

ARE SHOPPERS WILLING TO SHELL OUT A BUCK FOR BEAUTY?

**"If it looks good, why not? The investment is minor."**

—KIM DAVIS, NAPERVILLE, ILL.

**"I would only buy a brand I was familiar with. I would pick up a lip gloss, but I'd be scared to buy foundation or make-up because I would question how old it is."**

—VERONICA TOWNSON, SAN CLEMENTE, CALIF.

that started to... in 2005, as dollar stores grew in power and as a few giants started opening up the direct shipment flood...

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Procter & Gamb... an extraordinarily ti... amount of cash and... Pritchard, presiden... to discretionary ite...

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"Consumers... conscious shopp... performance of...

Cover Girl re... like the thrill of a... for a pampering...

Carol Srdar... the transform... color wall to ed... culled out of th... were eliminate... Nailene. "We u... a slow turning... more cohesive...

Gary Scho... value stores. The proper b...

"Cosmet... purchase, a l... he helped pic... with a line ca... budget departments, Ten has about 120 items, most priced... of \$10 million at retail.

In fact, sensing the time is right, a number of beauty firms are rolling out budget options, giving category stalwarts Aziza and Markwins a run for their money. In addition to Ten, there's E.L.F. (Eyes, Lips and Face) Cosmetics, a problem-solution oriented line that is also positioned to multiethnic shoppers with diverse colors and multilingual packaging. Unlike many competitors, E.L.F. includes skin care, as well. Prices are mostly under \$1 and the line will soon appear in 7-Eleven stores. Totalling 67 stockkeeping units, E.L.F. could hit sales of \$7 million, according to sources.

Cosmetics 2000, founded by Stanley Acker (who created Wet 'n' Wild, the original budget line), is offering Hugs & Kisses, a line where nothing costs more than \$1. "You have to give shoppers what they want and they want value," says Howard Brauner, vice president for Cosmetics 2000. He adds that higher price points from traditional dollar brands such as Wet 'n' Wild (now owned by Markwins) have opened up the opportunity for lower-priced lines.

Even Maybelline is looking to get in on the action, and is expected to offer its Colorama nail colors, priced at most stores for under \$2, to budget retailers looking to add lower price points. Maybelline imported Colorama from Brazil last year.

Still, beyond hair color and cosmetics, many manufacturers remain skittish. There are fears that selling in bargain basement retailers could tarnish well-honed images or cannibalize sales in existing channels. And they're wary of infuriating traditional retailers. It's a balancing act not unlike the one many marketers faced 20 years ago when they expanded into drug and discount stores at the expense of department stores.

Although P&G is selling cosmetics and hair color, for example, it is cautious with skin care. While skin care has proven itself in a self-serve environment, manufacturers aren't ready to see it in the bare-bones setting of dollar

