

FRAGRANCE AND PERSONAL CARE

Independent beauty brand sales grew 43pc last year, blowing past big names

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With the plethora of brands available to consumers, standing out is the new challenge. Image credit: Sephora

By DANNY PARISI

The beauty industry has undergone a major change over the last few years, shifting from a few large brands in a dominant position to many smaller indie brands taking over the scene.



This splintering has been led by multi-brand retailers such as Sephora that encourage consumers to shop by category rather than brand, according to L2's Digital IQ Index on Beauty. With the rise of indie brands, consumers now have more options than ever, leaving brands with the problem of how to stand out in the pack.

Indie dominance

In the last two years, one truth has become increasingly clear in the beauty industry: indie brands are taking over.

In 2016 alone, indie beauty brand sales grew by 43 percent, compared to the industry average growth of just 5 percent. It is clear that indie brands are on a hot streak.

This can be attributed to a few factors. For one, multi-brand beauty retailers such as Sephora and Ulta have given smaller brands a more level playing field to compete with powerhouses such as Chanel and Burberry.



Shopping by category rather than brand. Image credit: L2

That is because those retailers encourage consumers to shop by category and not by brand, comparing lipsticks and foundations from different brands all together, which is exactly how most consumers are using those sites.

Another big factor in this shift is Amazon, which is now the largest online beauty retailer in the U.S.

Indie brands account for 85 percent of Amazon's beauty sales, an enormous figure that should give bigger brands pause.

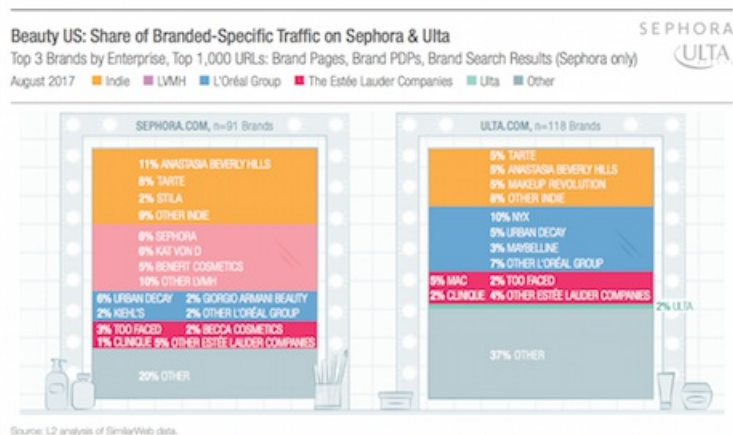
This is the new normal in the beauty world and the challenge facing both big and indie brands is how to stand out among the plethora of choices presented to consumers every day.

Standing out

The commitment to discovering and showcasing new beauty brands is one shared by many retailers in the beauty space.

Department store chain Neiman Marcus has opened a new Trending Beauty shop stocked with brands discovered using nontraditional scouting methods.

With a bricks-and-mortar presence at Neiman Marcus' NorthPark Center store in Dallas and placement on the retailer's ecommerce site, Trending Beauty features modern labels in makeup, skin care and self care. Recently, in an effort to cater more to the next generations of shoppers, retailers have focused on finding new, more under-the-radar merchandise ([see story](#)).



Smaller independent brands are on top. Image credit: L2

But bigger brands are not totally left in the dust. Strong showings from some prominent brands offer a bit of hope.

For example, British fashion house Burberry has announced double-digit underlying profit growth in the first half of 2017, ended Sept. 30.

Burberry has faced a slew of challenges recently including declining sales, c-suite restructuring and the announcement that longtime creative director, and former CEO, Christopher Bailey will soon exit the house. But, for the first half of 2017, Burberry's revenues were up 4 percent underlying, and 9 percent reported with retail store sales increasing by 4 percent ([see story](#)).

The beauty world will soon have to reckon with the fact that big brands do not hold quite the appeal that more flexible independent brands hold today. In a crowded market, even indie brands will have to fight to stand out.