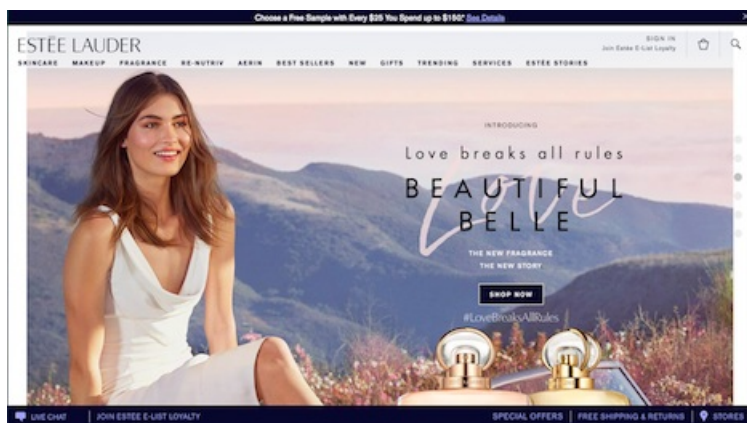


BEAUTY

Seismic shifts in how women and men define beauty and products' role

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Cosmetics giant Estée Lauder balances retail outreach with ecommerce and a physical presence, supported by visual-rich social media. Image credit: Estée Lauder

By **Pamela N. Danziger**

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The global beauty industry is currently a **\$532 billion business**. The **United States is the world's largest beauty market**, with about 20 percent share, followed by China (13 percent) and Japan (8 percent). While projections for growth vary, most agree beauty will continue to advance at a 5-7 percent compound annual growth rate to reach or exceed \$800 billion by 2025.

Even if the world economy dips between now and then, the beauty business is more likely than other discretionary categories to hold its own. That is owing to the "Lipstick Effect," a theory proposed by Professor Juliet Shor back in 1999 in her book, *The Over-Spent American*.

Ms. Shor hypothesized that when times get tight, consumers will continue to indulge in prestige cosmetics little luxuries that give them an emotional lift, while forgoing expenditures on higher-priced luxury goods.

Having studied "why people buy things they don't need" since then it is the title of my first book I have no reason to dispute her theory. The "Lipstick Effect" holds.

That said, not all brands will benefit or grow as fast as the overall market. Quite the contrary, there will be plenty of losers, as well as winners, in the business of beauty, because it faces seismic shifts in how women, and increasingly men, define beauty and the role of beauty products in their lives.

A new study by Ipsos sheds light on the changing face of beauty, along with predictions about the trends that will shape the future of the beauty marketplace.

The report, titled "**What the Future: Beauty**," summarizes a series of in-depth global consumer surveys. It provides an over-the-horizon look at the consumer trends that will grow in importance over the next five years.

Here are my takeaways from the survey results focused on the perspectives of U.S. consumers:

Beauty customers are loyal to their favorite brands

As much as we like to think that consumers are always looking to try new beauty products, the Ipsos survey finds most consumers are satisfied with the products that they currently use and are available today.

More than 80 percent agreed with the statement, "My personal beauty and grooming needs are met by products I can buy today."

Further, a majority (55 percent) are likely to "choose a trusted brand that I know over a new brand that I haven't used before," with the same percentage (55 percent) saying, "I am loyal to the face, body, hair or beauty care items I use."

Thus, it is no surprise that Este Lauder and L'Oreal both posted such strong results recently, with Este Lauder net sales up 9 percent and L'Oreal up 5.5 percent last year.

Both companies own a plethora of well-established and trusted beauty brands, ranging from mass to prestige. Both companies also acquire emerging brands, but not until they have a proven track record.

And each companies' well-earned reputation allows them to introduce new products and brands under their umbrella with less risk than an emerging brand faces.

Reputation Institutes' [2019 Global RepTrak study](#) ranks L'Oreal No. 49 and Este Lauder No. 53 among the world's most respected brands.

Consumers' preference for brands they know and trust poses challenges for new beauty brands to break through. New brands must offer something really new and different to pull people away from what they are using now.

Natural, clean and sustainable beauty can get them to switch

When it comes to product features that attract beauty buyers to new brands, they are drawn to natural, clean and sustainable.

Two-thirds of the Ipsos survey respondents said, "I would be interested in trying new products from other brands if they are natural," and 59 percent agreed, "I would be interested in trying new products from other brands if they are clean." New sustainable brands also attract the interest of 55 percent of those surveyed as well.

Natural, clean and sustainable, while close, are not synonymous.

Natural, according to the survey means products that are 100 percent made from naturally-occurring ingredients with nothing artificial. Interestingly, only 25 percent of customers believe natural also means organic.

Clean signifies products that are healthy and free from "bad" ingredients, with nothing artificial added.

Sustainable refers to how the product ingredients are sourced, being sustainably produced with little impact on the Earth's natural resources. Using recycled and recyclable materials is also associated with sustainable beauty products.

Manufacturing beauty products to meet one or all of these criteria natural, clean and sustainable is a particular challenge for the major brands due to their scale.

R. Alexandra Keith, CEO of Procter & Gamble Beauty, said, "If the entire industry switched to organic and natural materials, it would be a problem for the Earth and for food sources."

So in meeting the need for natural, clean and sustainable beauty, the advantage goes to smaller brands that do not have the scale challenges of bigger ones.

Having a personal hands-on experience with a new brand is critical

While beauty brands see digital ecommerce and digitally-enhanced in-store and virtual try-on applications as the wave of the future, a sizable percentage of beauty customers (41 percent) said they would not buy any beauty product that they had only tried-on virtually.

Beauty customers want a real-world, hands-on experience with new products before they pull the trigger. This need gives brands in physical retail the edge in introducing new products.

However, ecommerce brands can overcome some consumers' resistance by offering a free sample to test first (36 percent), as well as an easy return policy (20 percent).

In addition, if ecommerce beauty brands offer cheaper prices online, they stand a good chance to get hesitant customers to give the product a try (22 percent).

Other strategies, like free virtual application classes or virtual video consultations with a sales representative, are not likely to persuade potential customers to give a new product a try, at least not today.

Getting up-close-and-personal is how to influence beauty customers

The beauty industry is number one when it comes to influencer marketing, according to a study by [Rakuten](#). But this survey by Ipsos suggests that such strategies may not be all that effective.

Rather, the people closest to the consumer have the most profound influence in an individuals' beauty routine, especially friends (50 percent), mothers (49 percent) and sisters or other family members (41 percent). These close personal contacts are way out in front of magazines (27 percent), online videos (27 percent) and Instagram and other social media (25 percent) as influencers.

Of course, consumers are not always conscious of what and how their behaviors are influenced, but these survey results suggest that the people consumers know and trust are more influential than paid influencers or traditional marketing and advertising methods.

Given the outsized influence of mothers on younger women's beauty routines, it points to the need for beauty brands to develop multi-generational strategies.

This is especially important in light of demographic trends.

Women 65 and older will be the fastest-growing female age segment through 2025, rising 36 percent, while millennial-aged women (24-44 years) will only increase by 9 percent.

By contrast, women ages 18-24 years and 45-64 years will decline slightly in number, -1 percent and -3 percent respectively, according to U.S. Census Department projections.

Beauty looks like me

Because beauty customers often take their cues from those closest to them, it is no surprise that they are looking for beauty products that are appropriate to their age and ethnicity.

What is more, they expect to see beauty in all its many shapes, sizes, and colors presented in positive and realistic ways.

Accurately and positively reflecting age is top on their list (54 percent), followed by images that show reality (i.e. cellulite, tooth gaps, scars, gray hair, wrinkles), and not photo-shopped perfection (51 percent).

Embracing the beauty in all body sizes (49 percent), facial features (47 percent), race/ethnicity (42 percent), skin color (40 percent) and genders (40 percent) are also important.

The beauty consumer is changing in how they define beauty and demanding an inclusive and authentic image.

"In the past, the idea was that if you told people they weren't good enough, by creating this aspirational messaging, they would constantly be spending money buying your product to try and be good enough," said Anastasia Garcia, a fashion photographer and body diversity advocate.

"But the truth is, you don't have to make people feel like crap to buy a product," she said. "If you celebrate people, they're going to want to buy into that product."

Claiming one's authentic beauty

This Ipsos study shows the changing face of beauty and it is the natural beauty in each person, not some unrealistic, unachievable ideal.

The long-established aspirational concept of beauty, and products designed to help consumers achieve them, needs to give way to a more personal, inclusive, and authentic image.

The people we are closest to have a far greater impact on how we define beauty and guide us in our choices, more than paid influencers or brand-generated advertising and marketing. This has implications too for beauty retailers to make the most of their potential to develop close personal connection with customers.

Fellow Forbes.com contributor [Richard Kestenbaum reported](#) that half the growth in beauty is coming from online. But that also means the other half is coming from physical retailers who have the advantage of cultivating that critical personal connection with customers.

Trusted in-store advisors are best able to help customers find products and brands that will help them realize their own personal beauty image, not copy that of a model, celebrity or paid influencer.

ONE OF THE more interesting questions included in the study was this: Have you ever thought someone was unattractive initially, but changed your mind over time? Nearly two-thirds replied yes and explained that their perception changed after getting to know the individual better.

Ultimately, beauty is as beauty does and it is defined in this survey as confidence, kindness and intelligence.

Consumers today are claiming their right to define beauty on their own terms. That is an insight that will guide the beauty industry to grow and prosper in the future.



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