



360PR+ How Beauty Brands are Evolving Now for the Future of Retail

MAKEUP MAKES A COMEBACK
- AND NOT JUST FOR WOMEN

It's no secret that brands across industries need to evolve how they market and sell their products to keep pace with consumers. In the wake of the pandemic, the beauty industry has had to reimagine the commerce world and how consumers find and interact with their products at retail and online. That was the hot topic of discussion at a recent convening of industry leaders from the **CEW (Cosmetic Executive Women)** event, State of the Industry: Retail Solutions for Now & the Future. In this special report, we share our takeaways from that event and other trendspotting by the 360PR+ team.

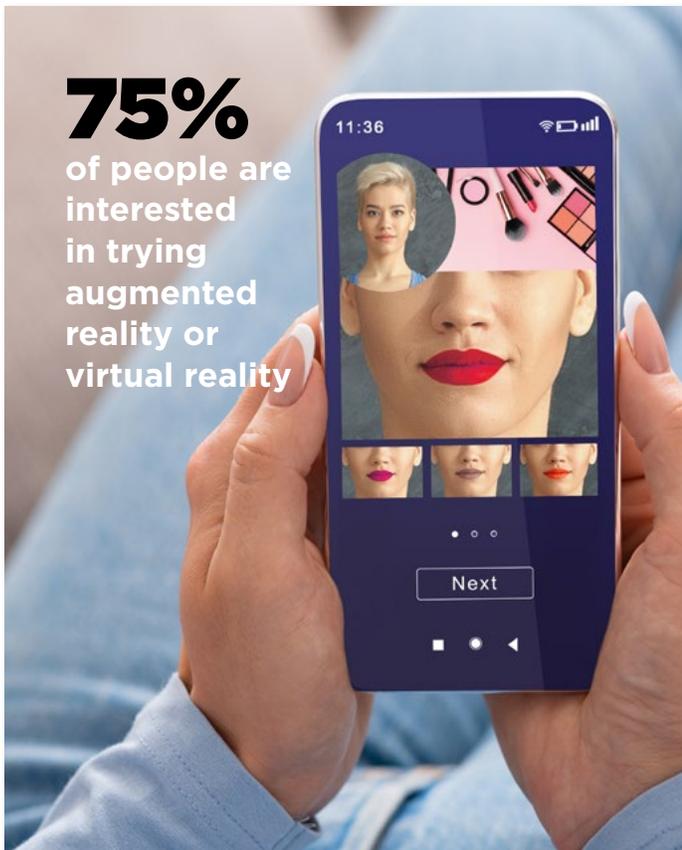
From the strong desire for a personalized experience, with 80% of survey respondents reporting that they are more likely to do business with a company if it offers personalized experiences, according to **Business2Community**, to a huge focus on **all things digital**, the beauty world has had to quickly transform. This report highlights the current steps both beauty brands and retailers are taking to keep up with trends and grow a consumer base that trusts them.

1. AR and AI Tech are Becoming the New Normal, but Consumers Still Want the In-Store Experience

While the **metaverse** is still a new concept for many, and most U.S. adults have not used augmented reality or virtual reality technology, a study by **The Harris Poll** points out that a notable portion (75%) are interested in trying it. Immersive experiences are taking the beauty world by storm - from an **AR online shopping experience** including virtual makeup try-ons with authentic SKUs and **enhanced online consultation beauty services**, to an AI personalized shopping experience that can visually recognize individual's characteristics and provide personalized product recommendations with **skin and shade match technology**. Beauty-tech experiences are still new enough to be leveraged as part of brands' PR efforts to make new and fuel buzz.



Although the health, beauty and personal care e-commerce category is expected to grow by 12.1% between 2021 and 2026, according to a study by **WGSN**, consumers are still not ready to let go of the in-person shopping experience. They want the best of both worlds. In fact, **Business News Daily** reported that nearly 40% of consumers make purchases inside a physical store at least once a week, compared to just 27% online. This means that, even as interest in the metaverse continues to grow, in-store is certainly not dead and can complement digital. The same principles apply in the PR world: we're having the greatest success when we offer media and influencers a choice of experiences, in-person and virtual.



75%
of people are interested in trying augmented reality or virtual reality



virtual shopping experience

traditional online shopping experience

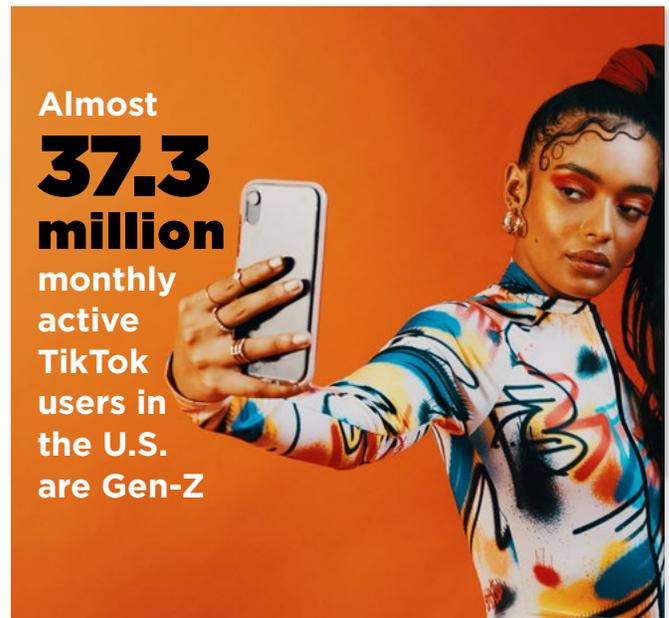


Images courtesy of Cosmetic Executive Women, State of the Industry: Retail Solutions for Now & the Future

2. TikTok and Gen-Z: Dominant Drivers in the Beauty Industry

It comes as no surprise that TikTok and Gen-Z are both dominating social media, especially in the **beauty space**. As of April 2022, **#Beauty** had roughly 88.2 billion views – billion! With endless beauty tutorials, tips and hacks on the platform, TikTok is fast becoming the place to be for beauty brands. The trick is finding a novel way to stand out and add value.

TikTok has also prominently declared their company an **inclusive platform** where users can express themselves and display their creative freedom, which makes partnering with a diverse group of TikTok influencers a must for reaching Gen-Z and others.



According to **Sprout Social**, of the nearly 80 million monthly active users on TikTok that are located in the U.S., almost half (37.3 million) of these users are Gen-Z, surpassing Instagram's Gen-Z audience size. Gen-Zers use TikTok as a platform to redefine beauty, **be themselves** and **encourage that real, perfectly-imperfect attitude**. **Marketing Dive** shared that Gen-Zers seek authenticity when choosing their brands, with 82% saying they trust a company more if it uses images of real customers in its advertising and 72% saying they're more likely to buy from a company that contributes to social causes.

3. Health-First Approach to Beauty

Makeup is making a comeback. **Seeking Alpha** reports that sales of cosmetics recently exceeded pre-pandemic levels in both mass and prestige cosmetics at Ulta Beauty (mostly **"no-makeup" looks** and **minimal makeup trends**), yet consumers are now looking to replace their traditional makeup products with those that have **skincare benefits**. Some of the popular ingredients consumers look to have in their makeup include **SPF, Niacinamide, and Vitamin C**.



4. Beauty is for Men, Too

The industry has also seen a shift when it comes to who is buying beauty. A study from **L.E.K Consulting** points out that in the U.S., men's skincare grew roughly 8% a year between 2015 and 2019. Men have started to **take charge of their skincare routines** and makeup brands like Stryx and men's grooming tools like **Mowbie™** have re-positioned themselves to be more approachable for male consumers.

5. BIPOC-Founded Brands: Both Necessary and Important

BIPOC inclusion in the beauty industry continues to be extremely important. For example, beauty retailer **Ulta Beauty** focuses on providing product assortments that appeal to BIPOC customers by adding **BIPOC-owned brands** such as Beautystat, Fenty Beauty, Mielle Organics and more to their lineup. Consumers are increasingly **selecting BIPOC-owned brands** to purposefully show their **support**.



Diverse shade ranges for makeup, including foundation and concealer, also continue to be top of mind for consumers. Beauty brands with **inclusive shade ranges** for every skin tone are favored and specifically sought after by consumers. A few **brands noted for offering a wide range** of shades to choose from include Jouer Cosmetics, Il Makiage and Tarte.

6. Sexual Wellness is Officially Mainstream

The sexual wellness market has also begun to pervade the self-care category and the size of the sexual wellness market is expected to reach \$37.2 billion dollars by 2023, **Statista** estimates. With a clearer connection to health and wellness, products like vibrators and lubricants have become widely **available among high-end beauty retailers** such as Sephora and Bloomingdale's.

7. Fragrance isn't Just for the Body

Fragrance sales have hit an **all-time high** – not only body fragrance, but also for hair and the home. This spike in fragrance sales isn't expected to slow down any time soon. In fact, **Grand View Research** reports that the global fragrances market size is expected to reach \$34.19 billion by 2030, growing at a compound annual growth rate of 4.3% from 2022 to 2030. Influencers have also played a large part in this. Check out **TikTok's #PerfumeTok** for examples of influencer-created content.



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Image courtesy of Cosmetic Executive Women, State of the Industry: Retail Solutions for Now & the Future

8. Sustainability, Ethics and Transparency Remain Essential

According to **CapGemini Research Institute**, almost 80% of retailers believe that their sustainability work increases customer loyalty – this is proven to be true with the rise in **sustainable shoppers** in the beauty industry. Brands continue to take notice with an increase in **refillable products** to reduce waste, including Giorgio Armani's My Way fragrance. The perfume is created in a refillable and recyclable bottle that **cuts down plastic waste by 64%**.

GET IN TOUCH

Daniel Novak
Research & Insights Specialist
dnovak@360pr.plus

Cindy Riccio
Executive Vice President
criccio@360pr.plus

