Interview: Lucas Baumann – CEO, Rausch, Switzerland



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Treating common skin, hair and scalp conditions with "close to nature" products, the 127-year-old family company Rausch has effective and high quality products, but is working to reposition the brand to engage younger customers.

To begin, could you please introduce Rauch and the niche cosmetics segment in which you work?

Rausch is a 127-year-old family company founded in the year 1890 by the hairdresser Josef Wilhelm Rausch. My grandfather bought the company following World War II, and later my father and uncle grew the brand significantly after getting involved with the company in the late 1960s. I myself have been working at Rausch almost since birth, working in various roles part-time and during the summers while growing up, so this company is really a part of my family, with the employees being brothers and sisters, and our products being our children. Since 2012 I have been Head of marketing and communications at RAUSCH AG and in August 2016 I took over the role of the CEO.

Essentially Rausch produces niche cosmetics close to nature, 100 percent natural. In four key markets we operate with our own sales teams, being Switzerland, Germany, Austria and Italy, and export to 23 other countries around the world, with the notable exception of the US. The key focus of our products is a real effect for the clients, and be of the very highest quality on the market. As such, while we natural extracts as much as possible, up to 40 percent of our products by volume – which I believe to be unparalleled on the market.

We offer a portfolio of products in the fields of hair care, hair styling, body care and food supplements. These business sectors covers most of the common issues that people face with regards to the surface of their body, meaning their skin, hair and scalp. Our products target a skin or hair condition which can ease or ameliorate, with key focus areas including hair loss, greasy hair and scalp, dry hair, dyed and fine hair, damaged hair, dandruff, dry skin, very dry skin, highly sensitive scalp and skin, and other issues. In fact, for hair care, we have identified 11 different issues people face. Based on those issues we developed our product assortment.

What are some of the trends or dynamics in the cosmetics market that Rausch has had to respond to in recent years?

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As a 127-year-old company, of course you can end up in a situation where things start to seem a bit outdated if you are not careful. When I started in the role of head of marketing and communications in 2012, we had a clear need to update the look and feel of our products to ensure they were adequate for the market. Also, when we looked at those needs of the modern consumer, we saw gaps in our portfolio, so we decided to develop some new products to address those consumer needs. Distribution channels have changed nowadays, and the pharmacy side where we have more than 100 years of experience is increasingly less relevant, now with only two percent market share in Germany for example. As such, our distribution channels are changing over the years, from a pharmaceutic oriented sales environment to a cosmetic-related sales environment.

One other trend we are facing is the average age of our customers. Plenty of those are already in their senior years. We need to start building a relationship with younger customers today. This is of course a challenge to find ways to attract younger clients without losing the older generations we already have a relationship with. Over the last four years, we introduced an updated version of branding and packaging, we’ve made our products and brand communication feel younger. We are also aware that it’s better to engage younger generations via different channels. We are slowly but steadily building up our digital marketing activities, and last year we even took the step of TV advertisement for the first time ever.

You mentioned that Rausch’s key focus in terms of product development is that they have a real effect. As such, what is your approach to R&D?

For all of our products, the efficacy is driven by the optimal combination and formulation of extracts of different herbs, flowers, roots and barks, which when properly combined can have synergistic effects. Our expertise in using these medicinal plants actually came from European

monks, who dedicated significant time to testing the effects of various plants, both when consumed and used externally. This knowledge was eventually passed down to the German master coiffeur Josef Wilhelm Rausch, who founded our company in 1890, and invented the first liquid hair soap.

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In the years since, the majority of this traditional knowledge has been verified by modern scientific methods. Rausch has further refined the approach to product development to make use of modern expertise in chemistry as well. Today, we have a R&D department in-house which seeks to find and optimize the right combination and proportions of ingredients for optimal efficacy! They are also constantly testing the raw materials we receive. Our extracts are of the highest quality.

Similarly, for hair care issues in particular, we have also developed combinations of products which work together in a synergistic way. As such, you have shampoo and conditioner for almost any issue, plus a spray or intensive care serum for certain indications. The combination of the products brings the best results, and in the case of hair loss for example we have been able to show that our products used together can help increase hair growth by up to 27 percent.

How does your production process differ from other makers of natural or ‘close to nature’ cosmetics?

Our goal at Rausch is to produce the very best quality of products on the market. Our production process is correspondingly some now more complex than others. First, we work in close collaboration with the farmers who supply raw materials. We know them well and work with them to fine tune parameters such as soil quality and the use of fertilizers. Why do we do that? To ensure that we get the best quality harvest possible. Whenever possible we work with farmers in Switzerland as it is easier to maintain a close relationship with them. For plants which simply cannot grow in Switzerland and must be sourced from abroad, we have robust quality control processes in place.

We receive either fresh or dried plants at our facility here in Kreuzlingen, and we use an in-house developed method to extract the useful components from the plants. This is our core competence really, how to get the full power out of the herbs or flowers without destroying them. After making the extracts, we store them in our own cellar for up to one year to allow the sediments to settle and for the extracts to mature and develop their full efficacy. The matured extracts are used to formulate finished products, which will be composed of up to 40 percent real natural extracts, and then bottled and packaged onsite, before being distributed around the world from our onsite

logistics center. Therefore, we have the whole supply chain in Kreuzlingen and herbal competence since 1980. We use the power of herbs for healthy hair and skin.

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