful for many companies. Since March, the purchases of colour cosmetics, sunscreen products and perfumes have decreased, compared to previous years. A return to pre-pandemic sales levels will probably take several months, provided that the pandemic situation improves.

Of course, the fact that Poland is a highly competitive market helps us face the consequences of the pandemic. It forces our companies to be inventive, resourceful, open to changes and eager to look for unique solutions. Thanks to this, they take bold steps on new export markets, increase online sales in Poland and abroad, and develop new formulas of cosmetic products which customers want to buy even in the hard times of the pandemic.

However, it would certainly be much easier if we could predict the actual end of the pandemic.

Blanka Chmurzyńska-Brown
CEO, Polish Union of the Cosmetics Industry

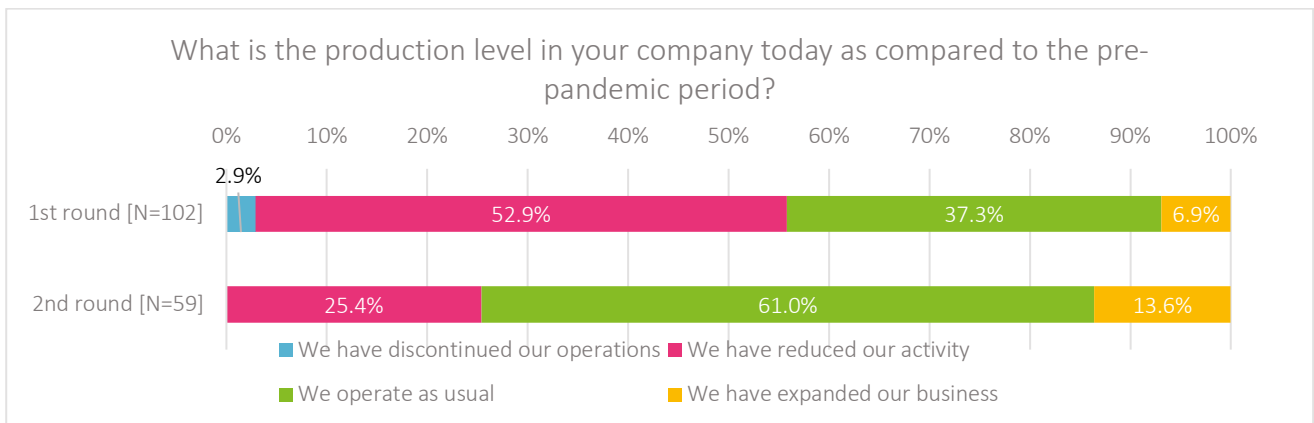


Reduced business activity

None of the respondents declared that their company had to discontinue their operations (3% in the first round of the survey). One in four respondents admit that due to the pandemic their company reduced its business activity (more than half of responses in the first round of the survey). The percentage of respondents declaring that their companies are operating as usual has increased from 37% to 61%. Interestingly, nearly 14% of companies took advantage of the opportunity offered by the crisis and expanded their business during the pandemic (7% in the first round of the survey).

INDUSTRY VOICES – Betasoap:

The coronavirus crisis has had a positive impact on the development of our company – we have increased sales of our products, started a number of new investments and offer our customers new categories of bars. We believe that this trend will continue in the near future – Renata Olszewska, Sales and Marketing Vice-president, Betasoap.



Business profile of cosmetics manufacturers

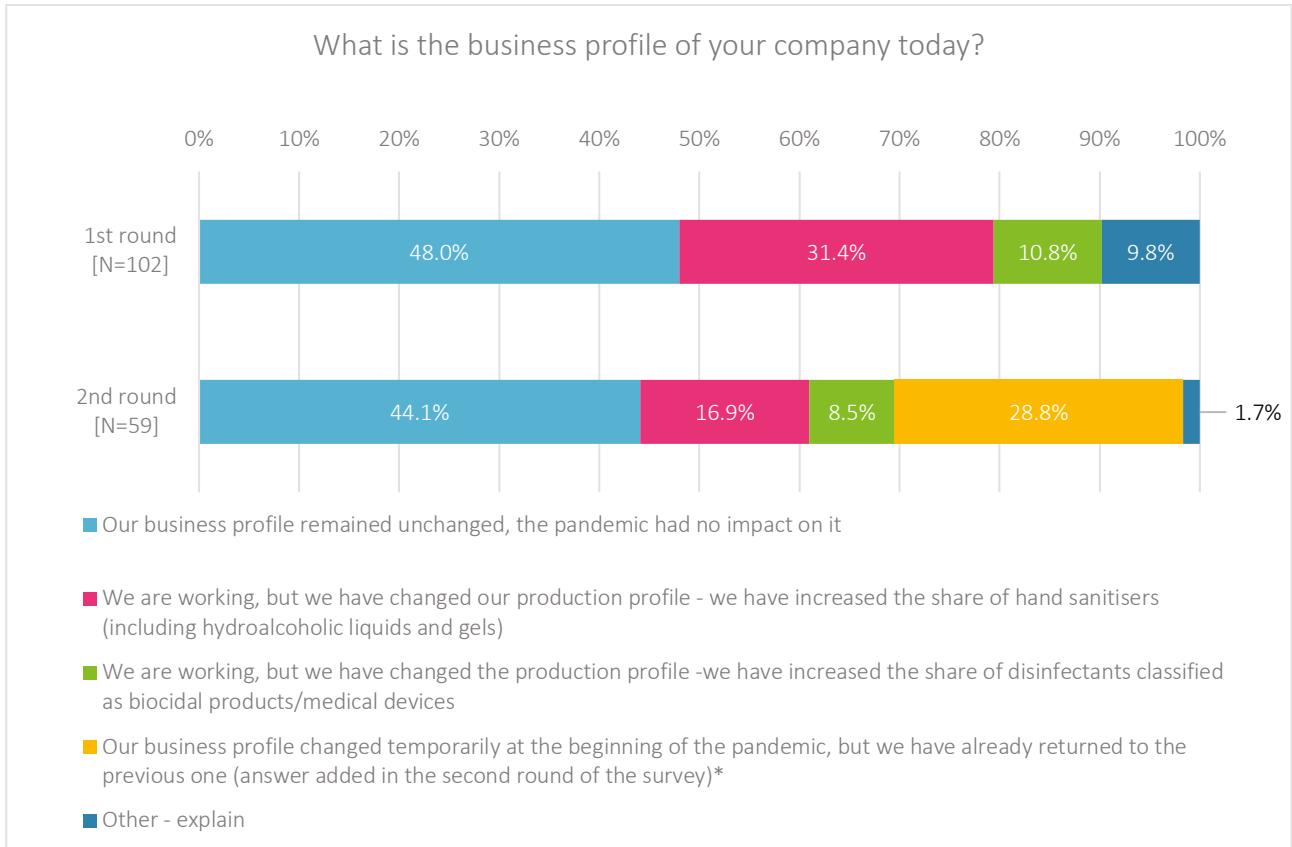
Cosmetic companies in Poland quickly responded to changes on the market. The first round of the survey showed that 1/3 of them quickly switched production, increasing the share of hand sanitisers (including alcohol-based liquids and gels), while 11% of respondents increased the share of disinfectants classified as biocidal products/medical devices. Many of these companies expanded their business profile by introducing biocidal products or medical devices as new categories in their product portfolio. Medium-sized companies (48%) and large companies (25%) most often changed their business profile in this direction. Micro companies usually maintained their initial production profile (63%), similarly to companies focused on the Polish market (69%).

INDUSTRY VOICES – Farmona:

In the spring, when a lockdown was announced due to the first wave of the pandemic, we noticed an increased demand for antibacterial products. They were quickly disappearing from the shelves and we, as manufacturers, were approached by those wanting to buy them in large quantities. To take advantage of the opportunity offered by this growing segment, cosmetic companies, including our company, decided to



flexibly switch production to these types of products. It was not easy, because there was a shortage of both packaging and basic raw materials, such as alcohol. Those who had stocks, including companies from outside the cosmetics industry, quickly used up their resources and the market became saturated within a few months. For companies that had to wait for ingredients or produced too much it is now difficult to sell overstocks of antibacterial products, especially hydroalcoholic gels. Additional anxiety is caused by the uncertain legislative future of these products – as far as what types of declarations and labels will they require – **Agnieszka Gryc, Farmona.**



Compared to the first round of the survey, the number of respondents whose companies did not change their business profile as a result of the pandemic has slightly decreased (48% in the first round and 44% in the second round). The number of companies that increased their production of cosmetic products or hand sanitisers has decreased (from 32% to 17%). Nearly 10% of respondents declare that their companies have increased the production of disinfectants (a slight decrease compared to the first round of the survey).

Nearly 30% of respondents declared that their company's business profile has changed temporarily, at the beginning of the pandemic, but has now returned to its previous profile.



Hand sanitisers and disinfectants – a trend or reaction to a temporary need?

Production of antibacterial cosmetic products based on ethanol during the first weeks of the pandemic saved the sales of companies in the sector. However, sales were quickly slowed down by problems with raw materials. Already in the first round of the survey as many as 60% of companies were struggling with shortages of ethanol and 62% had problems with disturbances in the logistics chain of this raw material. There were also shortages of denaturants and packaging. Ethanol prices skyrocketed, often even as much as ten-fold.

Among those declaring a change in their business profile, the prevailing belief is that their company has enough ethanol (the percentage of such declarations increased between the first and second round of the survey from 21% to 67%). One in five respondents declares that their company sometimes experiences shortages (in the first round it was more than a half of the respondents). More than one in ten respondents believes that their company needs greater access to this raw material.

Unlike in the first round of the survey, in the second wave the biggest problem faced by the manufacturers was the sale of produced hydroalcoholic gels. The changes in the classification of cosmetic products and biocidal products, planned by the European Commission, which are to include a ban on the use of marketing declarations that have been permitted until now, have also aroused a lot of concerns and doubts. The Polish Union of the Cosmetics Industry has been involved in working on this issue both at the national and European levels. Our proposals include defending the “anti-bacterial” declaration, introduction of transitional periods – 12 months for products placed on the market, and no need to withdraw non-compliant products.

The rapidly growing number of COVID-19 cases both in Poland and in Europe shows that we are witnessing the second wave of the pandemic. In this situation, the protection products we can use that help us live in this new reality gain in importance. The use of hydroalcoholic gels, in addition to washing hands, is one of the most important measures to prevent infections. Before the pandemic, these products, i.e. gels, were a niche in the cosmetics industry. Now it is the category that is growing the fastest.

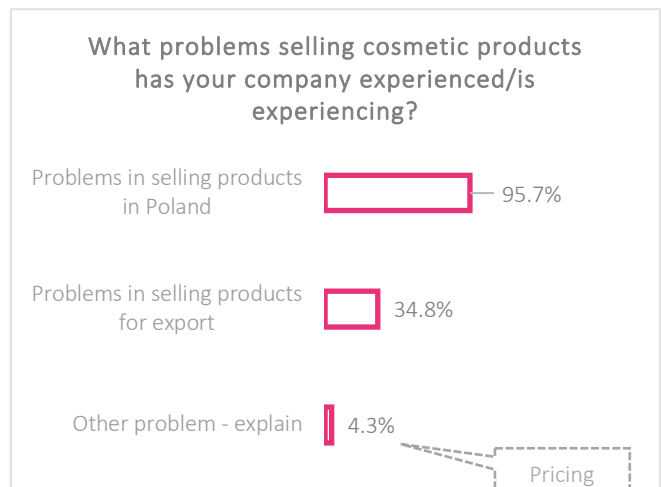
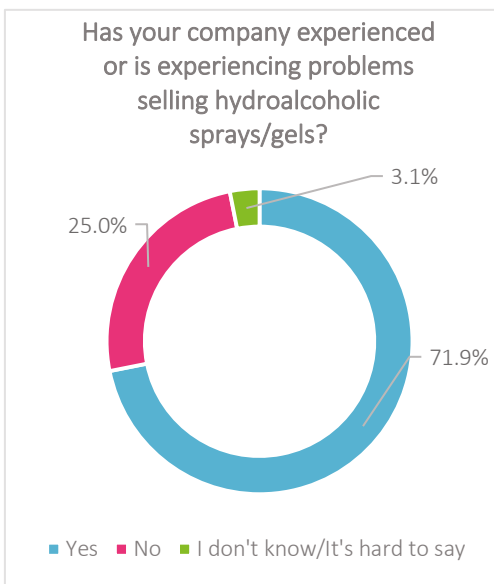


”Due to the increased demand for alcohol-based sanitisers, the European Commission has started a debate on the proper classification of these products. Should they be classified as cosmetic products or biocidal products? After many discussions and having gathered opinions of all Member States, the EC agreed on a compromise solution. These products can be marketed both as cosmetics and biocidal products. Only such a solution will ensure adequate access to these products for consumers. The pandemic is not a good time for drastic changes. The European Commission has proposed a guide that includes various elements of verbal and graphic communication that go beyond the legal definition of a cosmetic product. Work on its final form is still ongoing and the Union is making efforts to minimise the negative impact on the industry. We are also campaigning for transitional periods.

Justyna Żerańska PhD
Regulatory Affairs Manager, Polish Union of the Cosmetics Industry

Market saturation

Today, we are receiving numerous reports and arguments about the temporary saturation of the market with antibacterial cosmetic products.



More than 70% of respondents whose company has changed its business profile experience problems selling products such as hydroalcoholic sprays/gels.

One in four respondents declares that their company is not experiencing this problem. **These difficulties are experienced mainly in the case of sales in Poland** (96% of responses), while more than one in three respondents whose company is experiencing problems selling their products declared that these problems concern exports.

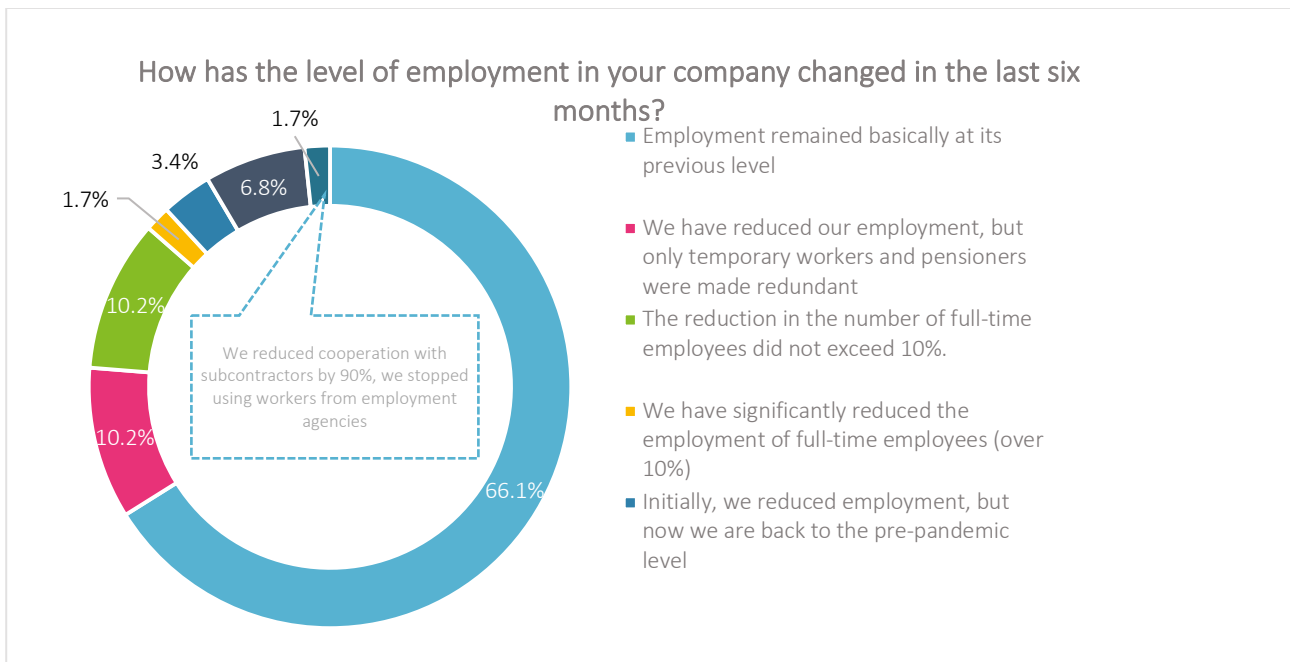


Employment level

Fears of redundancies and quickly increasing unemployment were among the most serious in the first phase of the lockdown. Most respondents in the first 2 months of the lockdown did not decide to reduce employment. It remained at the current level in the first round of the survey in as many as 66% of companies. 7% of respondents declared that they could afford it thanks to government employment support programmes. How does the situation look now after 6 months of operating during the pandemic?

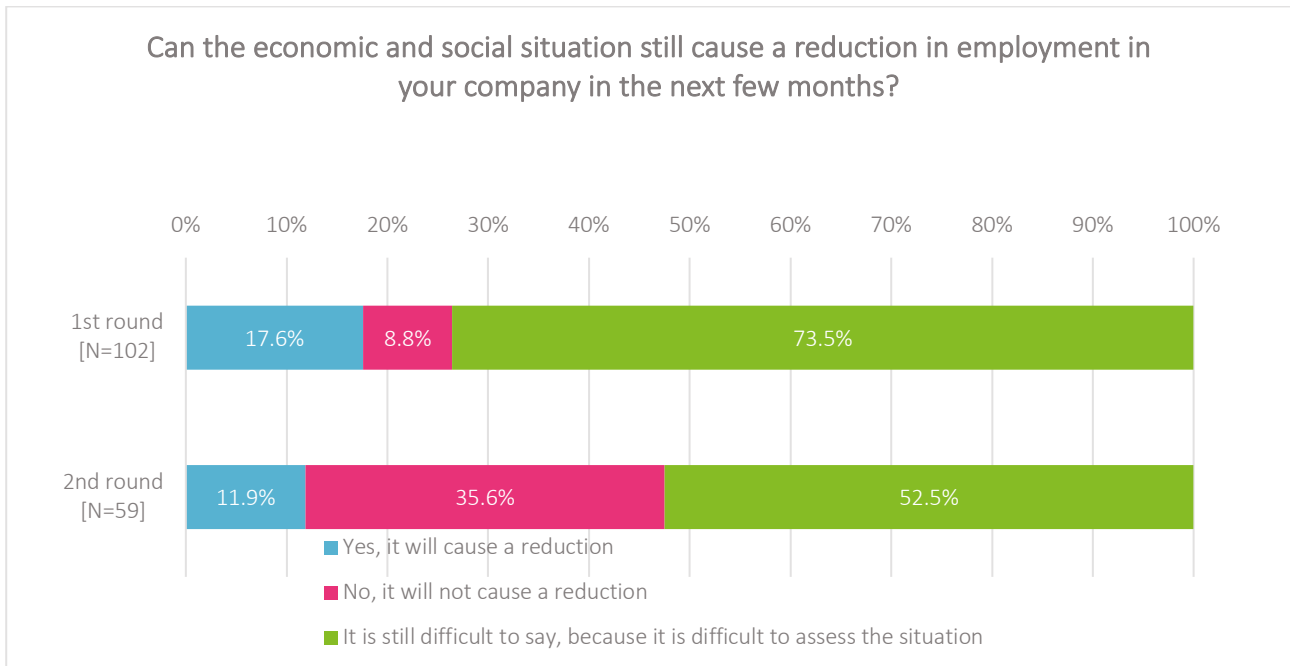
As many as 2 out of 3 respondents declare that employment in their company remained unchanged in the last six months and this is the same percentage as in the first round of the survey. However, more than half of respondents believe that the situation is too difficult for them to say whether there will be further staff cuts in the near future.

As many as 10% of companies reduced employment of temporary workers and pensioners. The same number of companies reduced the number of employees by no more than 10%. Only 2% of the companies significantly reduced their employment. 4% of respondents declared that they initially had to make staff cuts and then returned to the pre-pandemic employment level. Employment was increased in 7% of companies.





Respondents are more optimistic about changes in employment. The percentage of respondents who believe that the socio-economic situation will not result in a reduction in employment in the coming months has increased significantly (from 9% to 36%). However, 12% of respondents believe reduction in employment is still possible in their company (18% in the first round).



Sales

In the first round of the survey, the largest average decrease in sales among the surveyed companies was reported on the travel retail market (78%) and the highest increase in direct sales (60%). Average sales drops on the traditional market/in drugstores, retail chains, pharmacies and beauty/hairdressing salons decreased significantly.

Sales in the e-commerce channel in both rounds increased in about 40% of cases and this was an increase of approx. 50%. However, e-commerce still has great growth potential in the cosmetics sector. One in three respondents in the first round and 42% of respondents in the second round did not sell at all through this distribution channel.

Not surprisingly, declines were reported by drugstores. In the first round of the survey, almost half of respondents declared that their sales in this channel decreased. In the second round, such a declaration was made by 41% of respondents. On average, the decrease in this sales channel was 57% in the first round and 30% in the second round of the survey. Only 10% of respondents (in both rounds) reported an increase in sales in this channel (on average, it was 45% for the first round and 15% for the second round).

Losses on the traditional market cannot be compensated for by online sales – data published on 21 September 2020 by GUS [Statistics Poland] clearly show that we buy less and less online and in the case of cosmetics there has been an increase in retail sales (in fixed prices) compared to the same period of 2019 by only 0.8%.



Some trends are changing. Today, consumers are planning and shopping even more carefully, the trend to choose local products is becoming stronger and much more is said about the need to involve cosmetic manufacturers in environmental issues. This is confirmed, for example, by data collected by cosmetics market analysts from Nielsen. The companies see these changes and are already taking action in these areas. We hope that we will not have to face another lockdown in the last quarter of the year and that it will be possible for cosmetic manufacturers to fully spread their wings again. But if COVID-19 attacks again, we are better prepared.

INDUSTRY VOICES – Seboradin:

*The pandemic forced us to restructure our entire strategy for this year in a very short period of time. The spring lockdown and economic freeze, as well as difficulties in holding B2B meetings, the fact that it became impossible to provide skin care consultations and contact customers face to face in the following months, caused a drop in sales in pharmacies and drugstores. In response to market needs, we introduced a new category of antibacterial products, which allowed us to compensate for the drop in sales. There are fewer people in shopping malls, they buy only products that they really need, their shopping decisions are well thought out, they do not buy items on impulse. Customers have started to do their shopping online, which is why we have taken a number of steps to strongly promote Seboradin online. Our current marketing strategy is mainly focused on the Internet and the power of social media. We have also introduced a new service for our customers, which is a free online trichology consultation. This has increased traffic in the area of e-commerce, as well as increased interest in our products in online stores – **Edyta and Filip Pawluśkiewicz, owners of Seboradin***

Skin care consultations, especially those taking place in pharmacies, which are an important sales channel for Polish brands, may soon be another important issue for companies in the sector. The Polish Sejm is working on a bill on the profession of pharmacist, which may exclude this possibility.

” *There is a risk that the proposed legislation will introduce a ban on providing skin care consultations and giving pharmaceutical advice on cosmetic products in pharmacies. This would be a disaster. Today, pharmacies are often the only place where you can get professional advice if you experience skin problems. During the pandemic, when access to medical specialists is limited, it is priceless for the consumers.*

The interpretation of the Ministry of Health, which has presented their position at the request of the Union, is favourable and indicates that the proposed legislation will not exclude the possibility of selling cosmetic products in pharmacies or providing advice on these products there. This is provided for in the Pharmaceutical Law (Dz.U. [Journal of Laws] of 2020, item 944, as amended) which is unchanged in the context of the proposed legislation. We hope that it will remain so.

Dr Ewa Starzyk,
Dyrektor ds. Naukowych i
Legislacyjnych, Polski Związek
Przemysłu Kosmetycznego



Exports

Every other cosmetic product manufactured in Poland is exported. In this respect, we are ranked 6th in Europe and – after Brexit – 5th in the European Union. Until the beginning of 2020, we have been regularly entering new markets, confirming that Polish products are distinguished by quality, a long-standing tradition and investments in research and development, which, combined with competitive prices, flexibility and business professionalism constitute a great competitive advantage.

Closed borders and complete suspension of travel and restrictions on export of some products were huge problems encountered by Polish companies in the first phase of the lockdown. After that there were difficulties caused by interruptions in the supply of raw materials and packaging or problems in the transport of components and finished products.

INDUSTRY VOICES – Pharmann:

We are a small export company. In March, during the first lockdown, export stopped completely (one exception was Sweden, but this is a small market for us). We wanted to protect our employees and we managed to do that – none of our staff were made redundant. Reductions in social security contributions, closed business financial support or welfare benefits turned out to be necessary.

*In June, export activity quickly rebounded and in the third quarter we even noticed increases compared to the same period last year. Unfortunately, since October exports are dropping again (we are hearing from other markets that buyers are not as active). We have already implemented a survival plan for the next 6 months to get through the pandemic wave and protect the team again – **Jacek Płucienniczak, Pharmann.***

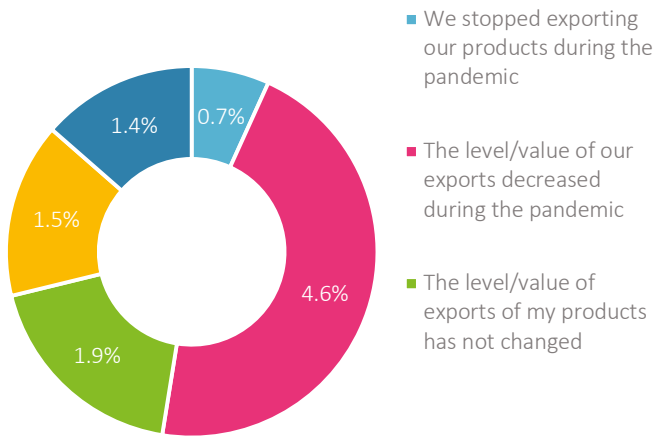
Despite the first tough weeks, many companies have also become convinced of the **importance of exports for business** – and not only to the most frequently chosen markets.

” For a long time now, the Union has been trying to emphasise the importance of exports both here in Poland and during international events and fairs, where we have been present for many years (now also online). Despite the lockdown and various obstacles, in the period from January to July 2020, the value of cosmetics sold abroad was PLN 5.1 billion, i.e. it was nearly 6% higher than the year before (data provided by GUS). This great achievement best proves what a strong player Poland is on the cosmetics world map, despite the crises and the difficulties faced by many companies that had to reduce their exports.

Blanka Chmurzyńska
CEO, Polish Union of the Cosmetics Industry



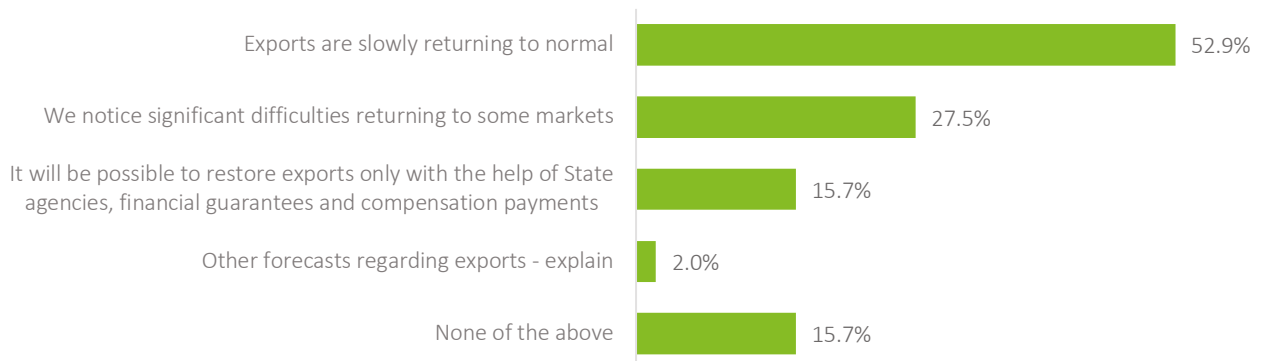
What was the impact of coronavirus on exports of your company's products in the period from March 2020 until today?



Almost half of respondents declare that during the pandemic the level of exports in their company decreased. Exports were stopped completely in 7% of companies. One in five companies did not see any changes to export, while in 15% of companies export increased.

More than half of the export companies believe that exports are slowly returning to normal. However, 28% see significant difficulties in returning to some markets. 16% of respondents believe that recovering exports will only be possible with State aid.

Which forecasts for your company's exports do you agree with?*

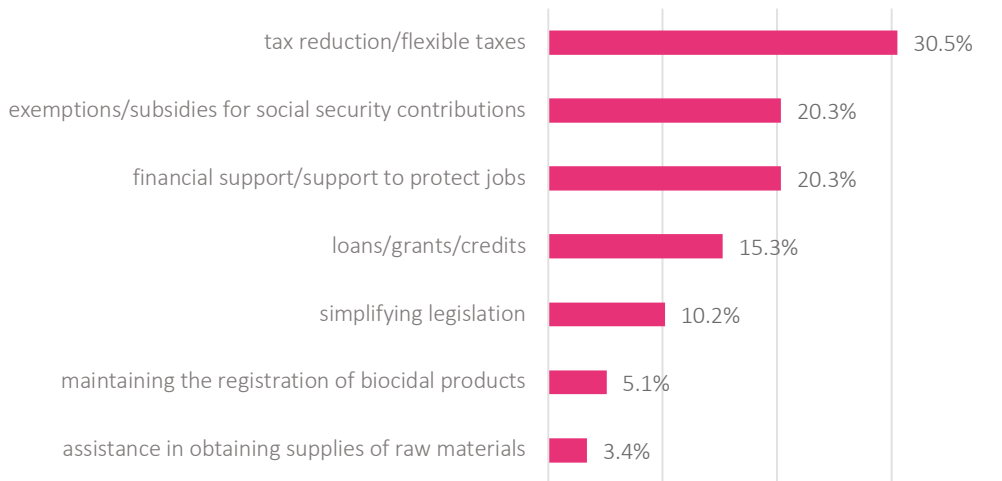


System support – needed or not?

The government support tools most frequently mentioned spontaneously by respondents as those needed by their company include tax reduction/flexible taxes (31%), exemptions/subsidies for social security contributions (20%) and financial support/support to protect jobs (20%).



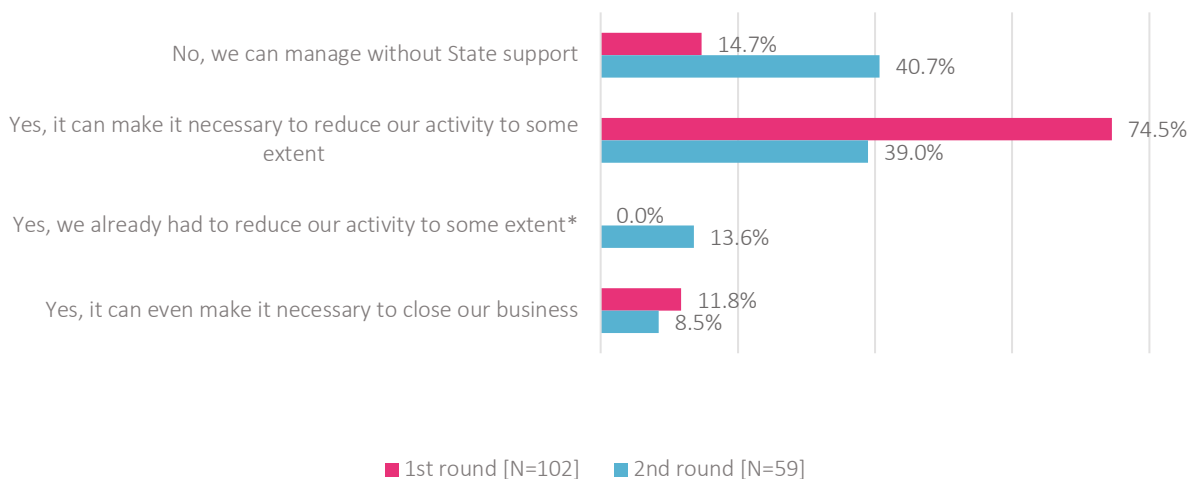
Which government support instruments/tools does your company need?



The percentage of respondents who believe that insufficient government support may make it necessary to reduce their business activity has clearly decreased (39% now and 74% in the first round of the survey). More than 40% of the respondents are certain that their company will manage without State support (15% in the first round). 14% of companies have already had to reduce their activity due to the lack of State support. 9% of the respondents believe that insufficient State support can even lead to closure of their businesses (12% in the first round of the survey).

As many as 27% of respondents believe that if a second lockdown is imposed, their company will be able to operate without any obstacles. The same percentage of respondents believe that their company will be able to operate for only 3 months if there is a second lockdown and a similar number of respondents believe that their company will operate for 6 months. Less than one in five respondents believes that their company will be able to manage by mid-2021.

Can insufficient State support trigger your decision to reduce business activity?

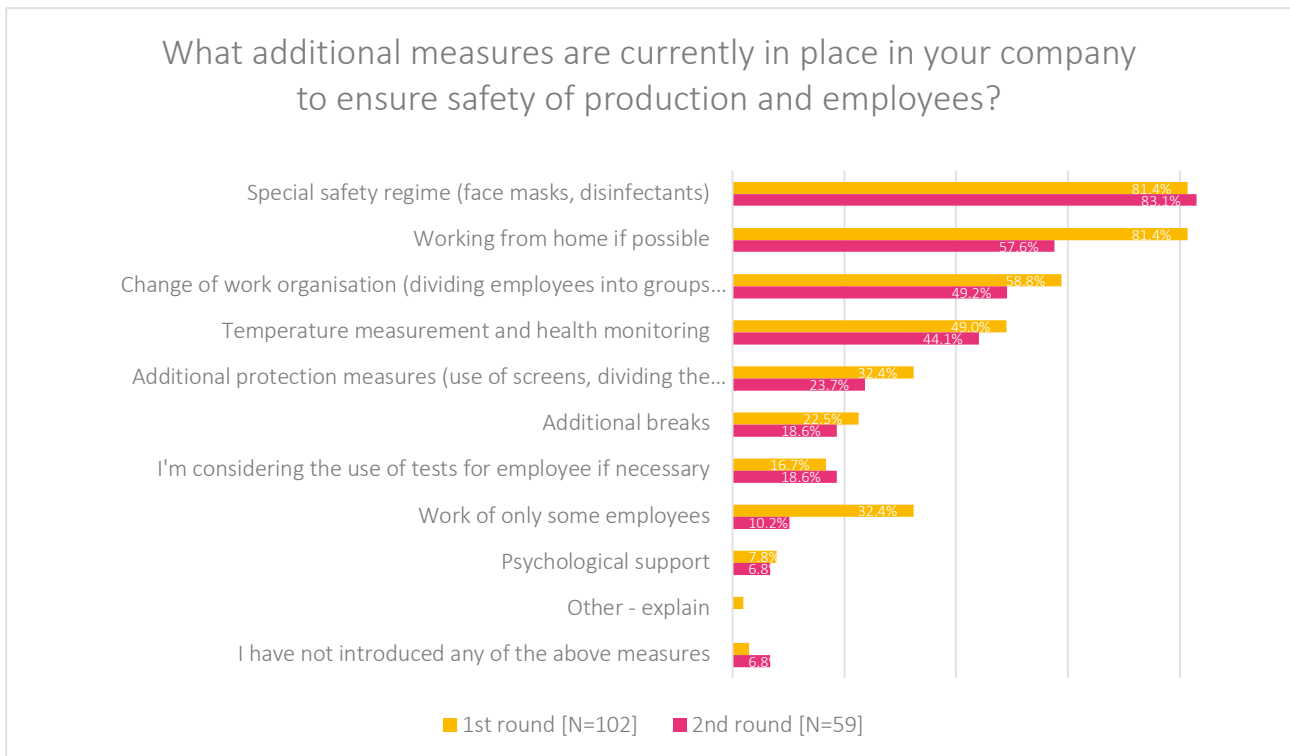




What is the industry focused on today?

Organisation of work

The most popular measures introduced by companies to ensure the safety of production and employees include a special regime, using face masks and disinfectants (83% now and 81% in the first round), working from home if possible (58% now and 81% in the first round) and changing the organisation of work (49% now and 59% in the first round). Compared to the first round of the survey, such measures as working from home or having only some employees work at any given time are used less often.



INDUSTRY VOICES – Ministry of Good Soap (Ministerstwo Dobrego Mydła):

Small cosmetic manufacturers that base their production on the work of a small group of highly qualified craftsmen (in our case - soap-makers) fear that their employees will get COVID-19. Our customers expect from us a great offer of Christmas gifts, produced on an ongoing basis and sent immediately, so at this particular time we cannot afford a downtime that may threaten the company's financial stability.

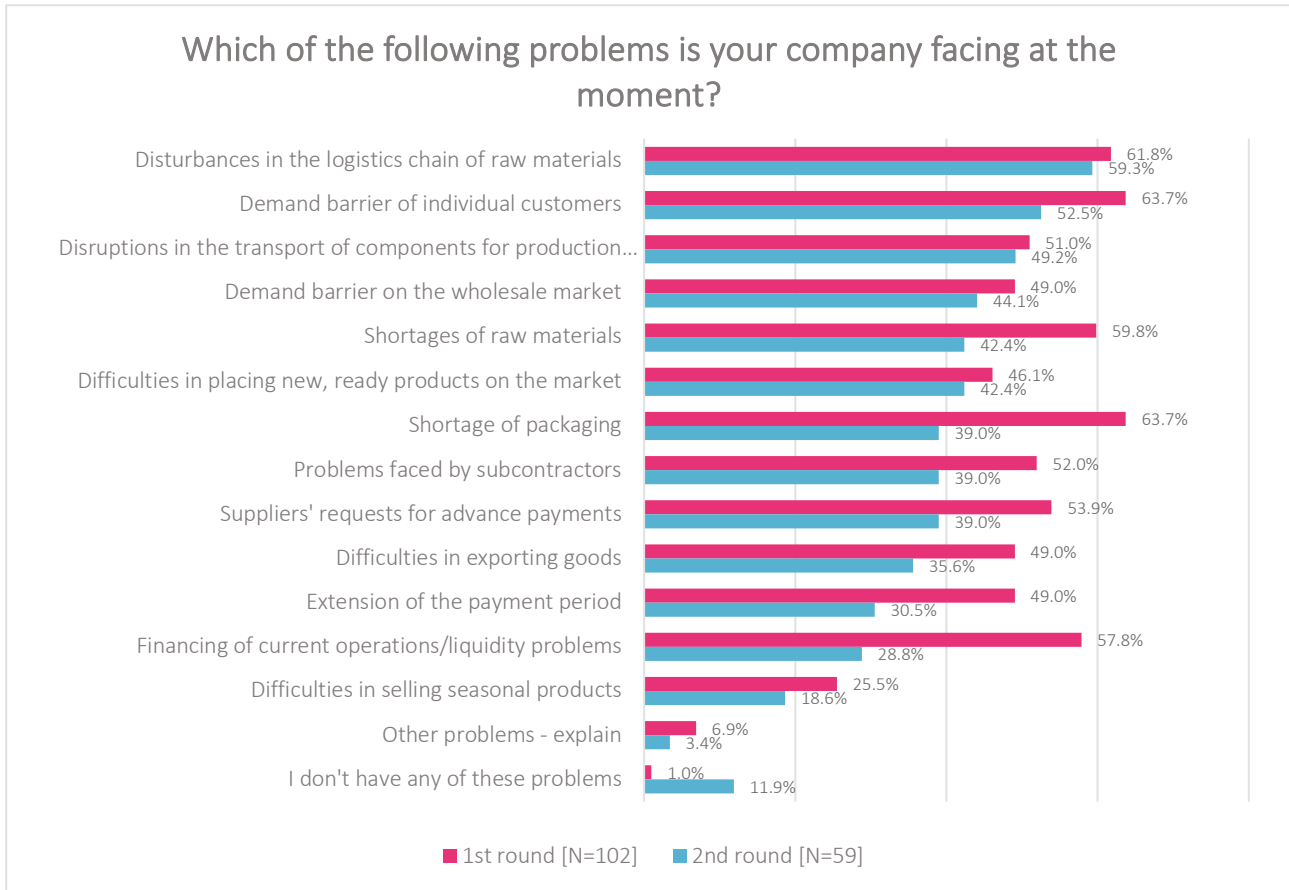
Of course, we have introduced safety measures. We have divided our production, distribution and sales teams so that they work two shifts and do not meet. We have also purchased portable UVC lamps and we use face shields, gloves, face masks and disinfectants more often than we did before the pandemic. We have also managed to install in one of our stores a window similar to the ones that are in pharmacies. Employees who can perform their duties from home work remotely. We stay alert and monitor each case of the disease.

We are supported by our fantastic, supportive and understanding customers who are there with us in the best and worst of times. For them, it is worth fighting and doing



everything we can every day. For them, it is worth surviving, says **Anna Bieluń**, co-owner of **Ministry of Good Soap**

Problems faced by the industry



The most frequently reported problems that companies have to deal with today are disruptions in the logistics chain of raw materials (59%), the demand barrier in the case of individual customers (53%) and disruptions in the transport of components for production and finished products (49%). The percentage of respondents who declared problems in financing current operations and shortages of packaging and raw materials has decreased significantly. On the other hand, the number of respondents declaring that at the moment they do not face any problems when running their business has increased (from 1% to almost 12%).

Challenges to be faced in the near future

Apart from adapting to the new situation, businesses are mainly involved in: developing new sales channels (70%), maintaining and increasing exports (59%) and limiting the impact of production on the environment (48%). The importance of the environment in the survey proves that companies, alongside recovering from the pandemic, continue to watch trends and are thinking long term about non-COVID-related challenges.

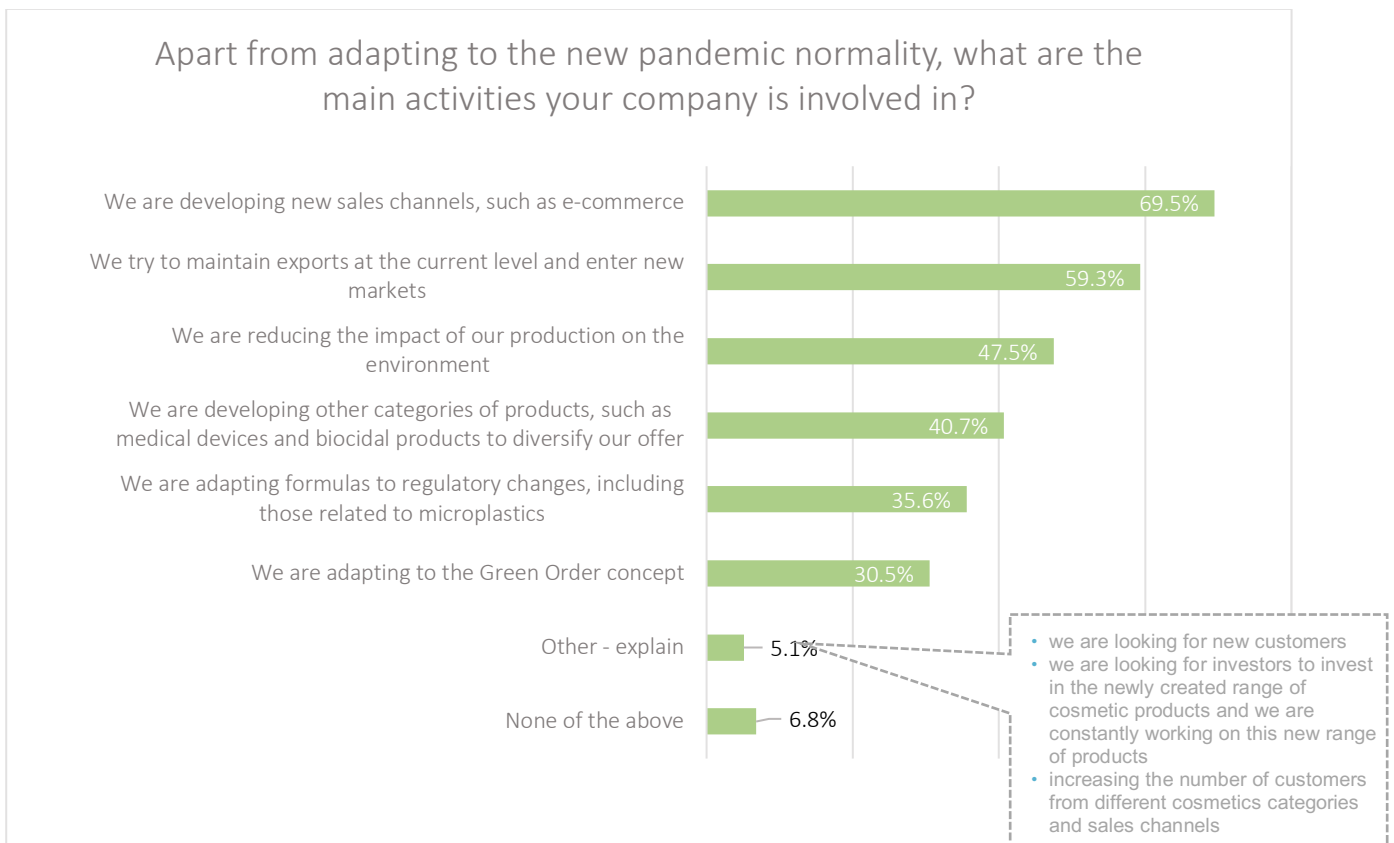


INDUSTRY VOICES – Nuco:

As a contract manufacturer, we are completely dependent on orders placed by companies that are owners of brands or private labels and have been severely affected by the spring lockdown.

The number of orders and thus the volume of products sold to our customers (of which 90% are companies from abroad) has dropped by more than 20%. A significant number of orders placed at the end of 2019 or in the first quarter of 2020 was cancelled or postponed. There were also financial liquidity problems caused by delays or lack of payments for completed deliveries.

In order to continue and grow our business, we have to offer our existing and prospective customers new products and formulas. Due to the specific nature of the industry and the products themselves, it is necessary to show these products face-to-face at trade fairs or during special meetings. For obvious reasons, since March 2020, that has not been possible and the adverse consequences of this situation will be suffered next year – **Grzegorz Wyrzykowski, Sales and Marketing Director, NUCO E. i G. Kosyl Sp. j.**





” *The European Green Deal is an extensive action plan to transform the European Union into a carbon-neutral economy. It will affect almost every area of our life and will force a more sustainable approach to packaging, production and products, including the use of resources and sourcing, in all industries. Now it is the law, and not just voluntary initiatives as before, that will force us to implement more and more environment-friendly recyclable packaging, use fewer materials, source raw materials paying attention to their origin and so on. Coronavirus has not changed this and will certainly not change it – the European Commission will not cancel the climate reform because of it. Health has always been a priority for the EU and that’s how it should be. Now, however, the safety of the environment is treated on par with safety of the people. Environmental protection will not take second place any more.*

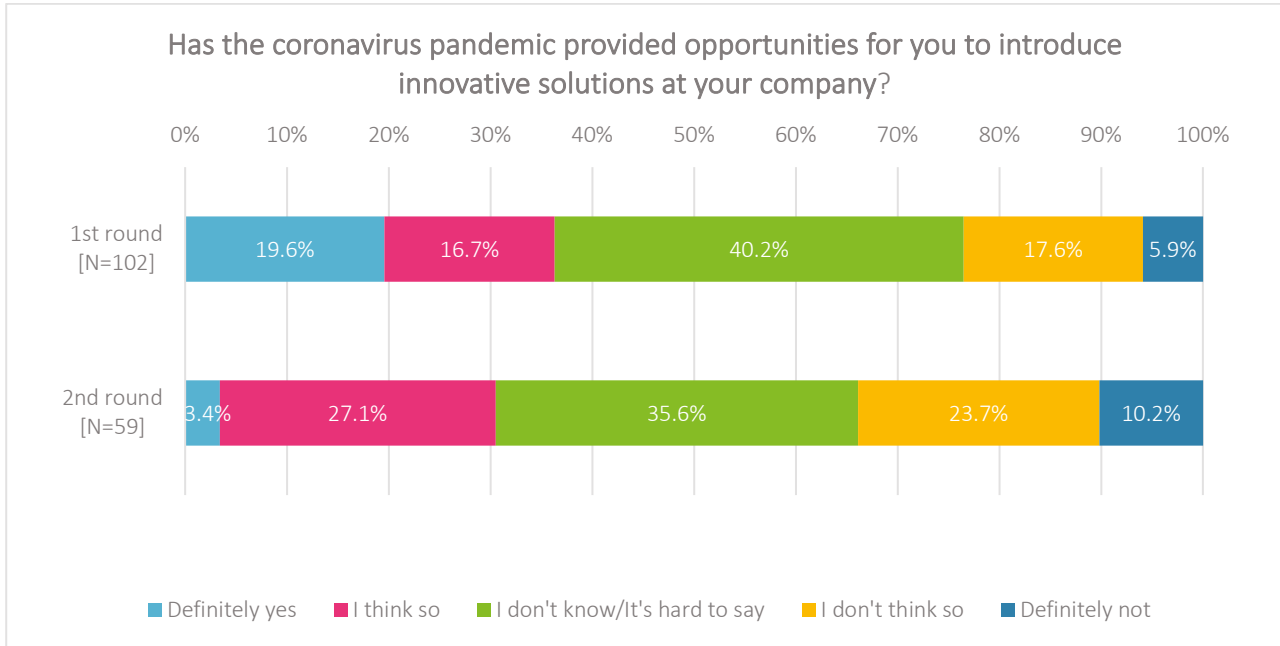
Ewa Starzyk PhD

**Director of Scientific and Regulatory
Affairs, Polish Union of the
Cosmetics Industry**

Innovation

The Polish cosmetics sector has always been very competitive. A multitude of production companies and brands on our market, as well as the necessity to compete with manufacturers from such powerful cosmetic markets as Italy or France, have made innovation our strength. Even in times of crisis.

As many as 30% of respondents believe that the coronavirus pandemic has created opportunities for them to introduce innovative solutions in their company. In the first round of the survey, more respondents (36%) viewed this situation as a chance to introduce innovative solutions. One in three respondents believes that the pandemic has not provided an opportunity for them to introduce new solutions, while 36% of respondents do not have an opinion on the subject.



E-commerce is growing

For most companies, the pandemic was an impulse to develop the e-commerce channel. Of course, those who already had such solutions in place and did not have to start from scratch were in a winning position. Online stores took a new approach to sales. They brought in specialists to reconstruct the online store and find new ways of operating within B2B and B2C channels

Communication with Homo Covidus

External communication changed completely. Prior to the pandemic, sales in the cosmetics industry were mainly done face-to-face, both with buyers and consumers, e.g. during a dermoconsultation. Now most activities are done online. Online consultations have replaced stationary ones, and instant messaging has become the main tool of dialogue.

New needs, new solutions

Product range has also changed. New or improved products, as well as changes in production techniques were introduced. There are more types of immunity boosting, antibacterial and specialist cosmetic products available. R&D departments had to quickly identify and respond to new consumer needs.

New needs, new solutions

The pandemic, as in any industry, has also affected the way companies work internally. Remote or hybrid work, disbursed team and data management, digitised contacts with customers or buyers - all this required the adaptation of IT systems, staff education, equipment change and appropriate data protection management within the organisations. In normal times, it would take weeks to implement changes in any of these areas.



Lockdown 2.0?

The rapidly growing number of COVID-19 cases in recent weeks makes everyone wonder if we are again headed for increased restrictions and a second lockdown. However, the social and economic costs of the lockdown imposed in mid-March were so high for both the State budget and many sectors of the economy that this seems unlikely. Are cosmetic companies prepared for this eventuality?

As many as 4 out of 10 participants of the second round of the survey expect that they will maintain their level of business activity if further restrictions are imposed this year. 31% of respondents plan to continue their business activity, but to a much smaller extent. 5% of the respondents intend to return to business activity they conducted before the pandemic and 2% plan to change the production profile/maintain the change of the production profile. One in five respondents does not have a strategy yet.





Polski Związek Przemysłu Kosmetycznego

SEE how we can work together!



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The Polish Union of the Cosmetics Industry, as the only organisation in Poland, represents and supports the strategic goals of entrepreneurs exclusively in the cosmetics industry. **For over 18 years**, it has been an active voice of the sector in the law making process. It collaborates effectively with Polish and European administrative institutions on a daily basis, and together with the member companies it creates and implements solutions that help develop the Polish cosmetics market, which today is in fifth place in the European Union.

The Union **is part of Cosmetics Europe** - the European industry organisation and the **Lewiatan Confederation** - the most influential organisation of employers in Poland. It is also involved in activities that build the sector's position abroad by helping promote the export of Polish cosmetics, build partnerships and, together with partners, remove barriers to international trade. The organisation also acts as a platform for sharing knowledge – it educates and trains companies, improving the quality of the entire sector. For 13 years, it has also been running the social project Beautiful Life Foundation.

The Union **brings together 200 companies**, including cosmetics producers and distributors, laboratories, consulting companies and teaching centres, as well as their industry partners - suppliers of packaging and raw materials. It unites and works on behalf of startups, small family businesses, as well as large international corporations and major Polish cosmetics companies, which work together effectively in an atmosphere of mutual respect and trust, while maintaining all rules of competition.

