



# INTERCOS

*always a good step ahead...*

INTERVIEW WITH DARIO FERRARI, CEO

**EXPORT MAGAZINE:** It is a great piece of luck to be able to meet you in Milan, between one intercontinental flight and another! You have recently been awarded a special honour by the University of Ferrara - that Certificate of Excellence of COSMAST, Master in Cosmetic Science and Technology - at the National Meeting of Cosmetica Italia, the Association of Italian Cosmetics Manufacturers.

**How did you experience this, was it a moving experience?**

**DARIO FERRARI:** Yes, I was very moved, more for my mother (Ed.'s note: Dr. Nadia Avalle, a cosmetologist of international fame, who passed away a few years ago, held several courses on cosmetology at the University of Ferrara during her fifty-year career). However, those who know me well know that in all these years I have remained behind the scenes, not very interested in taking part in public events. It is very hard for me, although representing in a certain sense as Intercos, Italian expertise, to be a great fan of Italy. I see its limits, a weakness in getting Italy to take a step forward.

**EM: What has to be done to take a step forward?**

**DF:** We would have to be present around the world with activities of different types, and have more aggressive ideas. To grow and be part of the future, we also have to go beyond the narrow borders that surround us. All those who have copied our business model - and I am aware of what I am saying - today in some way are growing; as is well known, the activities, especially as far as make up is concerned, have moved towards Italy, which holds the world record of production for private label.

**EM: Intercos, Dario Ferrari, is considered by everyone a driver. Most of the Italian companies that manufacture make-up do not hide that if specific collective results have been achieved, it is because you were the first to take Italian know-how into the world.**

**Can we say that Intercos has grown thanks to the fact of having an Italian DNA?**

**DF:** Italian culture is the strongest with us, but with many souls. I am increasingly convinced that it

*is not possible to be able to export the Italian DNA to other countries. After years of hard work, I have realized that the Americans are Americans, the Chinese are Chinese and the Koreans are Koreans. If it is true that we bring formulas, technologies etc. etc., it is equally true that the way of applying them, of carrying them forward, is always mitigated by the local culture.*

*This is why, at Cosmoprof Asia in Hong Kong, we will be adopting a completely different strategy. We will offer our companies, limiting us to the most important, the possibility of expressing themselves through their own culture. There will be Europe, China, Korea, the United States. A change of manoeuvre which in my opinion will lead to a positive result; our collaborators, instead of implementing the "policy" of the parent company, will*



Dr. Nadia Avalle

*be able to express themselves according to the 'sentiment' of their own market.*

*Why, for example, try to become the European Americans? If, to date, we have not succeeded in changing all our companies into something that resembles us, there must be a reason.*



*This is why today all our companies in the various countries are different from one another, strongly guided and motivated by the local culture, see China and Korea for example. Naturally, global coordination takes place on our side.*

**EM: Has the world of cosmetics changed?**

**DF:** *The world of cosmetics has changed and, with a little presumption, I think that we changed it. In the past, the business model was clear; if you wanted to start a cosmetics company, you had to have a factory, an R & D department, a distribution, i.e. a complete organizational structure. Since we came into being, we have given everyone the chance, from structured companies to independents, to conceive and produce a complete line of products, from the concept to the graphics, to the packaging. In time, millions of companies have blossomed, some will remain, many will disappear due to natural selection.*

**EM: What do you think of the current market situation?**

**DF:** *It varies from market to market.*

*Speaking about China, the large multinationals are going very well in the category of skincare and for the luxury brands, always the privileged ones on the Asian market in general. The mass market is suffering above all due to reasons of distribution with the arrival of online sales. Europe is moving slowly; as it is broken up because of its different national identities, it is seeing at first hand the epochal changes in progress. It is impressive how in the past six months everything has changed. I don't want to be pessimistic, however I have to admit that this year is very difficult; let's look at the United States: make-up, although it is a leading category, is suffering. A crisis in distribution, change of attitudes in purchasing, lack of loyalty, above all by young consumers. We have to understand very quickly the needs of the Millennials, and not with the traditional means, but with the ones they use, the Web etc. We try to interpret their wishes*

*with our internal resources; we have brought together what is called 'Intercos Intelligence', a programme with a very special algorithm that works out all the answers and the data that we receive from our clients. Once the data has been processed, we intercept those 5-10-15 key words that 'perhaps' will help us to anticipate the future.*

**EM: Intercos also has an important skincare division...**

**DF:** *For many years I have tried to stay far away from skincare, because I believe that colour and skincare are two subjects that are culturally separate. For reasons that are now known, with the incorporation of CRB, the Swiss company that came under my mother, I have ended up dealing with it. And I have to say that today I believe fully in it, it is an interesting sector, with different logics from those of make-up, and which gives great satisfaction if approached seriously. We are getting excellent results and Asia, the first market for skincare, appreciates our formulas, our textures, our innovative concepts which come*

*from our research laboratories all over the world. We have recently added some icing on the cake with the purchase of a company based in Naples that produced active ingredients extracted from plants, obtained with a completely natural process. We have tested and selected about twenty and tried out their efficacy. We have obtained serums that can also be combined together. It is interesting to see how the paths of research are infinite and they can also pass through a botanical laboratory.*

**EM: Are the companies ready for this change?**

**DF:** *Absolutely not, nobody is ready, not even those who think they have experience. Today, change has to be anticipated; we will have a billion new consumers and only those who are capable of interpreting the needs of this new pool of consumers – essentially from Asia, including China, South-East Asia and India – will be the winners. Anticipating the needs of the new consumers will not be easy; they will almost all be Gen Z, born from 1995 onwards.*



Photo: Intercos



Photo: Intercos



Photo: Intercos

We are talking about 34% in India, 27% in China. A China that is turning out a Gen Z with excellent purchasing power: they can speak English, they earn well, they do not spend very much for daily expenses, but a lot on prestigious products. The future is in their hands, they have learned quickly. Let me make a comment on the world of cosmetics, which to us seems so big...L'Oréal has a very respectable turnover, about 25-26 billion; well, Samsung invests 24-25 billion in innovation. Therefore, we still have a long way to go. Cosmetics are complex; you can't make a product that suits everybody as in other sectors, every time you have to make a specific focus, on the type of market, on the target of consumers.

**EM: Recently the subject of 'sustainability' has taken on considerable importance. Does this also apply to the sector of make-up?**

**DF:** It has always been a fundamental subject for us; we have been working for some time on sustainability at the level of formulations without any problem.

We have already been working for 4/5 years on 'clean beauty', making cosmetics that respect nature and the environment, without taking anything from the quality of the products. From the industrial point of view, our factories are highly advanced; the newest one, the Korean plant, is, I think, the most modern that exists. All this lets us make the difference.

**EM: What does it feel like, to be the no. 1?**

**DF:** I have never considered myself the no. 1; I have always done my work in the best way possible according to my capacities.

**EM: Which virtues do you attribute to yourself, if we may ask?**

**DF:** The only factor that has helped me grow has been change. I am of the opinion that if we don't keep changing, we cannot grow. Changing is not easy, and it means that the first to change has to be you. To have the intellectual energy that leads to change, you have to question from morning to night, trying to do everything in a different way. There are three fundamental points: innovation, globalization and change.



Photo: Intercos



Photo: Intercos

Underlying everything there is creativity, we have become innovative and then global from there. Today we have 900 people dedicated to innovation in make-up and I can say that we are the ones that invest the most at international level in this direction. The fact then of being global means that we are present and well known everywhere.

**EM: This confirms that Intercos, from the beginnings to the present day, has always had**

**an international approach.**

**DF:** Elementary, my dear Watson... Having made this choice right from the beginning, we have made some of our competitors grow, on the Italian market, where some in particular have specialized in some types of product. What can I say, you need competitors, they stimulate you; the important this is always to be one step ahead. I really that that today we are 'a good step ahead' with respect to the global situation.

*Claudia Stagno*