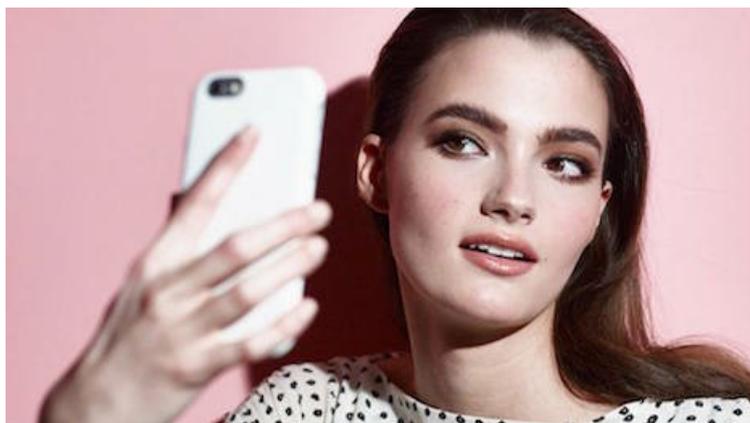


FRAGRANCE AND PERSONAL CARE

## Fragrance and personal care sector's Top 10 2017 headlines

December 6, 2017



*Selfie culture is driving beauty growth. Image credit: Shiseido Group*

By STAFF REPORTS

Technology has finally brought what the luxury beauty and fragrance sector's marketing had previously been missing: experiences that digitally recreate the cosmetic counter consultation with tangible results.

Subscribe to **Luxury Daily**  
Plus: Just released  
State of Luxury 2019 **Save \$246 ▶**

Throughout 2017, technologies such as augmented reality and virtual try-on softwares brought beauty brand marketing to life through interactive, guided selling tactics that personalized consumers' experience through mobile applications. Also, established brands have been forced to pay attention to smaller, niche beauty labels as independent cult-favorites take to social media to build awareness among selfie-loving and social savvy millennial and Generation Z consumers.

Here are Luxury Daily's top 2017 headlines from the luxury fragrance and personal care sector:



*Sephora uses AR for its Virtual Artist Looks. Image courtesy of Sephora*

AR tools glean self-reliant beauty, skincare consultations  
As beauty counter foot traffic continues to slow, the use of augmented reality has the potential of recreating the in-store experience through inclusion and personalization.

When comparing augmented reality and virtual reality, AR has emerged as a more practical option for retailers to develop since the technology relies on smart mirrors or consumers' personal smartphones rather than a clunky, and often expensive, headset. Valued at \$237 billion, the beauty sector has embraced AR as a method to create try-on experiences at the cosmetics counter, and more often, from the comfort of a consumer's home.

Beauty marketers have long had success online due to consumers' interest in YouTube tutorials, colorful campaigns found on social media and the slew of luxury brands that sell cosmetics online.

The established online presence of leading beauty marketers and retailers has been enhanced further through augmented reality, which requires nothing more than a smartphone ([see story](#)).



*Fenty Beauty was developed by LVMH's Kendo. Image credit: Kendo*

Complexion merchandising calls for diversity, guided selling

Fenty Beauty's entry into the cosmetics arena has shed light on beauty power players' lack of merchandise diversity for complexion products.

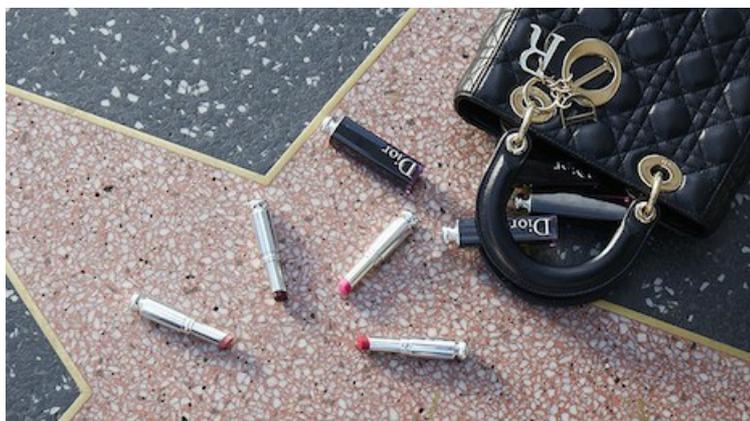
Created by frequent luxury collaborator Rihanna, Fenty Beauty launched following months of anticipation and two years of research and development on Sept. 8. Rihanna's mission for Fenty Beauty was to create beauty products for hard-to-match skin tones "so that women everywhere would be included," after she found it difficult to find products for her complexion.

At launch, Fenty Beauty face products went viral as vloggers, amateur and well-known influencers alike, expressed their joy in finding face

makeup that matched their complexion, some for the first time.

In a report from L2, the researcher analyzed complexion merchandising beauty brands with a presence in the United States.

As the complexion category continues to grow, propelling U.S. beauty sales, cosmetics brands must respond by investing in inclusive formulas and also by developing online tools to assist consumers for online purchases ([see story](#)).



*Dior Addict Lacquer Stick on the Hollywood Walk of Fame. Image credit: Dior*

Dior Insider launches, bringing AI to luxury beauty sector

French atelier Christian Dior is the latest brand to leverage Facebook Messenger as a method to dispel news and

happenings with consumers.

Dior has launched a new experience via Facebook Messenger called Dior Insider. Similar to other brands' strategies, consumers interested in learning the latest Dior news or who have questions regarding a product can interact with an interactive chatbot software.

The artificial intelligence behind Dior Insider begins by greeting the user by name and asking if she is one of Dior's privileged clients. If the users responds no, Dior Inside says "Not yet it's just a matter of time" with a wink emoji.

Prompts continue by asking what the user is looking for, giving a choice of skincare or makeup. Within this prompt, Dior Insider suggests products such as the latest addition to the Dior Addict lipstick line ([see story](#)).



*With the plethora of brands available to consumers, standing out is the new challenge. Image credit: L2*

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

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.

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 ([see story](#)).



*Indie beauty brand Mahalo is a Neiman Marcus exclusive. Image credit: Neiman Marcus*

Neiman Marcus, Indie Beauty Expo curate indie favorites for ecommerce shop

As the indie beauty product sector takes off, department store chain Neiman Marcus is bringing consumers under-the-radar personal care brands through a temporary event.

Neiman Marcus has partnered with Indie Beauty Expo for its limited-time ShopTheExpo, an online discovery platform for top indie brands from around the world. The Indie Beauty Expo was founded in New York in 2015 and quickly grew to become the largest professionally-curated exposition of independent global beauty, lifestyle and wellness brands.

The collaboration between Neiman Marcus and Indie Beauty Expo leverages the strengths of both brands.

Neiman Marcus was drawn to Indie Beauty Expo's knowledge of the indie beauty space, its strong relationships with brand founders and its execution of experiential events. For Indie Beauty Expo, Neiman Marcus is an ideal partner due to the retailer's history of nurturing young brands to become industry mainstays ([see story](#)).



*Search is very important for retailers as they compete with Amazon. Image credit: Bloomingdale's*

Organic search discovery presents a problem for fragrance brands

Fragrance brands are struggling in the search category, as the particular nature of the fragrance industry makes it difficult to attract organic search hits.

As outlined in an L2 report on the beauty and fragrance categories, searches for fragrance usually turn up retailers rather than brands or customers specify the brand in their search queries, stifling organic discovery for fragrance brands. This data shows that fragrance brands need to strengthen their search presences in order to capitalize on the valuable discovery hits the channel can provide.

The reason for this has to do with customer search behavior and who dominates search results.

For the most part, when customers search for fragrances through a search engine, they specify the brand they are looking for already, shutting out other brands from appearing in those search results ([see story](#)).



*Interest in niche fragrances is on the rise. Image courtesy of House of Creed*

Rarity, limited POS essential to niche brands as luxury becomes overused term

Cutting through the noise of the oversaturated fragrance sector can be difficult, but leveraging human connection, storytelling and service lessens the daunting task at hand, says International Cosmetics & Perfumes' CEO.

The global fragrance business is valued at about \$45 billion with prestige luxury fragrances, the sector's fastest growing category, being close to \$3.6 billion. With an overwhelming selection available between mass, medium and prestige scents, niche fragrances have emerged as the answer for consumers looking for a different experience, explained ICP's CEO during Luxury FirstLook 2017: Time for Luxury 2.0 on Jan. 18.

With luxury losing its cache in many ways, ICP's Emmanuel Saujet emphasized that distribution is vital for a luxury brand to maintain status. As the term brings forth new definitions, and a hoard of emerging labels claiming luxury, rarity in distribution will become a defining factor ([see story](#)).

Makeup booming business thanks to selfie generation

Social media is catalyzing growth in the \$237 billion beauty sector by fueling consumers' interest in their appearance and their desire for self-expression, according to a report from Fashionbi.

Makeup, which saw a record growth of 8.4 percent in 2016, has been the main source of the cosmetic industry's rise over the last five years. Fashionbi's "The Art of Selling Beauty" notes that aside from makeup, digital is driving the sector's acceleration, as more beauty products are purchased online.

Online sales of cosmetics grew 20.7 percent between 2015 and 2016. Brands and beauty retailers are taking note, incorporating interactive features into stores and digital channels ([see story](#)).



*Sephora is starting a conversation via its Beauty Insider Community. Image credit: Sephora*

### Sephora launches social network-inspired community platform

LVMH-owned beauty retailer Sephora is encouraging peer-to-peer communications through the launch of its new Beauty Insider Community.

Instead of spurring a dialogue between brand and consumers, as many marketers often work towards, Sephora is taking a different approach to generating conversation among its enthusiasts. The beauty industry relies heavily on peer recommendations, and consumers often put more stock into influencers and friends' opinions rather than brands themselves, making Sephora's Beauty Insider Community an accurate read of current trends.

The beauty retailer describes the effort as being "Real people. Real time. Real Talk." The content generated on the Beauty Insider Community page will help Sephora consumers find beauty inspiration, ask questions and get recommendations from like-minded consumers.

The Beauty Insider Page joins Sephora's extensive augmented reality guided selling tactics that allows consumers to virtual try-on different types of cosmetics ([see story](#)).



*Shiseido believes technology can answersocietal issues. Image credit: Shiseido*

### Shiseido leverages technology to secure beauty sector's future

Japanese beauty marketer Shiseido is introducing makeup for the digital age, as the cosmetics brand continues to strengthen its relationship with technology.

Shiseido's 2016 Telebeauty concept was launched in partnership with Microsoft Japan, and is designed to show how social issues can be solved through the brand's creativity.

Seeing the industry potential in such solutions, Shiseido has invested heavily in advancing technologies to maintain its competitive edge.

Last December, Shiseido established an internal venture capital organization with the aim to create innovative

products and services for the beauty sector.

Thus far, this has included the acquisition of startup MatchCo in an effort to further customize its offerings to consumers and Shiseido's investment in its sector's future use of artificial intelligence through the purchase of Giaran, an AI platform meant to heighten consumer experience and personalize beauty purchasing ([see story](#)).

---

© 2020 Napean LLC. All rights reserved.

Luxury Daily is published each business day. Thank you for reading us. Your [feedback](#) is welcome.