

# The Future of Beauty & Cosmetics:

Seven Trends for Retailers and Brands

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# Summary

The massive problems we are dealing with now — both in society and in the cosmetics and beauty industry — are neither new nor caused by COVID-19, but the pandemic has massively accelerated the need for meaningful change.

It will require companies that want to compete and survive to rapidly make adjustments to their strategies, by responding to seismic shifts in the industry, all while empowering and upskilling their talent to meet immediate and long-term challenges.

At SimpliField, we work with many of the world's largest cosmetics and beauty brands, including wholesale brands and retailers, and the hard work and unity we see in the community is incredibly heartening.

The beauty and cosmetics industry is already outperforming other industries despite the initial decline in activity due to the pandemic. There is a reason for hope that this giant global pause might provide a massive opportunity to rethink, rebuild, and transform retail performance for good.

As CB Insights put it in their recent [report](#) on the beauty industry:

**More than a year later, Covid-19 continues to shape the space, but brands are now better equipped to deal with the seismic shift in consumer values and expectations. From virtual try-on features to AI-enabled skincare analysis to “waterless” beauty products, the pandemic has accelerated once fringe technologies. And with a further emphasis on health and wellness, beauty brands have had to evolve from a one-dimensional category to something more holistic and inclusive.**

**Here are seven of the massive shifts reshaping the beauty and cosmetics markets as we know it — and how we think companies should respond if they're to improve their overall retail performance.**

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Written by:  
**Marie Merien and Natasha Serafimovska**

# 1 The new beauty and cosmetics buyers are younger, more affluent, and more socially aware than ever

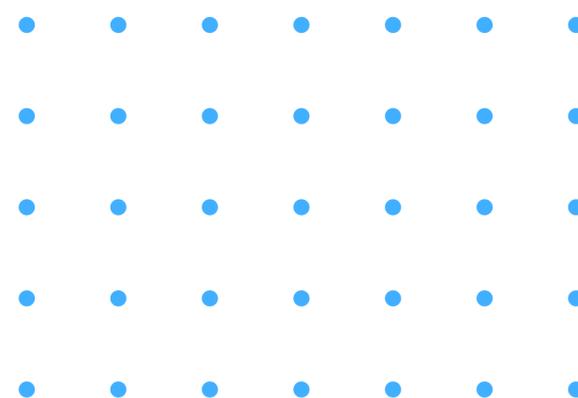
The profile of the **beauty consumer** is changing rapidly. It's estimated that by 2026 Millennials and Gen Z will make up **60%** of luxury spending and their **beauty and shopping preferences** differ greatly from those of other generations.

Millennials are twice as likely to opt for organic or eco-friendly products than baby boomers and **29%** make a purchasing decision based on media or online reviews. That's three times greater than Generation X and six times greater than baby boomers.

The preference for social proof has diminished the power of brand-led ads and instead given rise to influencer marketing and **social shopping** where friends can shop together online, share opinions and add items to a shared wishlist. Squadded, founded by a former L'Oréal brand manager Elysa Kahn, is one of the social shopping platforms which has particularly appealed to Gen Z consumers.

**“The idea of being able to talk to my friends and get an authentic review when I go shopping is very important for me. That element is missing online”**

**says Elysa Kahn**



The pandemic and the multiple lockdowns have reduced people's elaborate beauty routines to a few simple skincare steps, significantly altering consumer preferences post-pandemic. As stores reopen and the beauty industry picks up steam, there is an increase in demand for sustainable, natural products, and consumers are willing to go the extra mile to find them:

**"The most important beauty and wellness trend will be the customer's increasing desire to know: what ingredients are they putting on their skin and into their bodies, do they work, and why."**

**says Dr. Barbara Sturm**

Aesthetics Doctor & Founder of Dr. Barbara Sturm Molecular Cosmetics

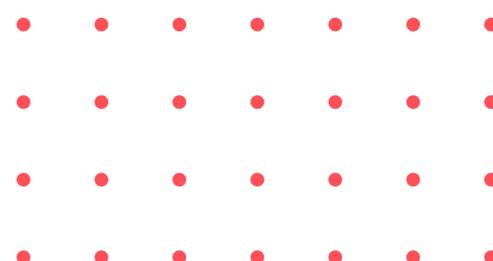


For many, this year has been an opportunity to reflect and abandon old habits for something new and better:

**"From an emotional standpoint, people don't want to go back to the past. They want a new normal. They want to forget actually this very difficult year when they are in a recovery mood and go back to a new future. So, they look for newness, for novelty."**

**says Fabrizio Freda**

President, CEO, and director of The Estée Lauder Companies



## 2 The Chinese market is thriving and headed to become the largest luxury market by 2025

China was the first to suffer the consequences of the pandemic and one of the first countries to rebound early in 2020. Its beauty and cosmetics sales are already at pre-pandemic levels and there are no signs of slowing down.

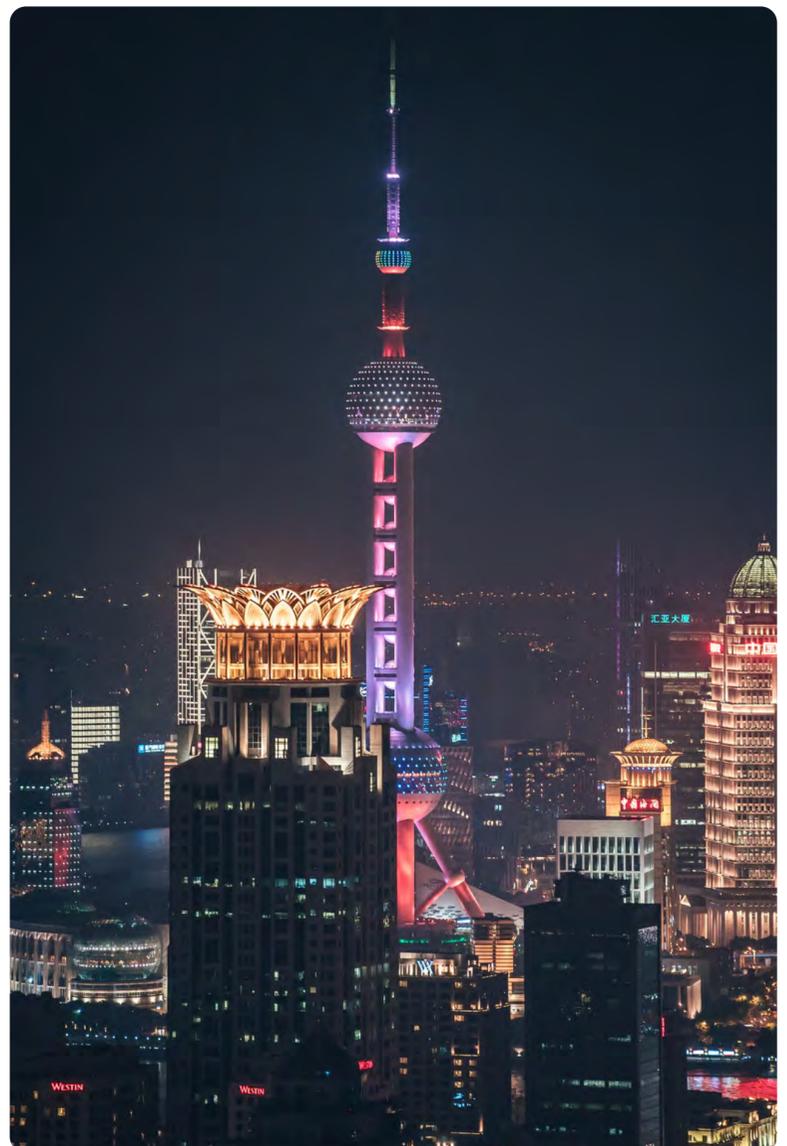
McKinsey's [The State of Beauty 2021](#) report confirms:

**“China had already surpassed 2019 beauty sales by the first half of 2020, with an 8 to 10 percent average annual growth forecast between 2019 and 2021. This is partly due to the onshoring of some of the estimated \$30 billion that Chinese consumers previously spent on beauty when travelling internationally. China’s beauty e-commerce market — which pre-crisis already comprised more than 40 percent of sales — has also continued to grow.”**

**This trend** is expected to continue and China is to become the **largest luxury market by 2025**. This is due, in part, to the increased domestic spending but also because China was already leading the space with **tech innovations** that were well-suited to support a safe, contactless in-store shopping experience:

**"China is ahead of other regions in the control of COVID, and so people are going back with more confidence shopping also in brick-and-mortar...and it obviously is encouraging for what the recovery will represent also in the West as the brick-and-mortar sales go back into the new normal."**

**adds Fabrizio Freda**  
L'Oréal



The rollout of vaccinations across Europe and the U.S. has prompted a slow recovery in these regions as well, although many of the categories still have some ground to gain in terms of sales. McKinsey reports:

**"The US is on track to recover within the first half of 2021, while sustained declines in travel retail extend the timeline to 2022 for Europe and Japan."**



The global beauty and cosmetics retailer L'Occitane reflects this trend as China became the group's largest market in 2021 with a record 60% growth in sales.

**"As we cross the one-year mark of the COVID-19 pandemic, our sales momentum has continued to accelerate, particularly in markets that have emerged from the crisis such as China."**

**says Reinold Geiger**

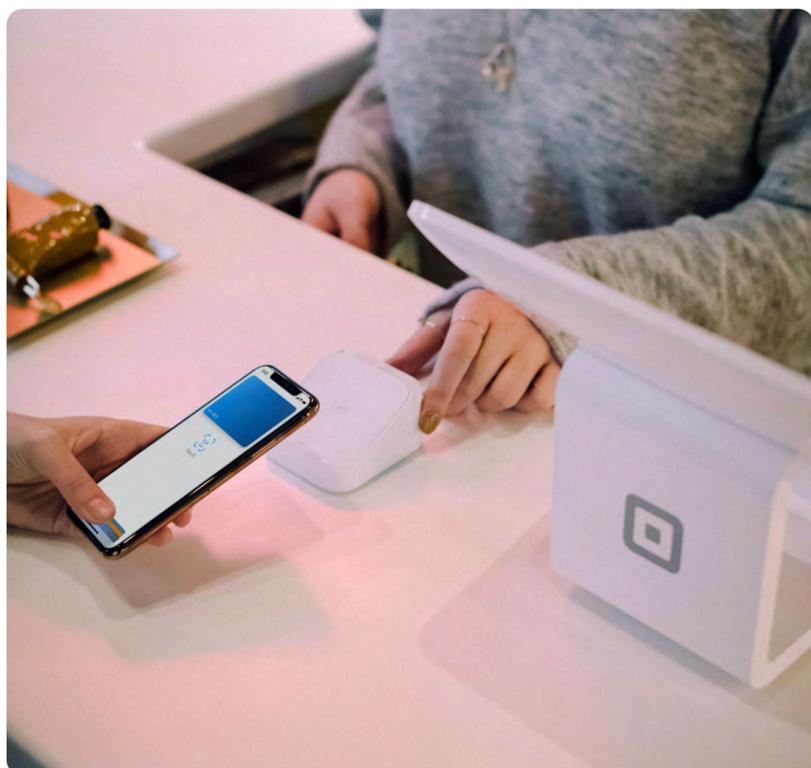
Chairman, and CEO at L'Occitane

The group saw declines in Hong Kong, France and Japan, although their overall sales were down by only 1.7% compared to the previous year. They attribute a lot of their success to the booming Chinese market and an increase in e-commerce activity.

### 3 New health and safety trends put emphasis on tech-enabled, contactless shopping experience

The rollout of worldwide vaccination programs means that the beauty and cosmetics industry is seeing a large push for the reopening of stores. NPD reports that brick-and-mortar stores are already making up some of the losses from last year with a promising **3% YOY growth**. Despite varying health and safety regulations across regions, masks, social distancing, and hand sanitizers are still very much part of the shopping experience.

The focus on health and safety has accelerated the adoption of new technologies that until recently have been on the fringes of the retail experience. Things such as QR-scanning for contactless product browsing, augmented reality (AR) and artificial intelligence are rapidly taking hold of stores that want to attract and retain health-and-safety-conscious customers.



The beauty and cosmetics wholesaler Hermès, for instance, used existing infrared technology to design **H24** - a new, contactless fragrance sampler that uses dry air diffusion.

**"The current pandemic has enabled us to bring existing technologies back to the spotlight. While infrared is not new, it wasn't necessarily brought to the fore, as consumers like to touch things as part of the in-store experience."**

**says Julie Gesnouin**

Co-founder of luxury customer experience agency Byzance.

On the other side of the health and safety equation are the in-store employees. In order to rebuild trust, companies will need to improve the systems and processes they use for communications, training, and performance management around these issues.

Simplified recently worked with a **large fashion retailer** to help the brand reopen hundreds of stores in the U.S. by helping them streamline their **compliance** and communication strategy between HQ and their local teams. By using SimpliField's mobile app, managing directors were able to easily communicate with local staff and share in real-time the applicable health and safety measures they had to observe in each store.

## 4 The resurgence of the natural look, self-care and DIY products inspire beauty and cosmetics brands to innovate and develop new models of customer interaction

The closure of salons and beauty stores meant that many consumers turned to “do-it-yourself” products which helped them retain some of their beauty routines at home.

“On Amazon, DIY categories of nail care and hair dye have seen growth of 300 percent and 200 percent respectively in the US relative to 2019 levels. To put this into context, this represents four to six times the growth rate of Amazon beauty overall.” [reports McKinsey](#).

Other than a bigger reliance on DIY products, there is a major shift towards skin acceptance or “skinimalism” - a term coined by Pinterest to reflect the new preference for a natural, effortlessly chic look. The social media giant reports a **180%** YoY increase in searches for “natural everyday makeup”, reflecting the new beauty and cosmetics trends towards self-care and skin acceptance.

“Women have realized they don’t need as much makeup during the pandemic. They are really simplifying their routines and learning less is more—makeup no longer has to be “perfect” with a full face, but rather effortless and natural.” says Monika Blunder, Celebrity Makeup Artist & Founder of Monika Blunder Beauty.

Sales reflect this change. The **U.S. beauty market** saw a 136% increase in body serum sales, 70% increase in hair masks and 39% in candles in Q1 of 2021. Zoom fatigue and the appearance of the “maskne” phenomenon - a mask-related acne infliction - have brought on an increase in demand for at-home care products like bath products and face masks:

**"This past year saw most of us stuck at home, without access to salons and spas, and combating things like ‘maskne’ breakouts. As such, we saw a large number of people turn to products that allowed them to create a spa-like experience at home with the same professional-level results."**

**says David Razzano**  
Sephora's Beauty Director

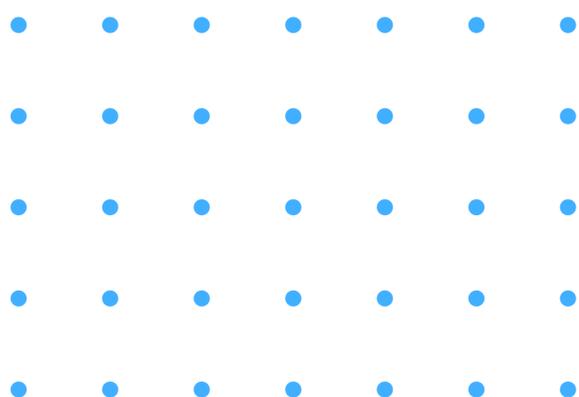
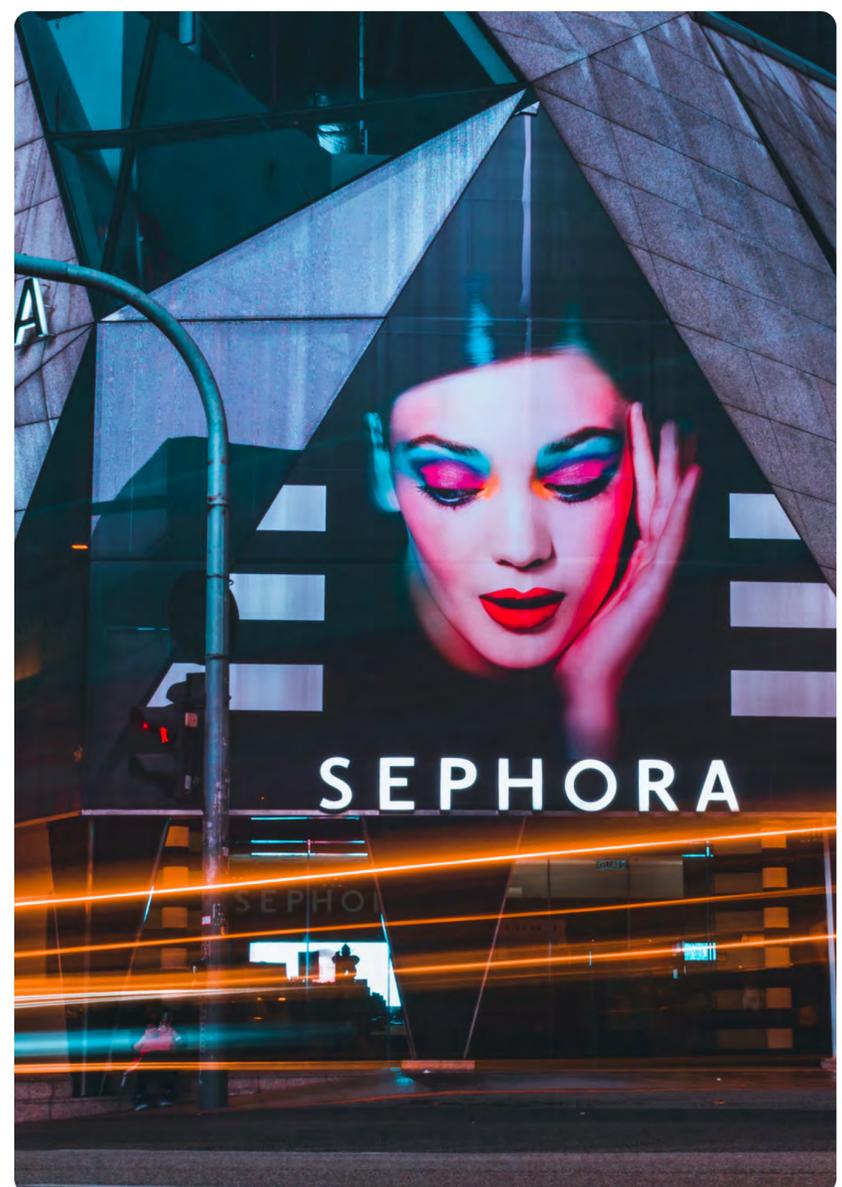
In turn, makeup which was down by **34% in 2020** is making a slow comeback with a decline of only 9% in Q1 of this year. The exception here is eye makeup which is seeing a steady rise due to the increased use of masks. Eye makeup grew by **6%** in the U.S. in the second half of 2020 while the 618 shopping festival in China marked a whopping **159%** increase in sales.

Outside of new and emerging product sectors, many cosmetic and beauty industry brands are hard at work using this time to rethink their relationship with consumers, with a shift towards a more omnichannel perspective. Leading brands are pushing the boundaries by using augmented reality and livestreams to enhance the shopping experience and help customers take more control of when and what they buy:

**“Livestreaming has become mainstream and as accessible as offline stores. This is why we have been doing a lot of innovative experiments with livestreaming, such as allowing Tmall shoppers to virtually try on makeup while they watch livestreams through ModiFace’s augmented-reality feature. We also launched 360-degree livestreams in our Maybelline and Lancôme flagship stores.”**

**says David Razzano**  
Sephora's Beauty Director

Regardless of the sales channel, there’s a visible trend towards a true **Retail Renaissance** where beauty-starved consumers are ready to go out and try new things.



## 5 Stores play an integral part in the omnichannel strategy of beauty brands

E-commerce grew by 46% in 2020 with many beauty brands expanding their focus to online sales and social media engagement via influencers and beauty experts. This has altered the role of the store from being the main point of purchase to a more supportive role in a wider omnichannel sales strategy.

Jean-André Rougeot, CEO at Sephora America sees the store as an inextricable part of the end-to-end supply chain as opposed to its endpoint.

“[Sephora Americas] has plans to test using stores as quasi-warehouses to facilitate same-day delivery of holiday orders. In other words, the need for stores remains strong but the reason to go to the store is changing.” - reports McKinsey.

L'Occitane, for instance, has seen major success in Q4 of 2020 and Q1 2021 with online sales accounting for 37.4% of total net sales. In turn, the brand already closed down 85 underperforming stores at the beginning of 2021 alone.

**“The importance of an individual store will not be reduced. In fact, its relevance will increase due to its more rarefied existence. Beauty shoppers will still desire to test-out and experiment with products in-store before they buy. But department store retail will no longer be the primary sales channel; the concept of omnichannel is likely to go through a transformation that focuses more on digital and owned branded stores.”**

**says Tiffany Hogan**  
Senior analyst at Kantar Consulting

In the new world of experiential retail, the store is the brand’s way to differentiate itself and offer customers a unique and memorable shopping experience. Rather than stocking piles of merchandise, stores can be used as community centers for education, networking and having fun.

“The needs and expectations of customers will be the drives [sic] to design the shops of the future that will act as hubs of discovery, places of entertainment, for gathering and pleasure.” **says Fiona Sartoretta Verno**, owner at Sartoretta Verno pharmacy design studio.

## 6 It's time for brands to take a stand or take a seat

In the past twelve months, sustainability and corporate social responsibility (CSR) have risen on top of the beauty agenda, both for beauty and cosmetics wholesalers as well as consumers.

A survey of 3,000 adults in the UK has revealed sobering statistics about the expectations consumers have from beauty brands.

The British Beauty Council reported that:

- 91% of consumers want less packaging
- 88% want to be able to refill their cosmetics
- 90% want clearer information on how to recycle products when finished.

Beauty and cosmetics retailers are listening and some are already taking action to change their wholesale offering. Among SimpliField clients, Pierre Fabre just launched “the first rating tool to measure, improve and communicate information on the environmental and societal impact of cosmetics and family health products, based on a methodology validated and endorsed by AFNOR certification”. Similarly, L'Oréal also recently announced that it will phase out all plastic packaging completely, and they committed to launching a new series of more environmentally friendly and sustainable products.

"Within the L'Oréal Technology Incubator, we investigate market gaps focusing on personalization and on enhanced product performance and sustainability" - says Guive Balooch, head of the L'Oréal Technology Incubator.

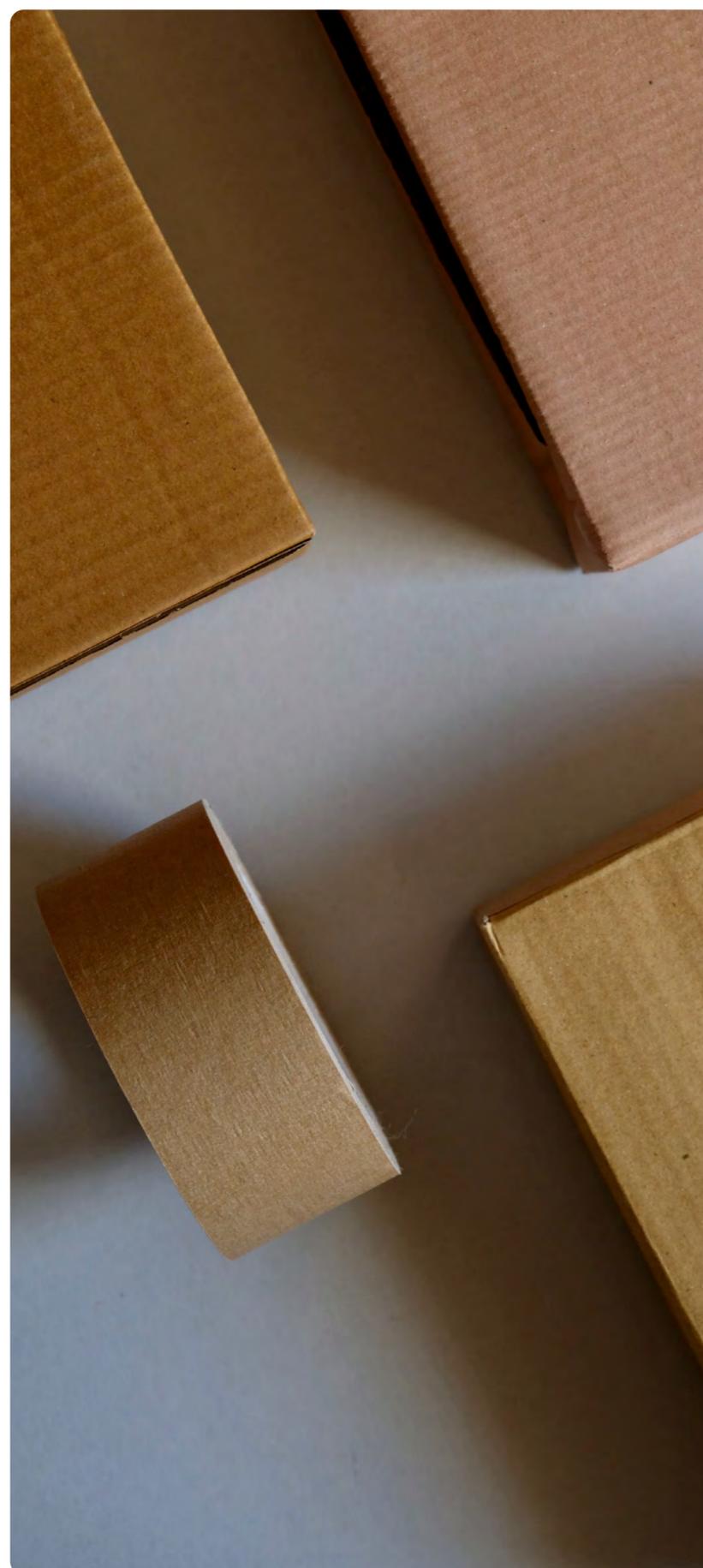
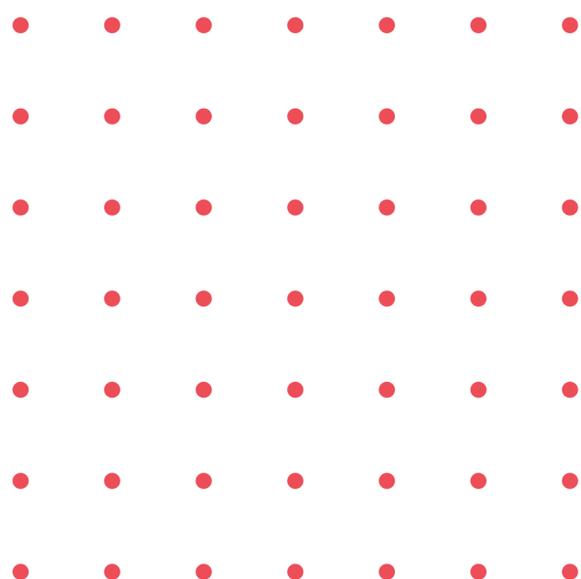


At this year’s virtual Consumer Electronics Show the brand **unveiled** two of its latest technological innovations: the L’Oréal Water Saver technology and Yves Saint Laurent’s Rouge Sur Mesure, an at-home lipstick creator. Both aim to improve consumer experience while reducing waste.

L’Oréal has also made a pledge that **by 2022** all of the group’s rinse-off products will have an “environmental and social impact labeling”:

**“The score will give an accurate vision of the impact of a L’Oréal product by taking into account 14 planetary impact factors such as greenhouse gas emissions, water scarcity, ocean acidification or impact on biodiversity, measured at every stage of a product’s life cycle.”**

The label is already available on [Garnier’s website](#) for hair care products and it will soon expand to other product ranges.



# A call for diversity!

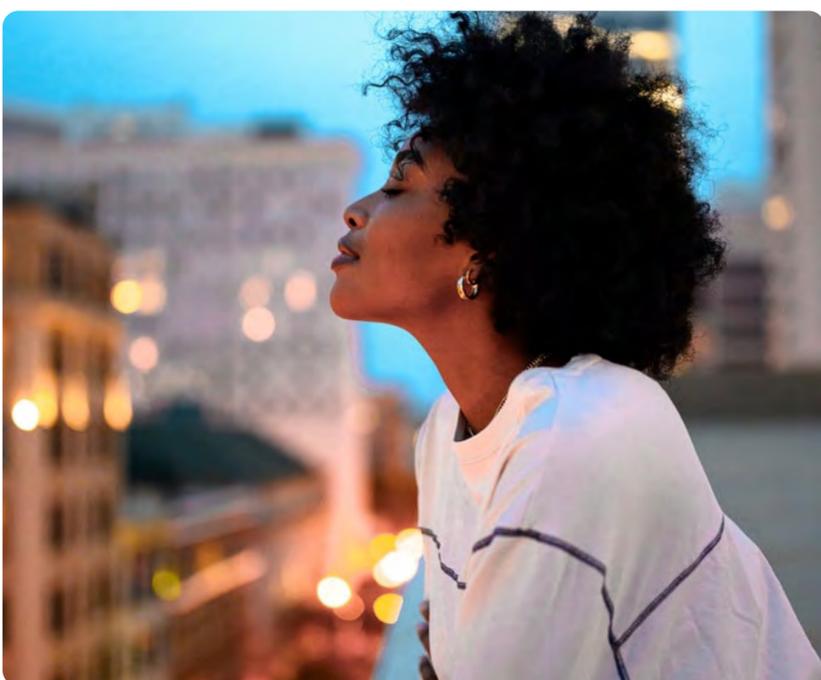
The social injustices and the rise of the Black Lives Matter movement in the past year have raised questions around diversity and inclusivity in the beauty sector. This has raised issues not only around diversifying product offerings, but also supporting and representing minorities as business owners and employees in the beauty industry.

According to [McKinsey](#), 58% of Black-owned businesses were under financial distress pre-pandemic as opposed to just 27% of white-owned ones. Likewise, in the period of February to April 2020, 41% of Black-owned businesses had to close their doors for good.

As a response, Aurora James, a fashion designer and entrepreneur, started the [“15 Percent Pledge”](#) movement urging retailers to dedicate 15% of their shelf space to Black-owned businesses. Its ethos has resonated with many major brands and Macy’s, Sephora, and Bluemercury have already signed it.

Sharon Chuter, Former L’Oréal and LVMH exec who now runs Uoma Brands, has been in the spotlight with her Pull Up for Change movement, which is pushing the industry to hire a more diverse slate of execs. The movement has called out brands that have tweeted messages of support to share diversity metrics at the leadership level.

“We ask all brands who have released a statement of support, to publicly release within the next 72hrs the number of black employees they have in their organizations at corporate level. We also need to know the number of black people you have in leadership roles,” [said Pull Up for change via Instagram](#).



Ulta Beauty is one of the many brands who responded, sharing that 18% of their board members, 13% of their leadership team, and six percent of their associates are Black.

Another phenomenon that has come under fire is "whitening" or "skin bleaching", which has long been used in Asia and the Middle East to promote fairer skin. Brands are now renouncing this practice with Johnson & Johnson [making a commitment](#) to remove their skin-whitening lotions from the shelves and L'Oréal and Unilever [saying](#) they'd stop using "whitening" in their descriptions altogether.

Investing in a diverse workforce isn’t just about doing the right thing, but it’s also proven to have positive effects on [retail performance](#). A McKinsey survey in August 2020 revealed that [66%](#) of consumers would “stop or significantly reduce shopping at a brand if they found it was not treating its employees or suppliers’ employees fairly.”

## 7 Cosmetics and beauty brands are shifting towards upskilling and empowering their talent as a matter of survival and competitive advantage

As the retail economy re-emerges, cost savings and concerns about travel risk have made remote collaboration more important than ever.

Real-time, two-way mobile communication with your workforce is now an absolute requirement, and regional managers, district managers, and leaders at HQ require a reliable means of understanding the on-the-ground reality of the stores in their territories without being able to regularly visit them.

Store associates will need to be able to quickly relay feedback on mission-critical issues from customers and employees to HQ and get clear instructions from management on how to address the issues.

Not only would they need to be empowered to make decisions and drive change across the business, but the very nature of the store associate has changed from that of a clerk to a beauty consultant. Shiseido has acknowledged this and is currently investing in a digital academy to train its 7,000 staff to use AI and AR tools to support customers while shopping:

“These beauty consultants and make-up artists have become micro-influencers of the brand. Really, 2021 is going to become the year of the empowered beauty consultant.”

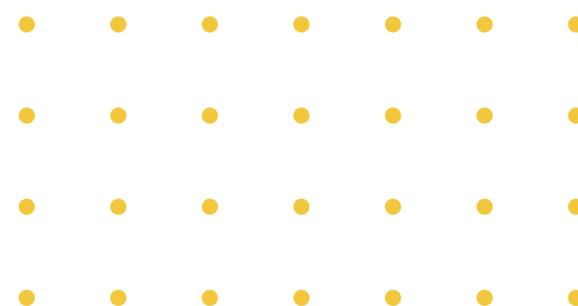
says David Razzano

Sephora's Beauty Director

L'Oréal has also jumped on board this trend by introducing virtual try-ons and personalized consultations where consumers can talk to L'Oréal staff to discuss their options. The success of these new approaches depends as much on the technology as on the skills of employees to create a unique and pleasurable shopping experience.

“In just eight weeks, our digital teams created online services that offered the same quality of advice and expertise as in-store. Three new augmented services – Virtual try-on during Livestream video (one to many), Virtual try-on during one-to-one beauty consultations and LiveShopping– were launched for our brands. Every one of them was designed to help our consumers reinvent their beauty experience at home.”

It is clear that, in order to meet the challenges ahead, teams will need to be upskilled through consistent and comprehensive training that is enabled through digital transformation. And for cosmetics and beauty brands hoping to retain their talent after the crisis is over, the time for making excuses is over.



# About Simplifield

SimpliField is the ultimate all-in-one, fully integrated mobile platform for retail operations, communications, workflow automation, and advanced performance analytics.

Today, over 130 leading international brands and retailers trust SimpliField to help them deliver on the promise of providing their customers and their teams with an excellent experience, every day in every store.

**[Find out more about our platform and contact us for a free custom demo here.](#)**

