

REPORT

November 2019

How will changing
perceptions of
beauty impact the
beauty economy in
the next decade?

By Nicole Bixi

BA Fashion Communication

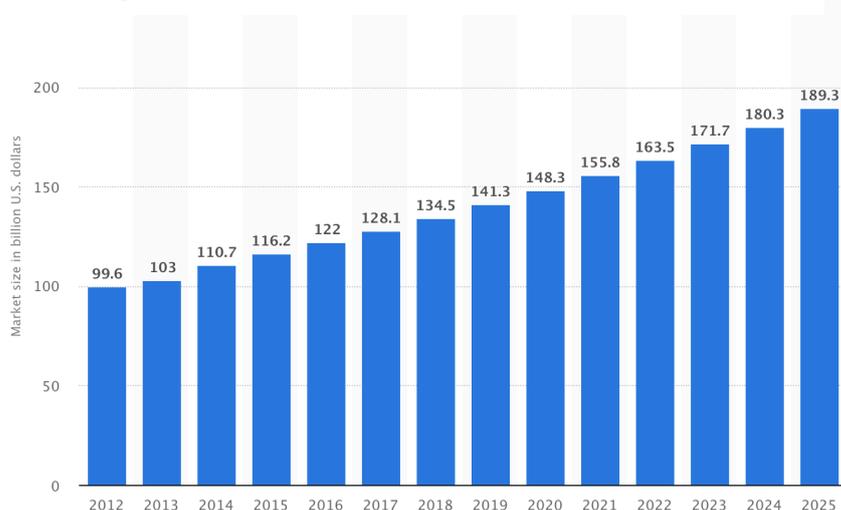
Year 2

Collaboration Industry Project

Part 1

MARKET OVERVIEW

Size of the global skin care market from 2012 to 2025 (in billion U.S. dollars)*



The global beauty market is a multi-billion dollars industry, in fact, in a report released by the research and analysis firm Trefis, the estimated value was of over \$300 billion in the year 2018. In the latest years, this affluent market has been experiencing a time of disruption where sales are being converted to one particular sector: skincare (Garcia, CNN Business, 2019).

In the end of the financial year of 2018, the skincare market was valued at \$135 billion with an astronomical increase of nearly 60% over the course of the past ten years. Additionally, Trefis informed that a further 30% of growth is expected to happen in the following five years, which would bring the figure up to \$180 billion (Garcia, CNN Business, 2019). The NPD Group of market research and analytics reported that in the US alone, sales in skincare increased by 13% in 2018, rising to \$5.6 billion, whereas make-up had a significantly smaller raise of only 1% (Garcia, CNN Business, 2019).

The skincare market growth is undoubtedly impressive and it shows no sign of slowing down in the near future. Statista released an infographic which illustrates the steady and persistent rise in value in billions of dollars of the global skin care market in a fourteen years span (Statista, 2019). The graph enables a comprehensive and calculated picture of the important role that skin care currently plays in the beauty economy and will continue to in the future.

Specialists are reporting on various possible reasons for the rise in the skin care economy, for instance, Rachel Strugatz wrote in an article for Business of Fashion entitled “The Secret to Beating the Makeup Slump” the following: “Consumers would rather pile on skincare products to make skin so clear, poreless, even-toned, tight and luminous that they don’t need makeup”, additionally, she goes on to talk about Gen Z consumers stating that they “just don’t wear make-up, period.” The Piper Jaffray’s semi-annual survey validates perfectly Strugatz argument, it showed that of 9,500 kids averaging 15.8 years old, teens expenditure on make-up is down by 21% in comparison to the previous year (Wischhover, BoF, 2019). On the same article, Strugatz suggests that in order to combat the decrease in make-up sales retailers should start emphasise skin care items, “more prominent placement in stores, can give a boost to an already fast-growing category.”, she reports (Strugatz, BoF, 2019).

CONSUMER IMPACT



(I) Use of social media in informing trends.

In regards to the impact and power of consumers themselves in the skin care economy, it is important to point how they inform trends and brands about they wish to see more in the future. Social media for instance, has opened up new avenues for purchasing through affiliated links and the nature of viral posts makes it possible for brands to easily track the popularity of a specific product – a perfect example is #facemask which is a tag present in over 2.6 million posts on Instagram (Garcia, CNN Business, 2019). Online reviews, tutorials and accounts dedicated entirely to skin care, for instance the YouTube channels Mixed Makeup and Beauty Within, also play an important role in the consumer generated content side of the economy in the way their authority in reviewing products has the power to influence sales (Patel, BigCommerce, 2019).

The brand face mask brand Summer Fridays is a prime example of the important role of social media marketing and presence in the launch of a successful skin care brand. Lauren Gores Ireland and Marianna Hewitt were originally Instagram influencers before

deciding to co-found Summer Fridays relying exclusively on social platforms for promotion, fortunately for them, their only product at the time, a face mask, became an instant best-selling item at Sephora.com to the point of selling out numerous times (Garcia, CNN, 2019).

(II) Woke “skin-tellectuals” and brand transparency.

Consumers are also more informed than ever before with the science behind the formulation of products and are very vocal about it. The WGSN Senior Beauty Editor of trend forecasting, Theresa Yee, elaborated on the matter to Fashionista.com and called this new generation of consumers ‘skinfluencers’, she described this tribe of skin care advocates as “super inquisitive and will investigate, research and educate themselves before they make a purchasing decision”, they also make sure to spread their opinions online (Pina, Fashionista, 2019).

The impact of woke consumers in the economy of skin care is that brands will then have to adjust to meet needs, in this case meaning more transparency and better initiatives to explain their products functionality. Brands such as the Ordinary, owned by Deciem, and The Inkey List, were very successful in their approach of creating products minimalist formulations at a low price point making honest claims. Deciem reportedly sells over \$300 million worth of product every year (Bromwich, The New York Times, 2019) whilst The Inkey List is selling one product at a pace of every 30 seconds (Johnson, Get the Gloss, 2019).

Reporting on the topic, Sarah Chapman, celebrity facialist and owner of her own

CONSUMER IMPACT

Women in America who use skincare are looking for natural or organic products.

50%

46%

Skin care users in America have reported that they have purchased a sulphates, phthalates and/or gluten free.

(II) Woke "skin-tellectuals" and brand transparency.

explains that from where she stands in the market she was able to notice how her customers are "increasingly savvy about ingredients", which lead brands to become more honest about ingredients and their formulas. Chapman also mentions the link between the internet's impact on informing and empowering consumers about their choices and how the urge for transparency in the beauty industry is in fact a great thing (March, 2019, Harper's Bazaar). Additionally, the NPD Group has reported in their "Women's Facial Skincare Consumer Report 2019" that in fact, numerous more well-known transparent brands are ranked amongst the Top 25 in the highest awareness-to-purchase conversions figures (The NPD Group, Women's Facial Skincare Consumer Report 2019).

deciding to co-found Summer Fridays relying exclusively on social platforms for promotion, fortunately for them, their only product at the time, a face mask, became an instant best-selling item at Sephora.com to the point of selling out numerous times (Garcia, CNN, 2019).

(III) The "clean" economy in skin care.

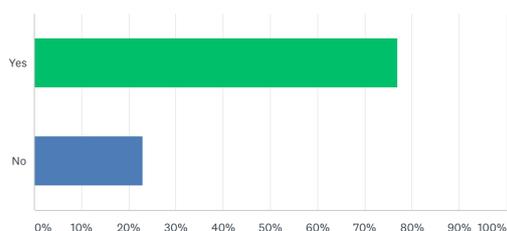
"Clean", "natural" or "organic" beauty are some of the names used to describe one of the main leading trends in the beauty economy in recent reports (Cvetkovska, Loud Cloud Health, 2019). Market research conducted with consumers by the NPD Group presented that skin care is a category with massive popularity amongst the adopters of the movement, in the US sales totalled to \$1.6 billion in the year of 2018, which accounted for over than a quarter of the overall sales in skin care (\$5.6) as well as experiencing an impressive 23% increase from the previous year. (The NPD Group, Women's Facial Skincare Consumer Report 2019).

Moreover, 50% of women in America who use skincare expressed that they were looking for natural or organic products whilst 46% of people who use skin care have reported that they have purchased a sulphates, phthalates and/or gluten free product (The NPD Group, Women's Facial Skincare Consumer Report 2019). Therefore, it is correct to affirm that the figures demonstrate how the skin care and clean economies are overlapping into their own category. This is important for brands because they must understand how the consumer's mentality is shifting and how clean skin care will continue to occupy a significant share in the market (NPD Group, Inc, Women's Facial Skincare Consumer Report 2019).

PROJECTIONS & FORECASTS

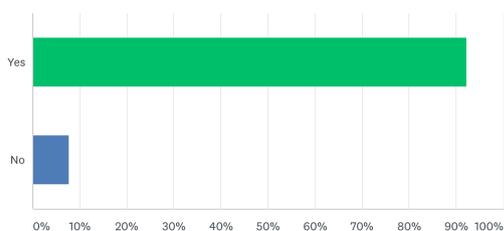
In the future, do you hope for more make-up brands to come with skincare ranges or hybrid products that are beneficial for your skin health?

Answered: 13 Skipped: 0



Would you purchase a hybrid skincare/make-up product? (E.g. Products that are infused with active ingredients such as Vitamin C, SPF and Hyaluronic Acid.)

Answered: 13 Skipped: 0



(I) Continuous growth in the skincare market.

One of the visible scenarios for the future of the beauty economy shows that there will be no slowing down the growth of skin care economy. In fact, the market is already crowded and segmented between large conglomerates and smaller indie companies all struggling to maintain or establish their “cult” status in the eyes of the consumer. Although, the NPD Group Beauty Industry Analyst Larissa Jensen stated that indie skin care brands are performing remarkably well as they now hold a larger share of market sales than the top 20 companies do, she also added that “over 100 brands have debuted in department/specialty” (Pina, Fashionista, 2019). Jensen explained that newer brands will continue to thrive as long as consumers continue to be open for experimenting and there is an emotional response with the brand, ideally from social media (Pina, Fashionista, 2019).

(II) Rise in hybrid products and brands.

The rise in skin care economy can also be perceived as the salvation for make-up brands in decline. Some of the fastest growing and most successful make-up brands currently have appropriated from hybrid formulations which combine make-up and skin care into one product, the likes of Glossier (valued at \$1.2 billion) and Milk are incredibly popular amongst Gen Z consumers (Wischover, Vogues Business, 2019).

In a survey conducted about the future of the beauty economy, 92% of people answered they would purchase a hybrid make-up products that offers skin health benefits and 78% wish to see more hybrid products and skincare ranges in the future. However, brands must be prepared if there is some initial skepticism from consumers. Brittney Persson, 29, was interviewed by Business of Fashion reporter Rachel Strugatz and reported that :

“They (make-up brands) don’t appeal to me as much as skincare brands that focus solely on skincare... with a dermatologist attached who’s developed the product after having a practice,” she said. Her go-to’s are Dr. Brandt and Dr. Murad.” (Strugatz, BoF, 2019)

However, for a different consumer, it might be the newest great thing. Lesly Emahiser, 33, has this to say on the matter:

“I’m all for it. I’d prefer that over a new skincare brand or brand I’ve never tried before.” (Strugatz, BoF, 20

PROJECTIONS & FORECASTS



(II) Rise in hybrid product and brands.

Although, product extension outside of the brand's existing category can be a difficult thing to implement smoothly. Therefore, it is critical that the brand understands how find their position in the market so that they can better communicate with their audience.

A prime example is the La Mer make-up line, it was designed in collaboration with celebrity make-up artists Patrick Ta and Violette, who are well known names within the wealthy demographic of the brand, thus, showcasing a rational transition with the appropriate use of partnership by helping boost awareness and authority to the line (Strugatz, BoF, 2019).

REFERENCES

LISTS

- Berger, S. (2019). Glossier: How this 33-year-old turned her beauty blog to a \$1 billion brand. [online] CNBC. Available at: <https://www.cnbc.com/2019/03/20/how-emily-weiss-took-glossier-from-beauty-blog-to-1-billion-brand.html> [Accessed 8 Nov. 2019].
- Bromwich, J. (2019). He Built, Then Nearly Broke, a Successful Beauty Start-Up. Can It Go on Without Him?. [online] New York Times. Available at: <https://www.nytimes.com/2019/04/17/style/deciem-brandon-truaxe-ordinary.html> [Accessed 2 Nov. 2019].
- Brown, S. (2019). How Doctor Brands Cash In on Authority. [online] The Business of Fashion. Available at: <https://www.businessoffashion.com/articles/professional/how-dr-brands-cash-in-on-authority> [Accessed 2 Nov. 2019].
- Cvetkovska, L. (2019). 45 Beauty Industry Statistics That Will Impress You. [online] LoudCloudHealth. Available at: <https://loudcloudhealth.com/beauty-industry-statistics/> [Accessed 3 Nov. 2019].
- Garcia, A. (2019). The skincare industry is booming, fueled by informed consumers and social media. [online] CNN. Available at: <https://edition.cnn.com/2019/05/10/business/skincare-industry-trends-beauty-social-media/index.html> [Accessed 3 Nov. 2019].
- Johnson, B. (2019). The brains behind The Inkey List: a new generation of skincare. [online] Get The Gloss. Available at: <https://www.getthegloss.com/behind-the-brand/the-inkey-list-founders-interview> [Accessed 4 Nov. 2019].
- March, B. (2018). 13 big beauty trends for 2019. [online] Harper's BAZAAR. Available at: <https://www.harpersbazaar.com/uk/beauty/skincare/a25568595/beauty-trends-2019/> [Accessed 2 Nov. 2019].
- McIntyre, M. (2018). The Beauty Industry Has a Lot to Learn About Transparency, According to a New Survey. [online] Fashionista. Available at: <https://fashionista.com/2018/06/fit-2018-capstone-research-presentation-beauty-industry-transparency> [Accessed 2 Nov. 2019].
- Patel, S. (2019). Influencer Marketing in 2018: Strategies + Examples (To Drive Growth). [online] The BigCommerce. Available at: <https://www.bigcommerce.com/blog/influencer-marketing/> [Accessed 3 Nov. 2019].
- Saltzman (2019). The Ordinary Skincare Products Available at Sephora. [online] Fashionista.com. Available at: <https://fashionista.com/2017/11/the-ordinary-skincare-products-sephora> [Accessed 4 Nov. 2019].
- Statista. (2019). Skin care industry: global skincare market size 2012-2024. [online] Available at: <https://www.statista.com/statistics/254612/global-skin-care-market-size/> [Accessed 2 Nov. 2019].
- Steinherr, A. (2019). Patrick Ta talks the ultimate foundation rules with GLAMOUR's Alessandra Steinherr. [online] Glamour. Available at: <https://www.glamourmagazine.co.uk/article/patrick-ta-la-mer-foundation-rules> [Accessed 3 Nov. 2019].
- Strugatz, R. (2019). The Key to Selling Makeup to Gen Z: Meet Them IRL. [online] The Business of Fashion. Available at: <https://www.businessoffashion.com/articles/beauty/the-key-to-selling-makeup-to-gen-z-meet-them-irl> [Accessed 2 Nov. 2019].

REFERENCES LISTS

Strugatz, R. (2019). The Secret to Beating the Makeup Slump. [online] The Business of Fashion. Available at: <https://www.businessoffashion.com/articles/professional/the-secret-to-beating-the-makeup-slump> [Accessed 2 Nov. 2019].

Strugatz, R. (2019). Why It's So Hard for Beauty Brands to Cross Over From One Category to Another. [online] The Business of Fashion. Available at: <https://www.businessoffashion.com/articles/professional/beauty-brands-are-crossing-over-heres-why-they-need-new-playbooks> [Accessed 4 Nov. 2019].

Strugatz, R. (2019). Why It's So Hard for Beauty Brands to Cross Over From One Category to Another. [online] The Business of Fashion. Available at: <https://www.businessoffashion.com/articles/professional/beauty-brands-are-crossing-over-heres-why-they-need-new-playbooks> [Accessed 2 Nov. 2019].

Strugatz, R. (2019). What Beauty Can Learn From Streetwear. [online] The Business of Fashion. Available at: <https://www.businessoffashion.com/articles/professional/what-beauty-can-learn-from-streetwear> [Accessed 4 Nov. 2019].

The NPD Group Inc. (2019). Women's Facial Skincare Consumer Report 2019. [online] The NPD Group Inc. Available at: <https://www.npd.com/wps/portal/npd/us/news/press-releases/2019/empowered-consumers-want-clean-ingredients-and-brand-transparency-from-skincare-products/> [Accessed 2 Nov. 2019].

Wischhover (2019). Heritage beauty brands get smart about marketing to Gen Z. [online] Vogue Business. Available at: <https://www.voguebusiness.com/beauty/prestige-beauty-brands-gen-z-ysl-clarins-estee-lauder> [Accessed 4 Nov. 2019].

Wischhover, C. (2019). Five Lessons Teens Can Teach Us About the Future of Beauty. [online] The Business of Fashion. Available at: <https://www.businessoffashion.com/articles/professional/five-lessons-about-the-future-of-the-beauty-industry-straight-from-piper-jaffrays-teen-survey> [Accessed 4 Nov. 2019].

Wischhover, C. (2019). Inside Drugstores' Expanded Beauty Department Strategy. [online] The Business of Fashion. Available at: <https://www.businessoffashion.com/articles/professional/inside-drugstores-expanded-beauty-department-strategy> [Accessed 4 Nov. 2019].

Berger, S. (2019). Glossier: How this 33-year-old turned her beauty blog to a \$1 billion brand. [online] CNBC. Available at: <https://www.cnbc.com/2019/03/20/how-emily-weiss-took-glossier-from-beauty-blog-to-1-billion-brand.html> [Accessed 8 Nov. 2019].

Bromwich, J. (2019). He Built, Then Nearly Broke, a Successful Beauty Start-Up. Can It Go on Without Him?. [online] New York Times. Available at: <https://www.nytimes.com/2019/04/17/style/deciem-brandon-truaxe-ordinary.html> [Accessed 2 Nov. 2019].

Brown, S. (2019). How Doctor Brands Cash In on Authority. [online] The Business of Fashion. Available at: <https://www.businessoffashion.com/articles/professional/how-dr-brands-cash-in-on-authority> [Accessed 2 Nov. 2019].

Cvetkovska, L. (2019). 45 Beauty Industry Statistics That Will Impress You. [online] LoudCloudHealth. Available at: <https://loudcloudhealth.com/beauty-industry-statistics/> [Accessed 3 Nov. 2019].

REFERENCES

LISTS

Garcia, A. (2019). The skincare industry is booming, fueled by informed consumers and social media. [online] CNN. Available at: <https://edition.cnn.com/2019/05/10/business/skincare-industry-trends-beauty-social-media/index.html> [Accessed 3 Nov. 2019].

Johnson, B. (2019). The brains behind The Inkey List: a new generation of skincare. [online] Get The Gloss. Available at: <https://www.getthegloss.com/behind-the-brand/the-inkey-list-founders-interview> [Accessed 4 Nov. 2019].

March, B. (2018). 13 big beauty trends for 2019. [online] Harper's BAZAAR. Available at: <https://www.harpersbazaar.com/uk/beauty/skincare/a25568595/beauty-trends-2019/> [Accessed 2 Nov. 2019].

McIntyre, M. (2018). The Beauty Industry Has a Lot to Learn About Transparency, According to a New Survey. [online] Fashionista. Available at: <https://fashionista.com/2018/06/fit-2018-capstone-research-presentation-beauty-industry-transparency> [Accessed 2 Nov. 2019].

Patel, S. (2019). Influencer Marketing in 2018: Strategies + Examples (To Drive Growth). [online] The BigCommerce. Available at: <https://www.bigcommerce.com/blog/influencer-marketing/> [Accessed 3 Nov. 2019].

Saltzman (2019). The Ordinary Skincare Products Available at Sephora. [online] Fashionista.com. Available at: <https://fashionista.com/2017/11/the-ordinary-skincare-products-sephora> [Accessed 4 Nov. 2019].

Statista. (2019). Skin care industry: global skincare market size 2012-2024. [online] Available at: <https://www.statista.com/statistics/254612/global-skin-care-market-size/> [Accessed 2 Nov. 2019].

Steinherr, A. (2019). Patrick Ta talks the ultimate foundation rules with GLAMOUR's Alessandra Steinherr. [online] Glamour. Available at: <https://www.glamourmagazine.co.uk/article/patrick-ta-la-mer-foundation-rules> [Accessed 3 Nov. 2019].

Strugatz, R. (2019). The Key to Selling Makeup to Gen Z: Meet Them IRL. [online] The Business of Fashion. Available at: <https://www.businessoffashion.com/articles/beauty/the-key-to-selling-makeup-to-gen-z-meet-them-irl> [Accessed 2 Nov. 2019].

Strugatz, R. (2019). The Secret to Beating the Makeup Slump. [online] The Business of Fashion. Available at: <https://www.businessoffashion.com/articles/professional/the-secret-to-beating-the-makeup-slump> [Accessed 2 Nov. 2019].

Strugatz, R. (2019). Why It's So Hard for Beauty Brands to Cross Over From One Category to Another. [online] The Business of Fashion. Available at: <https://www.businessoffashion.com/articles/professional/beauty-brands-are-crossing-over-heres-why-they-need-new-playbooks> [Accessed 4 Nov. 2019].

Strugatz, R. (2019). Why It's So Hard for Beauty Brands to Cross Over From One Category to Another. [online] The Business of Fashion. Available at: <https://www.businessoffashion.com/articles/professional/beauty-brands-are-crossing-over-heres-why-they-need-new-playbooks> [Accessed 2 Nov. 2019].
the-beauty-industry-straight-from-piper-jaffrays-teen-survey [Accessed 4 Nov. 2019].

REFERENCES

LISTS

Strugatz, R.(2019). What Beauty Can Learn From Streetwear. [online] The Business of Fashion. Available at: <https://www.businessoffashion.com/articles/professional/what-beauty-can-learn-from-streetwear> [Accessed 4 Nov. 2019].

The NPD Group Inc. (2019). Women's Facial Skincare Consumer Report 2019. [online] The NPD Group Inc. Available at: <https://www.npd.com/wps/portal/npd/us/news/press-releases/2019/empowered-consumers-want-clean-ingredients-and-brand-transparency-from-skincare-products/> [Accessed 2 Nov. 2019].

Wischhover (2019). Heritage beauty brands get smart about marketing to Gen Z. [online] Vogue Business. Available at: <https://www.voguebusiness.com/beauty/prestige-beauty-brands-gen-z-ysl-clarins-estee-lauder> [Accessed 4 Nov. 2019].

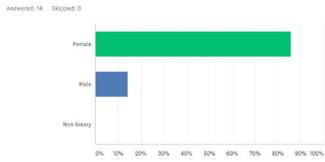
Wischhover, C. (2019). Five Lessons Teens Can Teach Us About the Future of Beauty. [online] The Business of Fashion. Available at: <https://www.businessoffashion.com/articles/professional/five-lessons-about-the-future-of-the-beauty-industry-straight-from-piper-jaffrays-teen-survey> [Accessed 4 Nov. 2019].

Wischhover, C. (2019). Inside Drugstores' Expanded Beauty Department Strategy. [online] The Business of Fashion. Available at: <https://www.businessoffashion.com/articles/professional/inside-drugstores-expanded-beauty-department-strategy> [Accessed 4 Nov. 2019].

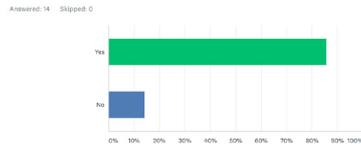
APPENDIX

Powered by Survey Monkey

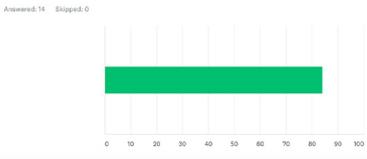
What is your gender?



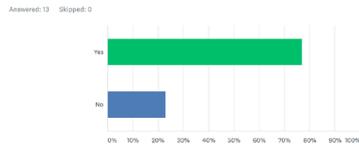
Do you wear make-up?



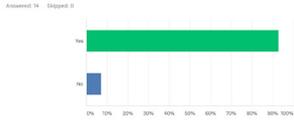
Rate how important skincare and skin health is to you.



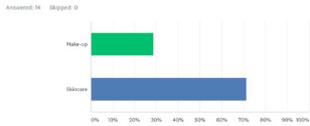
In the future, do you hope for more make-up brands to come with skincare ranges or hybrid products that are beneficial for your skin health?



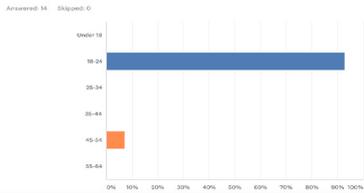
Would you purchase a hybrid skincare/make-up product? (E.g. Products that are infused with active ingredients such as Vitamin C, SPF and Hyaluronic Acid.)



Do you chose to invest more money on high-quality skincare products or make-up products?



How old are you?



Do you feel less pressured to wear make-up due to the changes in beauty standards and the popularisation of "no make-up selfies"?

