

BUDNIKOWSKY

LOCAL HERO

Budnikowsky is the only regional drugstore chain left in Germany. Competition from DM and Rossmann is fierce, so how does it remain a local leader? Annemarie Kruse finds out

Northern German drugstore chain

Budnikowsky is Germany's only remaining regional drugstore retailer and the country's fourth-biggest chain after DM, Rossmann and Müller. The first Budnikowsky, a soap store, was founded in 1912 by Ivan Budnikowsky in Hamburg's Harburg neighbourhood. Today, the retail group – which is still run by the Budnikowsky family – operates some 170 outlets. Most of these are located in the metropolitan Hamburg area.

Although competitors DM and Rossmann also have stores in Hamburg, Budnikowsky owns 69% of the local drugstore market. And over the last few years, Budnikowsky has consolidated its position as market leader by focusing even more strongly on its Hamburg heritage.

Tailored concepts

The retail spaces in Budnikowsky outlets range from 500sqm to 1000sqm. Unlike the stores of DM or Rossmann, which tend to feature a similar choice of product categories in every outlet, the retail concept and product portfolio of each Budni store is carefully tailored to the direct neighbourhood. The big outlets which are located in Hamburg's prestigious city centre areas retail the widest range of beauty products. These stores also have various successful shop-in-shop areas, including Aliqua, which sells a wide range of German and international beauty brands as well as Budni's own label organic skin, body and hair care brand Aliqua.

Budni Care Men

Since Budni's own label range was only launched in early 2014 the product portfolio is still small compared to the well-established ranges of DM and Rossmann. However, in the first wave of product launches Budni has already covered the most important product categories. Budni Care comprises face, body and hair care, deodorants and shaving preps; BudniDent is oral care; Inka Sun is sun care; and Black Bird is a nail polish brand.

There is also a men's line, Budni Care Men, divided into two main product ranges, Fresh and Sensitive. Face products include a wash gel, scrub, light moisturising fluid and a rich anti-ageing Q10 moisturiser. In the bath and body care the Fresh range offers a shower gel, shampoo and antiperspirant, and a 2-in-1 hair and body wash.

One of the latest launches in the men's portfolio is the Sensitive range of shower gel and shampoo. Both ranges also feature an aftershave balm and there is a range of manual razors and blades.



Fact file: Budnikowsky

Founded 1912 by Ivan Budnikowsky

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Three of Budnikowsky prestigious city centre stores have stationary Aliqua stores, while the flagship store in Europa-Passage shopping centre also features an Aliqua beauty salon.

Another of Budni's successful shop-in-shop concepts is Beauty Box which bundles the retailer's colour cosmetics portfolio. Besides standards like L'Oréal, Maybelline, Catrice, Essence and Essie, Beauty Box also sells niche brands that are not usually available in German drugstores, including Gosh Cosmetics from Denmark, Deborah Milano from Italy and French brand Bourjois (Chanel). There are currently 24 city centre stores with Beauty Box outlets.

Budnikowsky stores in Hamburg's suburban neighbourhoods and non-city centre locations, on the other hand, often dedicate as much shelf-space to non-C&T categories as they do to cosmetics. This localisation is a key part of Budnikowsky's retail approach. Another crucial aspect is the focus on the group's regional heritage. Almost every Budni outlet carries the "Heimatliebe Hamburg" ("home love Hamburg") range of Hamburg-manufactured food and souvenir products. Budnikowsky's customer magazine Perle contains as much Hamburg-themed coverage as possible. The company also cooperates with local pharmacies – customers can use their Budnikowsky loyalty card in these stores to receive bonus points.

Budnikowsky is facing a difficult situation. The chain is confronted with the market power of DM and Rossmann with their thousands of retail outlets and well-established logistics, purchasing and distribution structures. These two drugstore giants could make life very difficult for a family-owned mid-sized retailer like Budnikowsky.

However, in today's globalised retail infrastructure, regionality is becoming a key aspect for many consumers and this is where Budnikowsky, with its local heritage and connection to Hamburg, scores points. Add to this unusual retail ideas like Beauty Box and Aliqua, and Budnikowsky is managing to hold its own against DM and Rossmann – at least at the moment.