

by Sarah Colton



NOTES FROM PARIS

Clarins, The Red And White French Skincare Company Weathers The Current Economic Storm



Clarins' Philip Shearer

As the world faces an increasingly complicated economic climate in 2009, Clarins—a leading player in the skincare industry—is in a unique situation. Although the company is much smaller than its closest competitors, it is the premium skincare brand in Europe and remains a family business. The owners,

Clarins' Marie-Rose Tricon



Christian and Olivier Courtin-Clarins, control all its capital. Clarins' Founder, Jacques Courtin-Clarins (father of Christian and Olivier) was a pioneer and early advocate for the power of plants enhancing beauty and well-being more than 50 years ago, a fact which gives Clarins much clout and a serious head start in a world newly enamored with 'going green.' In the spring of 2008 Christian and Olivier launched a bold strategy which included buying back all of Clarins' shares from stock holders—thus giving them independence from the stock market—and recruiting **Philip Shearer** as CEO (formerly Group President, The Estée Lauder Companies), and **Marie-Rose Tricon** as Director of Marketing, Development and Communications (formerly at Tom Ford Beauty and Estée Lauder in New York).

Mr. Shearer and Ms. Tricon graciously invited *Beauty Fashion* for informal interviews at the Clarins corporate headquarters just outside Paris, in Neuilly-sur-Seine, France. In back-to-back interviews Mr. Shearer spoke about his strategy going forward based on Clarins' core values and goals, while Ms. Tricon explained how she plans to carry out this strategy.

Philip Shearer



Mr. Shearer puts calls on hold to speak with *Beauty Fashion*.

Clarins is the premium skincare brand in Europe (25% of the skincare market in France and 29% in the UK). Our challenge is to make it number one in the world, and I am optimistic that this goal is attainable. In this current 'crisis' which I in fact see as an opportunity for Clarins, there are valid reasons to think that we might fare better than some of our competitors. First and foremost, we are positioned at the proper level. In Europe we are well known for being reliable, having high-quality products, a great value for money and a brand you can trust. In difficult times people gravitate towards brands they can trust.

Traditionally our heritage is in skincare. We are a skincare specialist in the sense that we believe that beauty starts with beautiful skin. We were born out of the spa environment (which we now refer to as 'Skin Spas') 55 years ago when Jacques Courtin-Clarins opened Clarins Institut in Paris in 1954. Mr. Courtin-Clarins became successful by doing three things. One, he developed a unique way of applying products, two, he listened to women very carefully and three, he developed efficacious products that he believed were necessary and wanted by women.

Because this company was born out of this Skin Spa tradition we understand skin better than most, and in addition to the products that we formulate, we have developed a very special technique for each of them. This gives enormous credibility to our formula, which has been validated over the years by the loyalty of our customers who come back over and over again. We believe that people continue to come back to us because they like the products and the techniques, which they have learned either at-counter from Clarins-trained Beauty Counselors, in Skin Spas from Clarins-trained Aestheticians, or from the Clarins-developed directions inside our packaging. People who use our products tell us "Clarins works for me."

Quality Of Product



Mr. Shearer discusses Clarins' use of plants in creating beauty.

In an economic environment in which quality is of the utmost importance it's worth mentioning, in addition to quality in terms of efficacy of technique, Clarins is also unique in the excellence of its production. In France, the term "traçabilité"—which could be translated to mean "the ability to be traced"—is

used more frequently in the growing movement for assured quality of products. Knowledge of all the links of a production chain is crucial for assuring high-quality. Traçabilité means that each link in this chain from raw materials, to production, to market, and finally to the client is openly available for public scrutiny and evaluation. In this respect, I don't know anybody who has more credibility than Clarins. To my knowledge, we may be the only brand in our category that manufactures exclusively in one place. Every Clarins product is manufactured in France and in Europe, right here in our own laboratory and plant in Pontoise [a suburb of Paris]. We recognize that this is not the cheapest way of manufacturing, but it is important to Clarins because we have very high standards of quality. We know and are able to control exactly where the ingredients come from, who manufactured them and how they were manufactured. This is far beyond

what is required in the industry, but we believe that you can't play around with quality by letting too many people get involved. Considering the risks of what's happening around the world these days we feel that our extra precautions are well founded. We are very proud of our plants and the way we do things. It's high quality products, and high quality has a cost.

Clarins' Strengths And Strategies Worldwide

As we seek to attain our goals in the world market, we must look at how our strengths can best suit the unique needs of people in various regions, and depending upon our positioning (percentage of the market and perception by clients) we adapt our strategy accordingly. In Europe, for example, we are a dominant player, whereas in the US and China we are not. The strategy of a dominant player is not the same as that of a challenger.

In Asia, for example, one of our challenges is that we've been present there for a relatively short time and have not yet created the relationship of trust with clients that we enjoy in Europe. In America, although we have a good base, we're still a bit too small to create the level of trust we think we deserve (He laughs).

Being the challenger requires an enormous amount of humility. We have to accept that people don't know us and don't necessarily care. We must find and husband one or two key strengths which are points of difference, and concentrate essential communication on those, so at the very least, potential consumers will know these things about us. A challenger's strategy requires more daring moves than that of an established player. This could perhaps show up in the way we communicate or perhaps in the way we target our efforts. We might choose to focus on a small number of customers for example, whom we believe might grow in importance for us.

Another challenge is the wide variety of cultural references in the different regions. In Japan, for example, taking care of one's skin is the number one beauty priority. Japanese women take extraordinary care of their skin, no matter what. Makeup is less important in Japan, and the fragrance business is essentially non-existent. So the Japanese market is all about skincare (and hair care). As the expert on skincare, I am optimistic about the future of our market there. Obviously, in other parts of the world where the emphasis on skincare is not as strong we must develop other strategies.

Beauty Fashion: Can you elaborate on your US strategy?

Philip Shearer: Department stores and Skin Spas are based on a successful UK Model. We are not as strong as we could or should be in North America, and increasing Clarins' presence there is a priority for me. An important

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strategy I see going forward involves increasing dynamic partnerships between Clarins and department stores using the unique Skin Spa concept.

Before elaborating on the strategy, it's important to explain that part of Clarins' unique character is the service built into our DNA. Because of our roots in the Skin Spa tradition in which products go hand in hand with treatment techniques, our products need to be demonstrated. Clarins' philosophy is based on a belief that each woman is different, and in order for a client to benefit the most from the quality of our products we need to teach her the best application techniques. I believe that this is one of our greatest strengths. It is also why, when viewed from the outside, our brand might appear complicated to some. I am a strong believer that women want service. But this service needs to have a high quality to it. The Clarins brand is far too sophisticated to use simplistic techniques such as that of splashing up the photograph of a beautiful actress and suggesting that by slapping on one of our products a client is going to accomplish the same beautiful results. We don't believe in this. We believe that each and every person is an individual. That's why we have created a carefully thought-out selection of products and techniques that work together so women, by choosing and applying them advisedly, can obtain the most beautiful skin they can possibly have. The Clarins Skin Spa is our very successful formula for providing the environment that bridges the two—product and technique—and this is what makes us different from almost everyone else.

Department stores are crucially important for service-driven brands like Clarins. In 1996 fragrance was the fastest growing segment, followed by skincare and then makeup. Today in America, makeup is the fastest growing business, followed by skincare and fragrances. Most of this growth is coming from the department stores that have a strong emphasis on Makeup Artists. That is what has convinced me of the present potential available in American department stores for the Clarins Skin Spa model, which provides real service—advice, application techniques and samples.

Importance Of Beauty Advisors

A crucial element in the Clarins model is the essential role of Beauty Advisors. By advising clients in their purchases and creating a recipe for each person, they are an important aspect of our model. She is the one who gets the brand's message and expertise out to the consumers. I was in the UK recently and spent a lot of time with the Beauty Advisors for this very reason. Their advice and guidance is essentially what makes our channel of the business—the upper end—different from the mass market. It is the service provided by Beauty Advisors that makes this distinction.

Coming To The Table

What Clarins does best, and what we propose to bring to the table in partnerships with department stores is our belief in service, and that we are very successful when we can express our expertise through product demonstrations with Beauty Advisors. This is why Skin Spas (or day spas as they are sometimes called in department stores,) are so important to our brand. It is through dynamic partnerships with department stores which incorporate some interpretation of the Clarins Skin Spa formula that I see our strategy moving forward in the US. This can be in the form of a Clarins stand with 'treatment cabins' at a POS (small enclosure or rooms where a client can receive a body or facial treatment from a Clarins-trained treatment specialist in privacy and comfort), or a Clarins stand with a pared-down technical demonstration section at a POS, where clients can receive facials or other simple treatments that don't require privacy.

The UK Model

Happily for all of us, an enormously successful model of the structure for this partnership already exists in the UK and benefits from the tests of time, having been perfected over the past 20 years. Using this model, we have cooperated with department stores such as Harvey Nichols, Selfridges & Co. and others. These partnerships have worked very well for us and for the stores, and this is a direction we should be taking in the US. The fact that this model has helped us gain 29% of the skincare market in the UK speaks for itself. I know it will have results [in America].

Before moving to France with Clarins last year, I worked in the US for 14 years (1994-2008), and in just about every state I know most of the stores and players. The stores have a responsibility in this shared business model so they come to the party and fulfill their obligations. I think there is a definite opportunity to do business going back to the basics of what Clarins and department stores do best—offering service and going back to the way we service our customers. In a crisis people go back to basics and this is our great opportunity.

Obviously our freestanding Clarins Skin Spa boutiques will continue to function, as they are enormously popular. We have 3 such Skin Spas in New York City and each functions according to a slightly different model. The biggest one is on Madison Avenue and occupies 2 floors and has 2 single treatment cabins and one double cabin. For our present purposes we are finding that this model is perhaps a bit too big. The Skin Spa on Columbus Avenue did not have a treatment cabin until recently, and it has been extraordinarily successful since then. Our Skin Spa on Spring Street in SoHo doesn't have enough space for a treatment cabin, so what we do is offer a Clarins-style free [facial] application as opposed to a paying service.

From our point of view these freestanding entities allow us to experiment with and perfect a variety of offerings, and thus provide invaluable information and examples of what can or cannot work under certain conditions when we are setting up partnerships with department stores. This is currently the limit of our interest in freestanding Skin Spas. We are not in the business of developing Skin Spas as such, but instead are in the business of creating products that people know how to use.

Marie-Rose Tricon



Ms. Tricon welcomes *Beauty Fashion* to her office at Clarins' headquarters, located in Neuilly-sur-Seine, Paris.

It is thrilling to be working with Philip because he has such a clear vision for the future of Clarins and is very optimistic about Clarins' potential for realizing this vision. I share his vision and optimism. As Senior Vice President of Marketing, Development and Communications my job is to make sure this vision is translated into our products and

communicated to the world.

Authenticity is the word that comes to mind when I think of Clarins. Born out of the Skin Spa tradition and the use of plants, Clarins has remained loyal to these principles throughout the years. Clarins is a family brand which has not allowed its true identity to be diverted because of fashion trends or marketing constraints. When I joined the company last spring, Clarins' authenticity was the charming element that most strongly influenced my decision. If there is any fault I can find with the company today, it is that through remaining so genuine over the years it has perhaps failed to communicate a sufficiently seductive image of this authenticity.

I see my job as creating a more desirable and contemporary image for Clarins, which accurately reflects the richness of its background and heritage, as well as its present supremacy, dynamism, and pioneering spirit as the skincare expert. I am doing this through an ongoing series of carefully thought-out adjustments in packaging, product lines, advertising and marketing.

Desirability is key—not only for existing Clarins customers (so we could maintain the excellent relationships we have with them) but also the desire for potential Clarins customers (to entice them to join our family).

When speaking of re-imaging the Clarins brand, it's important to emphasize that I will continue to be pushing the buttons that have made Clarins a success for more than half a century. I'll be bringing these innate qualities back to the surface, polishing them up, making them more contemporary, relevant, visible and desirable to the customer. But don't get me wrong; I will be leaving Clarins' unique qualities intact. The resounding message I have received through intense communication and focus groups with long-term, faithful Clarins clients is, "Don't touch my Clarins!"

Some of the most important of these qualities are:

- *Clarins is and always has been an expert in skincare
- *Clarins is about touch and techniques
- *Clarins is about listening to women
- *Clarins is about the power of plants in creating beauty

We know this about Clarins, and our clients tell us they know this and feel close to the brand through our ongoing communication with them. In preparation for our strategy to increase desirability for the brand, we conducted a great deal of research into how outsiders, as well as insiders, perceive Clarins. This past September, we concluded a six-month series of intensive focus groups and brand equity surveys, in France, UK, US, Japan, Germany and Spain.

One of the most significant findings was that non-Clarins customers say that they know, recognize and acknowledge that there is true quality in the Clarins brand. In organizing my strategy, the fact that Clarins is perceived as a high-quality, serious skincare brand by both long-term customers and non-customers alike, is both comforting and helpful in finding direction, especially in the current 'crisis.' As Philip pointed out earlier, during a time of crisis, people are drawn to authenticity and quality. This is excellent news for Clarins because from everything we have learned from our potential customers, we are already known for these aspects. So in many ways we've already done the hardest part. We have the products, techniques and results that people consider to be true quality. We don't need to prove anything else or convince them anymore. We're way ahead of the competition on this crucial aspect.

The next step and my job as I see it now is to create the necessary desirability in the brand to convince non-customers to switch to Clarins while at the same time reaffirming the loyal customer's belief that she made the right choice. I think that by simply making Clarins a little

more desirable and more visible, perhaps by being a little more provocative, this will happen.

We are all very excited about carrying out our strategy. You can't imagine how many tactical meetings I've had and continue to have with Philip to coordinate our actions with our vision. The most exciting thing about all of this is that we can see solutions for everything. That's rare today because a lot of people can't see solutions for anything.

Advertising

At the moment we are finishing a pitch to ad agencies, so be on the look out for our new ads. They will play their part in refocusing the brand in a contemporary image while at the same time keeping the strength of our tradition.

Preparing for these ads has involved intense work of digging in to the history of Clarins for ideas. The first ads about Clarins were inserts in magazines and newspapers with pictures of Mr. Courtin-Clarins pitching his treatments for women. Because our history is based on the use of plants for beauty, our current advertising programs have taken the photo shots in natural light, not in a studio. It's a territory that nobody else has.

Refocusing Packaging

At Clarins, we put our money in the creams and therefore are very careful about not putting too much money into packaging. We are currently experimenting with graphics for packaging which will make the brand more desirable while maintaining its authenticity. We are essentially working magic by taking certain powerful Clarins signals and drawing them differently to attain a modern interpretation. There will not be layering on tons of extras to the graphics—silk screening, gold, varnish, etc. This is not our style. To my mind, our approach is part of what true sustainable development is all about.

Makeup

Our strength comes from our expertise in skincare, and in order to play to this strength, I intend to redirect our focus to just that: our expertise. For makeup, this means we will focus much more on foundation, which is the logical next step following skincare, to maintain beautiful skin. For Clarins, makeup is the skin's natural enhancement. We are going to put less emphasis on fashion and more on products that are simple to use. I have always been a fan of 'makeup for dummies,' which are little tricks a brand can offer clients so they can apply makeup easily and [have a polished look]. Going forward, all Clarins makeup will be developed with the idea that makeup is an extension of beautiful skin.

We'll show ways to attain treatment benefits from our foundation and how to erase the appearance of lines. The 2009 color collections are going to be muted, more streamlined and include more natural accents, which is Clarins' territory. As the skincare expert, it's not surprising that Clarins makeup will benefit from some new technological breakthroughs, and the Clarins customer will be able to find in our offering something which is both beautiful and good for her lips and skin.

Fragrance

Fragrances at Clarins, as you might expect, are in fact, "treatment fragrances,"—fragrances that do something good for your mental health and for your skin. Mr. Courtin-Clarins invented this category, which is somewhat of a reinvention of an Eau de Cologne. Clarins did this wonderfully with the creation of Clarins Eau Dynamisante (Invigorating Fragrance) in 1986. Clarins Eau Dynamisante was born in the disco years of aerobics and is about positive energy. It has a very contemporary message as an antidote to the crisis, "Smell good; feel good. Pick yourself up."

There are two other fragrances, Clarins Eau Ressourçante (Rebalancing Fragrance), which is about Zen and relaxation, and Clarins Eau Ensoleillante (Sunshine Fragrance) which is about summer, sunshine and vacations. Interestingly, Clarins Eau Ensoleillante was originally created as a limited-edition for the summertime but has been so successful that it has found a permanent place in the brand. We will continue to develop these territories and ways of expressing the 'feel good' aspect of Clarins through fragrance. It's about a mood, and you can feel good because Clarins is giving you this smile.

Skin Spas

My explanation would not be complete without an update on the spa concept, which in many ways is an evolution in terminology. As you know, Clarins has its roots in the spa tradition. The first Institut that Mr. Courtin-Clarins created in Paris for offering skin treatments is what we would refer to today as a Skin Spa. In different parts of the world a variety of names have been used over the years to describe similar structures. For the sake of simplicity, going forward we will use the term Skin Spa to refer to both free-standing treatment boutiques such as the 3 Clarins Skin Spas in New York City, as well as for Clarins stands with treatment cabins in department stores where clients can receive facial and body treatments.

The spa industry is growing rapidly, and many new spa brands are setting up shop with very little in the way of expertise or quality of product. Many of these know nothing

about the skin, do not even have a lab and use products manufactured by subcontractors who may be designing products for as many as 200 brands. I won't even go into the lack of coherence in their treatment techniques. What these people offer is nothing more than a nice marketing mix and something that is pleasurable.

Clarins has much more to propose. In addition to what I have already told you about our history and expertise, we also have schools throughout the world where over the years we have trained more than 5,000 Aestheticians in the treatment methods invented and patented by Mr. Courtin-Clarins, who always said, "I'm not just selling products. I'm selling methods that the customer at home knows how to replicate from what she has experienced in the spa." For this reason, it has always been a must at Clarins that we not only sell a product, but also teach a method. We are in constant communication with our Aestheticians around the world, and the feedback we receive from them on subjects such as skin texture, products, application techniques, etc is invaluable to our ever increasing expertise and is used in our ongoing development. An example of this is the basic Clarins technique for cleansing. Nothing is more basic than cleansing, but if done incorrectly it can actually harm the skin. Clarins users are familiar with our special cleansing method. (While explaining this, Ms. Tricon is moving her hands on her face to demonstrate the technique). It is important to properly communicate this method through illustrations or other media because it is totally non-aggressive on the skin. Our legitimacy today is partially due to what we have learned from the millions of hands working for us throughout the world.

As part of my strategy to differentiate Clarins from the competition, we will augment and amplify our communications about our treatment techniques as one of our strongest assets. For the moment, I can't tell you any more about this because it is still in the development stage, but you can expect to see exciting changes in Clarins' communication about this at point-of-sale, on the internet and on the product notices inside our packaging.

Natural Products

As you know, Mr. Courtin-Clarins based his entire treatment philosophy on the healthful benefits of nature and plants in his formulas for helping women achieve personal beauty. Clarins was using natural products long before it was popular to do so and was in fact, a pioneer many years before the emergence of what we are seeing now as a 'green' movement in skincare. It is important to remember though that the purpose of skincare treatments is efficacy of results, and Clarins is respected and trusted

for providing this efficacy with the use of plants. For this reason—and as Philip pointed out earlier—if we have the choice between ingredients, we first choose the one which offers the best performance and quality—quality meaning not only the quality of the results but also the quality of the aesthetics. So if we have the choice between two products which fit this category, and one is organic, we will pick the organic one at equal efficiency. But we will not sacrifice efficacy to the 'gods of organic.' It makes no sense. We would be dishonest to create products which falsely reassure people about taking care of their skin and the planet with products containing plants but which do not do the job they are meant to do. Believe me, we have questioned our customers very carefully on this issue and even went as far as testing a line of organic products to which we had resounding responses like, "Don't go there; it's not Clarins."

Our global market is extremely varied in terms of needs, social codes and our level of impact, and we have different approaches to each. The customer from Shanghai or Beijing or Tokyo is not the same as here in France or in the UK. So it's important to realize that the changes I am telling you about will vary accordingly.

Going Back To What Philip Shearer Spoke About

Our two most predominant markets are France and the UK, where we have 25% and 29% of market share respectively. This means that in these countries more than one fourth of every euro and pound in skincare revenues comes to Clarins. I can tell you, the fact that this little red and white company is the premium skincare brand in the UK is a major headache for the competition. [They may think] "how can we improve? How can we get better?" That's a challenge. But several years ago our percentages were closer to 20%. The brand has been building more and more, and there is every reason to believe that we can continue in our upward direction. As we look to the future in these markets, we will continue to dissect our success in order to identify what makes it so and to replicate it when possible.

On the other hand, when you talk about Asia or the US where we have less than 5% of market share, everything has to be built, and we need a different strategy. Where you have clear needs for development you can be more bold and innovative than in the countries where you are better established and people expect you to use the models that have worked. In the US, for example, we can afford to be much more *avante garde*. I use the US as the test country for some things that we want to develop. The US is fertile ground for experimentation, and you can expect more of this in the future. *BF*