

WWD

Nudestix's Year of China, Retail Expansion

The brand will enter 100 Sephora stores in China and triple overall distribution.

By Rachel Strugatz | March 21, 2017



© Nudestix's campaign image to support the launch of Nudies All Over Face Glow.
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Nudestix would not comply with the animal testing regulations required when importing a beauty brand into China, so the two year- old company took matters into its own hands.

The company spent the past 18 months building its own supply chain in the region so its products could be considered locally produced — and thus not subject to animal testing. On April 13, Nudestix's first Chinese manufactured collection will enter 70 Sephora doors throughout China, to start, with a plan to launch in 30 additional stores by the end of the year. The brand will also be sold on sephora.cn and Sephora, as well as on Tmall and Weibo. This is no small feat, especially for an independent brand of this size.

Jenny Frankel, cofounder and president of Nudestix, said that the initial obstacles the company faced with respect to selling in China were two-fold: duties were 47 percent but products could only be priced 15 percent higher than U.S. retail — along with the animal testing requirements.

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“We’re now considered a locally produced brand, as opposed to a brand that imports their product. It allows us to have duties that are far below 47 percent,” Frankel said, calling 2017 “The Year of China” for Nudestix.

In addition to setting up an entity in Hong Kong and opening bank accounts, the brand had to make sure that it was manufacturing in a province that has been exempt from doing animal testing and that the products were categorized as “nonspecialized cosmetics.” One of the manufacturers the company works with in Europe for global distribution has a facility in China that produced half of the products, and Frankel said the team sourced a second European manufacturer with a facility in Shanghai to make the other half.

An edited assortment of the most popular stockkeeping units will initially be sold in China. But the color focus shifted since Frankel began the process of creating a product ecosystem in China in late 2015. Then, nudes were selling the slowest in China, with pinks and reds the fastest-growing segment of lipstick shades in the country and in Southeast Asia. Now, nudes and natural tones have been “all the rage” in the region.

“The data has changed so quickly. I really think it’s social media. Women in general who love beauty are getting inspiration from what they’re seeing on social. It’s not just domestic beauty influencers,” Frankel said.

Between April and the end of the year, Frankel projected that about 14 percent of 2017’s revenues will come from the region. She said Nudestix will more than double its global retail footprint this year, with about half of the company’s sales projected to take place outside of North America. By December, this will include 280 doors in Australia, Singapore, Malaysia, Thailand, Scandinavia, Mexico, India, Indonesia and the Middle East (up from 118 doors in January). Inclusive of North American and global doors, Nudestix will triple points of distribution this year, from 235 in January to over 750 by year’s end.

The brand is also ramping up its retail presence Stateside, starting with a significant Ulta rollout this spring — its largest retail partnership to date. The range has hit ulta.com at the end of February and starting on May 5, will enter 250 doors. The retailer will carry almost the entire line, including six sku’s that are exclusive to Ulta.

“It gets us to markets where we currently have no representation. Even though the Nudestix girl learns about our products first on digital, they still want that retail experience,” Frankel said.

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She explained that the ulta.com launch was “very significant,” as it was timed to the release of an eight-shade Magnetic Matte Lip range. Because lips isn’t a loyalty category for Nudestix — it drives new client acquisition — the \$24 lipsticks could help attract new Ulta customers trying the product first. Frankel noted that lip is the brand’s best-selling category, currently making up 35 percent of Nudestix’s sales.

The last week of February also saw the introduction of Nudies All Over Face Glow, a \$30 dual-ended stick with matte color for eyes, cheeks and lips on one end and a brush for blending on the other. Nudies Mattes are exclusive to Macy’s through the end of April, and Nudies Glow to Sephora for the same time period.

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