

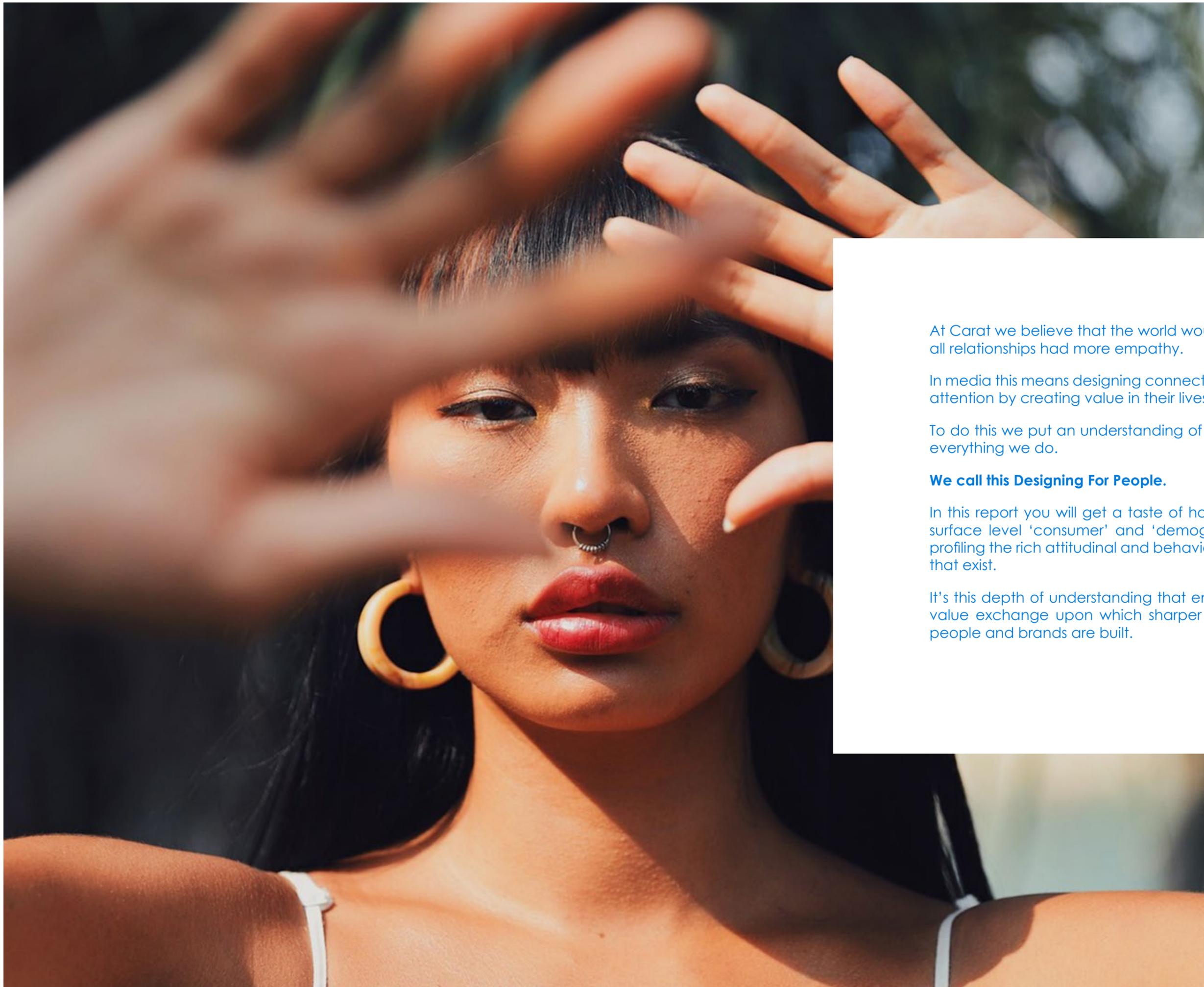
CARAT

Designing for People

The New Beauty Rules: Playing to Win in a Changing Category

a dentsu company





At Carat we believe that the world would be a better place if all relationships had more empathy.

In media this means designing connections that earn people's attention by creating value in their lives.

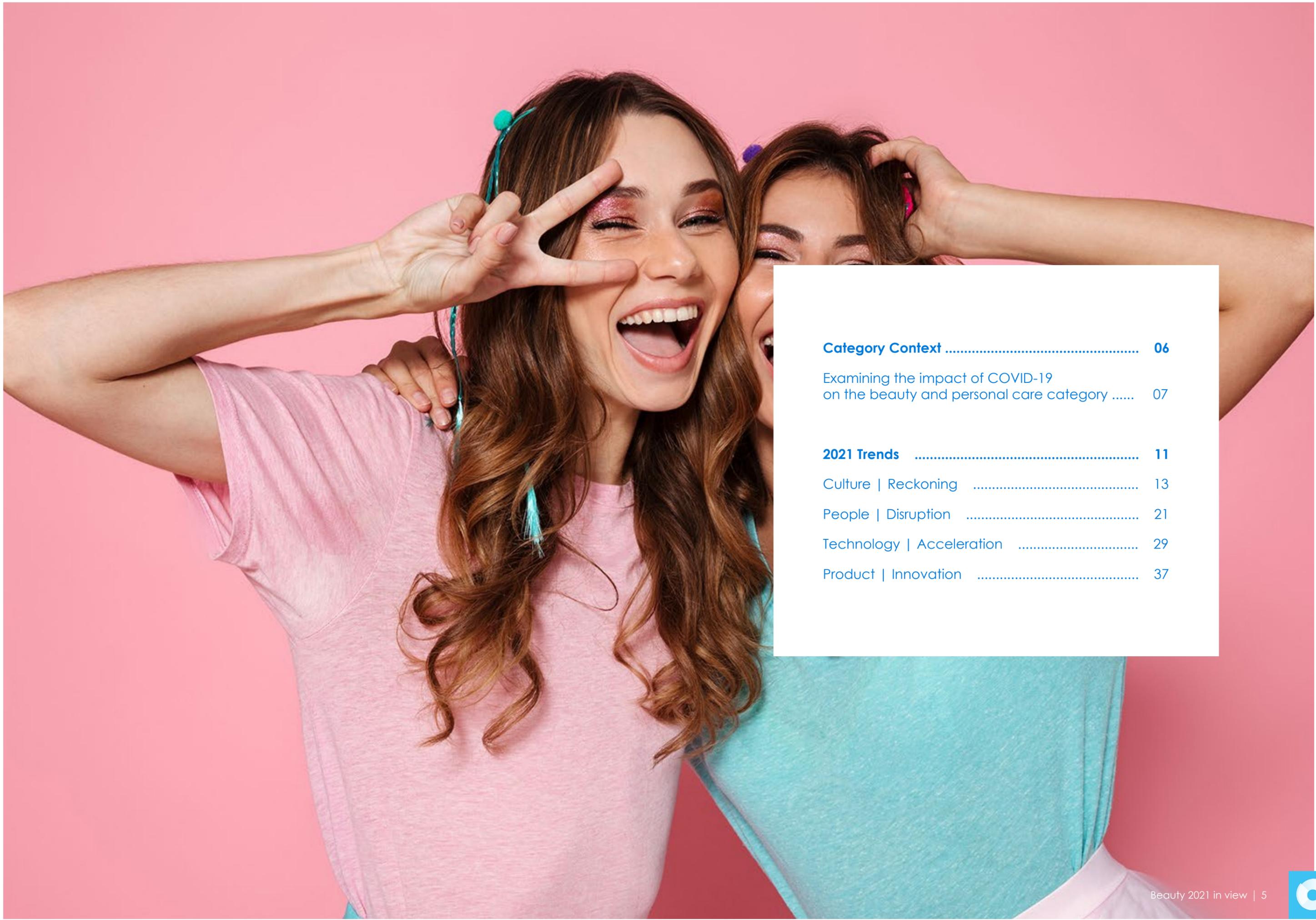
To do this we put an understanding of people at the heart of everything we do.

We call this Designing For People.

In this report you will get a taste of how Carat goes beyond surface level 'consumer' and 'demographic' traits and into profiling the rich attitudinal and behavioural cohorts of people that exist.

It's this depth of understanding that enables us to unlock the value exchange upon which sharper connections between people and brands are built.





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Category Context

Plotting the ongoing impact of the COVID-19 pandemic on the beauty and personal care category.

Pre

- A category in growth

During

- The pandemic hits hard
- Pandemic impact by product
- E-commerce accelerates
- Major players grow

Post

- Category headwinds into 2021
- Value in focus



Pre-COVID:

A category in growth

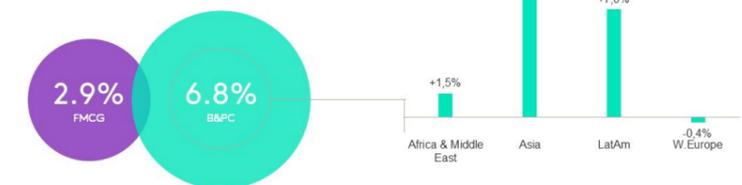
Pre-pandemic, the beauty and personal care category was growing at more than twice the rate of total FMCG.

The main products driving this trend, responsible for 50% of total growth, were skin moisturisers and hair care.

The main region driving this trend was Asia, accounting for 2/3 of total value.

Expectations were that 2020 would be another strong year for beauty.

FMCG vs Beauty & Personal care value sales – 2019 vs 2018



Asia = Chinese Mainland, India, Indonesia, Malaysia, Philippines, South Korea, Taiwan, Thailand, Vietnam
LatAm = Argentina, Bolivia, Brazil, Central America, Chile, Colombia, Ecuador, Mexico, Peru
W. Europe = France, GB, Greece, Ireland, Portugal, Spain

KANTAR

Source: Kantar, Purchase Panel

Source: <https://www.kantar.com/inspiration/consumer/beauty-and-personal-care-when-will-the-healthy-glow-return>



During COVID:

The pandemic hits hard

COVID-19 did real damage to the category, with growth slowing to 1.1%.

The reality was even starker: these growth numbers included hand and body wash sales numbers (bolstered by public health messaging promoting hand washing and sanitizing).

Sector value sales (\$bn) evolution



KANTAR

Pandemic impact by product

Colour cosmetics crumple

- COVID-19 hit colour cosmetics hard.
- As lockdown measures rolled out in response to the pandemic, restaurants, bars and even offices around the world closed.
- In response, category usage reduced dramatically.
- By September, make-up sales had fallen by 14.2%.

Skin and hair care recovering

- Skin care was initially hit hard by the pandemic.
- However, by the end of Q3, decline had reduced to just 1.3%, as consumers reengaged with the category, opting for self care through skin care over cosmetics.
- With salons closed, hair care managed to remain in growth as consumers took their cut and colour into their own hands, literally.

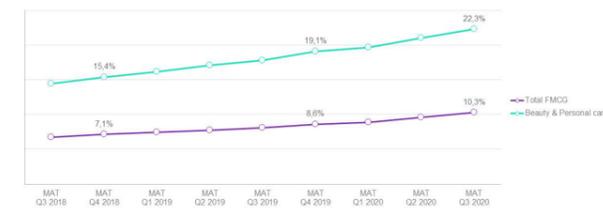
Hand washing wins

- Hand and body wash were the undisputed category winners during COVID-19.
- Increased public focus on hygiene, with governments globally promoting the benefits of antibacterial gels and handwashing, proved incredibly beneficial to the wash category.
- Full year category sales for 2020 look likely to exceed 15% growth.

E-commerce accelerates

Restrictions on physical movement drove category purchasing from offline retail onto online platforms. The pandemic accelerated an existing trend in the category towards e-commerce, with consumers expected to stay online, even as physical stores reopen.

Ecommerce share of sales



KANTAR

Major players grow

Despite the disruption to the category, beauty's big global players gained share in 2020.

In fact, one of the biggest players in market, L'Oréal, returned to growth in the third quarter of 2020, despite a 19.4% drop in Q2.

Global Manufacturers share of sales

Global Manufacturers = Coty, Parfums, Hest, Johnson & Johnson, L'Oréal, P&G, Beiersdorf, Unilever



KANTAR

Sources: <https://www.kantar.com/inspiration/consumer/beauty-and-personal-care-when-will-the-healthy-glow-return>

<https://www.kantar.com/inspiration/coronavirus/beauty-redefined-the-keys-to-post-covid-growth>

<https://www.voguebusiness.com/beauty/inside-loreals-digital-future>

Post COVID:

Consumer headwinds into 2021

Reduced anxiety (for some)

- Consumers are less anxious than at any time during the past 18 months.
- Demand for luxury has remained strong in some markets, as highest income consumers were least impacted by COVID.
- But the anxiety gap between rich and poor has widened & become more stark. Unsurprisingly, consumers earning under \$35K/year report much higher anxiety than those earning \$100K+.
- People with lower discretionary spend are predicted to move away from prestige and organic cosmetics in favour of lower-priced mass-market brands.

Considered consumption

- Australians have become more mindful about where they spend money.
- They are more likely to research brands and products before purchasing and, where possible, more likely to switch to less expensive products.
- As spending comes under scrutiny, people will increasingly focus on value for money, weighing up quality, convenience and cost.
-

The fight for online

- Online purchasing, which surged during lockdowns, remains more prevalent than pre-pandemic.
- One in four consumers surveyed by NAB said they bought items online during the last three months of 2020 which had previously been purchased in store.
- Smaller (and often local) brands have benefited throughout the pandemic from being agile and e-comm ready.
- Heightened competition from a greater number of online retailers and DTC brands will likely limit industry revenue growth.

Value in focus

Many predicted the economic impact of COVID-19 would drive consumers across the board to focus in on value. In beauty, industry insiders suspected an impending "trade down to mass," with those most financially impacted by the pandemic ditching premium products for more affordable alternatives.

Value has proven a key driver as we move towards a 'post-pandemic' era, but in this context 'value' is much more nuanced than simple price point.

Some shoppers are trading down, choosing lower priced products available in supermarket and pharmacy. Some are seeking better deals, turning to e-comm to find the best price on particular products. While others are consolidating their beauty regimes to a few core products or reducing the amount they use to stretch out time between purchases.

"If there's a universality, it's that people are thinking about value very differently in the current environment. It's not just about what's less expensive, it's getting more for your money — more experience, more joy, more access, more ease."

Esi Eggleston Bracey

Executive VP & COO Beauty & Personal Care
Unilever North America

Source: Cosmetic and Toiletry Retailing in Australia – Ibis World &

<https://www.theage.com.au/business/the-economy/more-sophisticated-the-pandemic-has-changed-how-australians-are-spending-money-20210216-p572yt.html>

NAB & Mintel Global Beauty and Personal Care Trends 2021

<https://www.kantar.com/inspiration/coronavirus/beauty-redefined-the-keys-to-post-covid-growth>

WWD Beauty Inc Feb 2021





2021 Trends

2020 was, to use the buzzword, a truly unprecedented year: from a global pandemic to a global movement in Black Lives Matter, our lives and how we navigate them were irrevocably changed.

As a category inherently connected to culture, beauty has also emerged from 2020 on a new trajectory.

In this report, and in the context of a year like no other, we outline our predictions for beauty into 2021 and beyond.

We explore four macro themes impacting the category and the key trends stemming from them that are tangible in the lives of today's beauty consumer.





Culture | Reckoning

In 2020, COVID-19, Black Lives Matter, and continued concerns around climate change culminated in a year of cultural reckoning. In this context, people began to hold companies to account, and beauty brands were no exception.

01. Sustainability Sustained

Some category experts predicted sustainability would suffer in the face of COVID safety concerns. But rather than stall, the sustainability conversation has evolved from packaging to product and from physical to digital.

02. Diversity as Default

Global protest movements have brought diversity into even clearer focus, with brands increasingly held accountable for creating inclusive cultures, from the makeup of their management teams, to the casting of their marketing campaigns.

03. Clean Comfort

COVID-19 shook an assumption the Western world had taken for granted for so long: that hygiene was inherent. As cleanliness became a key focus for our interactions with every category, beauty brands stepped up and sanitised.

04. Purpose Over Profit

COVID-19 and the global Black Lives Matter movement pushed brands to pivot more towards purpose than ever before, with people demanding much more than performative activism and rewarding brands that prioritised people over profit.



01. Sustainability Sustained

Driven by global calls to counter climate change, like the 2019 Climate Strikes, beauty brands have been under increasing pressure to take sustainability seriously. In recent years, efforts have focused on increasing the eco-credentials of product packaging. Brands like Unilever pledged to reduce their use of virgin plastics. L'Oréal invested in Carbios, a biotech start-up developing plastic recycling technologies. Sephora piloted recycling programs. And By Humankind developed refillable dispensers.

With a sustainability movement driven by reducing and reusing, the COVID-19 pandemic initially complicated the conversation around sustainability within the category. In the context of the crisis, personal safety became a priority and experts predicted surges in single use products (e.g., disposable mascara wands). In part, they were right. Products like single use sheet masks experienced surging sales as people put dollars behind products that offered both self-care and safety. But rather than changing their priorities, eco-minded consumers considered sustainability even more of a priority in the face of an unprecedented pandemic. Eco-conscious brands responded in kind, elevating the category's approach to sustainability far beyond packaging.

FROM SINGLE USE TO SILICONE

Select beauty brands are beginning to launch reusable alternatives to popular single use products, like sheet and eye masks. Products like Honest Beauty's Reusable Magic Silicone Sheet Mask and Dieux Skin's The Forever Skin Eye Patches, are reusable silicone based solutions designed to pair with treatments or serums customers already have at home. While still new to market, these products seem set to gain momentum. Particularly as beauty retailers double down on their sustainability credentials, like US-based Credo Beauty who have announced their intention to ban single use products, from samples to sheet masks, as of June 2021.



Pictured: Honest Beauty's Reusable Magic Silicone Sheet Mask (left) & The Body Shop's Wonderfully Wonky Banana Range (right)

SUSTAINABLE SOURCING

Other brands are shifting their focus to sustainably sourced ingredients. Locally, The Body Shop is tackling food waste head-on through a new sustainable product range. Launched in October, the collection is made from fresh produce, think carrots and bananas, deemed too 'ugly' for supermarket shelves and destined for landfill.

Taking it a step back in the supply chain, L'Oréal's Seed Phytonutrients is going straight to the source. They are partnering with independent American organic farmers and working to preserve heirloom seeds. This initiative ensures the sustainability credentials of their ingredients and ultimately their end product, which in itself comes packaged in compostable paper.

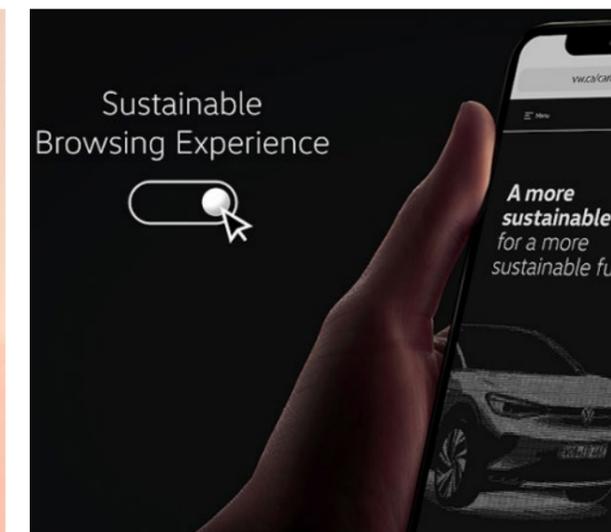
WATERLESS BEAUTY

People are increasingly conscious of water waste and its impact on the environment. In Europe, solid shampoos and conditioners are surging as people seek out products that save on both packaging and water. In November 2020, Garnier tapped into the trend, launching shampoo bars, with 25% lower environmental impact than liquid alternatives.

Closer to home, new to market brand Green & Bare offers a whole range of waterless beauty products, from clay masks to plant oils. Founder Janelle Changuion believes waterless products are the future of sustainability in beauty. "We tend to see water all around us and we think it's never going to run out, but that's not the reality. There is not enough pure water on the earth to go around, let alone to go into your beauty aisle."



Pictured: Bare's waterless beauty products (left) & Volkswagen's Sustainable Browsing Experience (right)



TECH ENABLED TRANSPARENCY

Supply chain transparency is also key to the sustainability conversation in beauty, and some brands are leveraging tech to deliver that information direct to consumers. L'Oréal's Garnier has launched a digital labelling system which scores the sustainability impact of products in their Garnier hair care range.

Each Garnier product is given a score from A to E based on environmental factors, including impact on biodiversity, water scarcity and greenhouse gas emissions. These factors are measured across every stage of the product's life cycle and verified by independent auditors. Currently available in France, L'Oréal plans to roll out the digital labels in other markets and product categories.

DIGITAL SUSTAINABILITY

The sustainability movement is starting to shift its focus from the physical to the digital world, as brands are beginning to quantify the carbon footprint of their digital demands. With data centres alone accounting for 2% of global carbon emissions, brands across categories are looking to redesign their online assets (think websites with less colour and images) or offset their digital carbon emissions to reduce their environmental impact. While yet to have major impact in beauty, big global brands like Volkswagen are leading the charge, meaning this movement is only set to gain momentum.

Sources: CB Insights & WWD Beauty Inc #33 Nov 2020 & Beauty Inc WWD #39 Jan 2021 & JWT Future 100 2021 & Cosmetics Design Asia & Wunderman Thompson & Cosmetics Design Europe



02. Diversity as Default

In the wake of global protest movements, diversity has become a defining issue for contemporary consumers and companies alike. People now expect diversity to be the default across all businesses, and beauty is no exception. With the most ethnically diverse generation in history, Gen Z, now accounting for 40% of global consumers, it is ever more imperative that brands make diversity a true priority, and that they authentically embrace diversity across the board, from products to people, management to marketing.

RACE

The police killings of Breonna Taylor in March and George Floyd in May 2020 brought heightened, global focus to the Black Lives Matter movement. Across the world, in major cities from Melbourne to Madrid, hundreds of thousands of people protested police brutality against people of colour and called for a new era of racial justice.

Before 2020, conversations around race within the beauty industry had largely centred around product ranges (with brands like Fenty Beauty setting a better

benchmark with 40 shades of foundation) and promotional activity (using something other than thin, young, able bodied and white models that had consistently and problematically been held up as the epitome of female beauty). Before 2020, brands had largely responded to protest movements with acts of performative activism, posting black squares and non-committal messages of solidarity to social media.

But in 2020, beauty brands faced a cultural reckoning as people demanded much more. Cosmetics companies were put under pressure to release real data on their diversity, with major players like Coty, Estée Lauder, Revlon Inc. and the U.S. division of L'Oréal publishing their percentages of black employees. And for many brands, the numbers did

not look good. Only 13% of board seats at 10 of the leading North American and European beauty companies were occupied by people of colour. And this time, brands were held to account and had no choice but to respond.

Many brands launched scaled up diversity initiatives, like L'Oréal's Global Diversity & Inclusion Advisory Board. Others pledged donations to racial equality causes. And some retailers, like Sephora, made commitments to stock more black owned beauty brands.

With brand preference increasingly driven by personal politics and consumer dollars consistently being channelled towards brands with diversity at their core, beauty category players will and should continue to prioritise racial diversity across all activity.

GENDER

Diversity and inclusivity within beauty is expanding to encompass gender. Consumers, particularly younger generations, are embracing gender fluidity, and rejecting the notion that certain categories only cater to certain genders. In turn, beauty brands are beginning to look beyond their traditional female consumer base.

A number of beauty influencers are driving this movement forward, with prominent YouTube personalities like James Charles and Manny Gutierrez breaking down barriers of who should and should not wear makeup. And brands like Maybelline and Covergirl are paying attention, appointing Gutierrez and Charles respectively as their first ever male beauty ambassadors. Other brands like MAC, Tom Ford, and Marc Jacobs, are taking an inclusive approach to product development, launching lines of gender-neutral makeup.



Pictured: Manny Gutierrez for Maybelline (left) & Rachel Waller for Biologi (right)

AGE

Age inclusion is coming into focus in the category as brands recognise the commercial opportunity of connecting with an older, and affluent, generation of customers. According to research from L'Oréal Paris, 40% of women over the age of 50 'don't feel seen', perhaps not surprising in an industry that fetishises youth and focuses on fighting against ageing. But these women are looking for attention, according to an AARP report, 70% of women aged 40+ want to see more beauty products targeting perimenopausal and menopausal women. Brands are taking note.

Some brands are pivoting from anti-age to pro-age in their messaging. "There's been a cultural shift in how we view aging," according to marketing professor Jenny Darroch. "There's more of an acceptance in the wellness world about being comfortable in your own skin. Women are more comfortable saying, 'I don't need to try to be young and I don't want that stereotype reinforced.'" Brands like Dove have been playing in this space for decades, and new to market entrants, like Aussie skincare brand Biologi, are following suit.

Biologi's latest campaign is pro-age, centring on highlighting natural beauty at any age, celebrating the years rather than shying away from them. The face of the campaign is 62 year-old Rachel Waller and all photos are unretouched.

"Once you pass a certain age, it is very rare to be approached to be the face of a skincare brand" says Waller. "The current ideals seem to focus on younger looking skin so when Biologi approached me to work with the brand I was seriously thrilled! That excitement only increased when they suggested the idea of launching the images without retouching. I think the photos celebrate beauty, flaws and all, and encourage women to be okay about ageing. I'm in my sixties so of course I have lines and wrinkles – this campaign allowed me to celebrate that and be proud of who I am, no matter what age."

Other brands are moving away from age all together and focusing in on the needs of menopausal women, who can experience hot flashes, breakouts and dehydrated skin. Menopause-friendly beauty and personal care brands like Kindra, Pause Well-aging and Better Not Younger are launching targeted solutions for women experiencing menopause, from supplements to skin care. And, with this consumer cohort set to represent 12% of the global population by 2025, this trend isn't going anywhere.

SKIN

In 2020, we entered a new era of acne-positivity, as influencers across social media shed the filters and showed off their real skin. The existing trend was accelerated by the unique circumstances of our COVID impacted world.

"Our recent and prolonged internment has changed our views on many things to do with self-image - nothing like facing death to make spots and body shape issues seem trivial," says Alexa Inge, co-founder of Cult Beauty "Most people have spent lockdown wearing the make-up version of 'leisurewear', otherwise known as skincare; we've become used to seeing our faces without 'going out' levels of daily make-up and I think this has hastened a skin-ceptance movement that has been bubbling up in some beauty counter-cultures for a couple of years now."

Many are applauding the movement for embracing a broader spectrum of beauty standards, "It means we're heading towards a much more transparent place online and the benefits of that for women and young girls' mental health will be prolific," says make-up artist Sarah-Louise Pallari.

Big brands are starting to pay attention. In 2021, Unilever has announced it will remove the word 'normal' from all beauty and personal care product packaging in an effort to be more inclusive.

Sources: WWD Beauty Inc #42 Feb 2021 & Beauty Packaging & Business of Fashion & JWT Future 100 & B&T & You Are Unltd & Hollywood Reporter & Hollywood Reporter & CB Insights & Harper's Bazaar & Harper's Bazaar & McKinsey & Unilever



03. Clean Comfort

COVID-19 shook an assumption the Western world had taken for granted for so long: that hygiene was standard. Suddenly, we lived in a world where contagion was a real risk, from our daily commute to our interactions with the cosmetics category. And we began looking for ways to minimise exposure to germs wherever possible.

Hygiene had become a hot commodity, or in the words of Antoinette Beenders, SVP of Global Artistry at Aveda. "Safety is the new luxury." And the beauty industry was ready to respond. Brands across the board came to market with new product innovations designed to cater to and offer greater comfort for a consumer with a heightened appetite for hygiene.

ANTIMICROBIAL IMPLEMENTS

In early 2020, as the COVID pandemic hit North America, searches for 'antimicrobial' surged over 250%. Antimicrobial products kill or slow the spread of microorganisms like bacteria and viruses, particularly pertinent in the COVID-19 era. According to The Future Laboratory Foresight Editor, Kathryn Bishop antimicrobial technology can be integrated into "various cosmetics accessories such as make-up and mascara brushes. The result is natural bacterial and viral contamination protection – with no need for these brushes to be cleaned or disinfected during their entire period of use."

Brands began launching antimicrobial beauty implements to market. Brands like Clinique, Revlon, Michael Todd and Spa Sciences all released antimicrobial makeup brushes, featuring bristles coated in a clear solution designed to kill bacteria. And brands like UVé Beauty, in development for several years, had the perfect moment to launch to market. The brand launched in late 2020 with a collection of antimicrobial makeup sponges and brushes, catering to a growing base of cleanliness conscious consumers.

With the antiviral coatings market forecast to grow at 13.3% annually over the next 7 years, expect antimicrobial to persist as an industry wide buzzword.

LIGHT THERAPY

In 2020, UV light also found its moment in the sun, as consumers became aware of its germ killing capabilities.

UV light sanitisers hit shelves in beauty retailers, perfect for sterilising beauty tools, such as makeup brushes and sponges, and small electronic devices.

HANDS FREE HYGIENE

Other brands looked to remove touch from the equation all together, moving away from hand-applied products to smart, touch-free delivery systems.

Late in 2020, premium beauty tech brand RÉDUIT announced it would release Skinpods and Hairpods, paired with smart devices that use ultrasonic magnetic misting technology to dispense product, allowing customers to apply product to their hair and skin without using the touch of a tool or their hands.

RÉDUIT founder and CEO Paul Peros says, "RÉDUIT is bringing true innovation to the beauty and hygiene space, giving consumers a new way to get significantly better results in less time with less waste... RÉDUIT's technology ensures every drop of product matters, by making them 38 times more effective than traditionally applied beauty and hygiene treatments."



Pictured: UVé Beauty's antimicrobial products (top) and A RÉDUIT Skinpod and dispensing device (bottom)

Sources: Glossy & Clozette & Trend Hunter & Fashion Magazine & Cosmetic Design Europe & Trend Hunter & PR Newswire & Glamour Magazine & Wunderman Thompson

04. Purpose Over Profit

In 2020, COVID-19 and calls for racial justice culminated in a cultural climate unlike ever before. Society was gripped by a collective sense of social responsibility, and brand purpose went mainstream.

Where once only a small number of purpose-led brands had played, now companies across all categories put purpose (and people) over profit. Many brands undertook what would, in any other year, be considered unconventional and counterintuitive action, in order to help and connect with people struggling to cope in a truly changed world.

PURPOSE FOR THE PANDEMIC

The pandemic saw many brands within the category shift their resources towards public health and social responsibility.

Major industry players, like L'Oréal and LVMH, pivoted production lines to manufacture hand sanitiser. Some brands donated product, with Avon sending soap to countries in need and The Body Shop delivering cleansing products to shelters and seniors. Many donated money, with MAC investing \$10million to COVID relief efforts and 100% of Viva La Glam lipstick sales to communities most at risk during COVID. Others supported those whose jobs were impacted, with Playa Beauty increasing commissions through its affiliate programs to hair-care professionals who found themselves without work.

PURPOSE FOR PEOPLE OF COLOUR

In the wake of global Black Lives Matter protests, many brands across beauty including Glossier, Maybelline, and Deciem donated tens of thousands of dollars to racial justice initiatives. Others like Beautyblender, Herbivore Botanicals and Lipslut, donated a day, weekend or week's worth of profits to the cause.

A few brands went a step further to prove their commitment to people of colour. Fenty Beauty, a brand widely celebrated for its inclusivity, halted all business on Blackout Tuesday.

The brand took to Instagram to make a stand: "The fight against racial inequality, injustice, and straight-up racism doesn't stop with financial donations and words of support... Fenty Beauty will NOT be conducting any business on Tuesday, June 2. This is not a day off. This is a day to reflect and find ways to make real change. This is a day to #PullUp Black Lives Matter."

PURPOSE SCOREBOARD

Not only did brands across the beauty world step up to help, they were under increasing scrutiny to do so, with new platforms allowing ordinary people to hold major players to account.

Website Did They Help? launched in 2020, making a public record of brand actions, good and bad, readily available. The platform allowed visitors to look into how a brand responded to major cultural events like COVID-19 or Black Lives Matter, and decide to back or boycott them accordingly.

PURPOSE FOR PROFIT

According to IBM, as of 2020, 40% of global consumers are purpose driven in their purchases, Focusing first on purpose, doesn't mean sacrificing profit, in fact purpose is increasingly critical to profit, as ethically minded consumers continue to invest in brands that reflect their values.

And according to Did They Help? founder Pooj Morjaria, purpose will be even more pertinent in 2021, "People want more accountability. There is a renewed sense of purpose. We have all had time to sit and take stock of what truly matters to us. By the end of 2021, brand accountability will be as important to sales as marketing."

Did they help?

Find out how companies & celebs reacted to the Coronavirus pandemic, BLM movement & LGBTQ rights

Pictured: the Did They Help website

Sources: JWT Future 100 2020 and 2021 & Cosmetics Design & Forbes & Glossy & Insider





People | Disruption

As COVID-19 disrupted lives in every way imaginable, beauty consumers reassessed the role of the category in their routines, rethinking what was important, what to keep, what to cut and what would help them cope.

05. Skin-fluence

In 2020, skin came under even greater scrutiny, with increased home time and screen time fuelling a surge in skin care.

06. Hands On

2020 was the year hand care went mainstream, as brands elevated the category experience and transformed sanitiser into a premium beauty product.

07. Beauty Therapy

2020 was a tough year for mental health, and brands stepped in to help through purposeful actions, soothing processes and tailored products.

08. Beauty, Reframed

With many interactions mediated through a screen or from behind a mask, our faces were reframed and beauty routines refocused.



05. Skin-fluence

As makeup sales struggled in 2020, there was a surge in interest for skincare.

Several factors drove people to focus on skin, as they found themselves (and their faces) experiencing entirely new conditions.

Stress-induced breakouts: as an 'unprecedented' pandemic upended our lives and challenged our state of mind our skin suffered the consequences

Maskne: the prolonged usage of protective face masks, particularly in markets like Melbourne where it was compulsory, led to a rise in 'maskne'

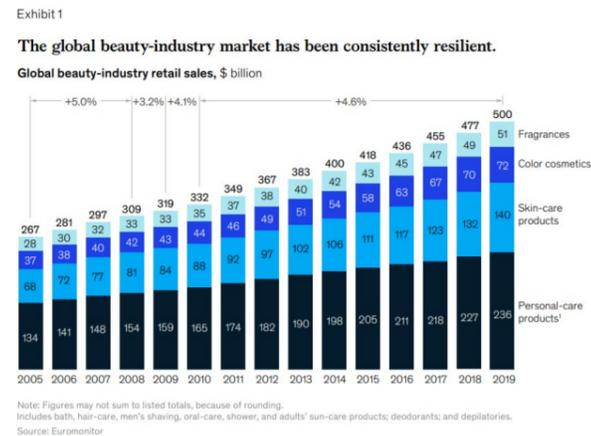
Screen time scrutiny: as Zoom calls became our default form of communication, people spent more time staring at their reflections than ever before, with the harsh light of laptop screens highlighting skin imperfections

Stay at home orders: social distancing measures and stay at home orders meant less human contact and reduced utility for makeup, with people redirecting their dollars into skin care.

Searches for products like serum surged, with Vitamin C, hyaluronic acid and retinol serums all experiencing a 20-40% increase in search volume.

A growing cohort of 'skin-fluencers' are also feeding this appetite for skincare, particularly among a younger demographic. On TikTok, influencers like Hiram Yarbro, who grew his following from 100,000 to over 6 million across 2020, are gaining attention through honest skincare reviews and authentic product recommendations.

Although skincare wasn't the only category to experience COVID growth – nail and hair care also saw a surge – it is a trend experts expect to endure. While some customers may continue to care for their hair and nails at home, most will return to salons now the sector is reopening. In contrast, skincare has been trending upwards for years, a trend accelerated by the pandemic and new consumer habits.



Pictured: Skincare category growth over time (left) & 'skin-fluencer' Hiram Yarbro (top)

06. Hands On

Up until now, hand care was almost an after thought, in 2020 it became an essential, and in 2021 it remains a beauty staple beyond merely hygiene.

To fight the spread of contagion, people began washing and sanitising their hands at a higher frequency. Sales of hand wash and sanitiser skyrocketed as consumers stripped supermarket shelves. But others were after a more premium experience, particularly as some began experiencing negative side-effects from too much hand washing (dry and irritated 'pandemic hands').

Sales of prestige and luxury hand soaps spiked significantly and hand sanitiser itself became a beauty product. More premium options flooded the market and many of these products sold out within 24 hours. This increased interest highlighted brands specialising in hand hygiene, like skin-care forward Touchland. Other brands launched new products, with By Humankind releasing a moisturising hand sanitiser and L'Occitane launching a new hand purifying gel.

Demand extended beyond sanitisers to hand creams, with big players in hand care like L'Occitane seeing increased demand, which they expect to continue into 2021. "COVID-19 has led consumers to rediscover the premium hand care products that we are known for" says Andre Hoffman, vice chairman of L'Occitane International. "We expect this trend to be sustained post-COVID-19 both online and offline."



Pictured: Premium, new to market sanitiser brands Touchland (left) & Merci Handy (right)

Sources: McKinsey 'How COVID-19 is changing the world of beauty' 2020 & Cosmetics Design Europe & Cosmetics Design Asia & Vogue Business & JWT Future 100 2021 & Pinterest Predicts 2021

Sources: Cosmetic and Toiletry Retailing in Australia – Ibis World & Cosmetics Design Asia & JWT Future 100 2021 & Cosmetics Design Asia



07. Beauty Therapy

COVID-19 convinced people that beauty (and personal care) are more than skin deep. In a period when their mental health was under heightened pressure, people turned to the category for self care and comfort more than ever before. Brands responded, empowering customers to prioritise their mental health, through **purposeful** initiatives, innovative **products** and soothing **processes** that not only put mental health at the top of the agenda but helped them cope.

PURPOSE: Beauty brands are expanding into mental health initiatives, bringing brand purpose to life in tangible and impactful ways.

Rare Beauty: Selena Gomez's beauty brand launched in late 2020 with mental health as a key pillar. The brand created the Rare Impact Fund with ambitions to raise \$100 million over 10 years to support mental health services in underserved communities.

Rare Beauty also signed NAMI's Stigma-free pledge, to create a culture of openness, acceptance and understanding about employees' overall health and well-being.

On October 10, 2020, World Mental Health Day, Gomez called on other beauty companies to also make the pledge, prompting Maybelline New York, Wander Beauty, Drunk Elephant, Benefit Cosmetics, Herbivore Botanicals, E.l.f. Cosmetics, Jouer, Milk Makeup and First Aid Beauty to join the cause.

Maybelline New York: On the same day, Maybelline announced the Brave Together Initiative, dedicated to breaking down stigma around anxiety and depression, with a particular focus on Gen Z. Over the next five years, the brand will donate \$10million to mental health organisations.

The brand has also launched a digital platform with mental health advice from experts, a text line to provide free and confidential counselling services, and has partnered with The Center for Global Mental Health at Columbia University, to compile a global report focused on anxiety and depression in Gen Z women.

It is a move true to the brand's values and purpose: "Our brand values were always about empowerment, diversity, inclusion and education," said Amy Whang, senior vice president of U.S. marketing.

PRODUCTS: Other beauty brands are taking their pledge to mental health beyond their brand purpose and designing products with mental wellbeing benefits front of mind.

The Nue Co: In 2020, The Nue Co launched a product specifically designed to benefit mental health on a molecular level. Forest Lungs is a fragrance designed to recreate the healing effect of nature, something the wellness industry has been promoting for years with initiatives like forest bathing.

The fragrance replicates phytoncides, which are molecular compounds produced by trees. These compounds are credited with stress and anxiety reduction, along with boosting the parasympathetic nervous system, which helps the body rest and relax.

Scent-sitive: Beyond specifically designed products, scent itself proved to be beneficial to mental health across what was an extremely tough year for many.

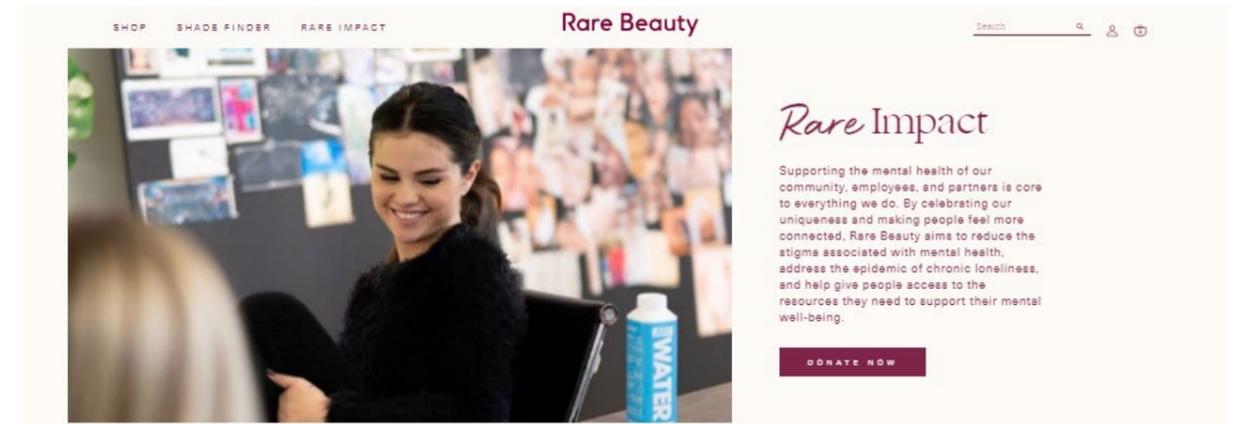
After being initially hard hit by the pandemic, fragrance sales across the board were able to bounce back as consumers sought out familiar, comforting scents that triggered feelings of relaxation.

PROCESS: For many, the process and ritual of engaging with beauty and personal care products was enough to soothe their strained psyches.

Mood-boosting makeup: While many turned away from makeup as the pandemic confined us to our houses, there was a cohort that turned to colour cosmetics for comfort.

According to Dr. Stewart Shankman, chief of psychology at Northwestern Memorial Hospital, applying makeup can be a transformative act of self care: "This COVID-19 pandemic is an unprecedented time of uncertainty and uncontrollability. So people putting makeup on will give them a sense of control given what's going on outside is uncontrollable... it helps their sense of well-being."

Bathing beauties: 2020 was also the year that baths started trending. As people started to invest in their own wellbeing to counter the mental impacts of COVID-19, bathing rituals reached new popularity. On Pinterest alone, 'spiritual bath cleansing' experienced 180% YOY growth in search volume with 'deep soaking tub' experiencing 145% YOY growth.



OUR COMMITMENT



MAYBELLINE BRAVE TOGETHER IS A GLOBAL INITIATIVE FOR THOSE EXPERIENCING ANXIETY OR DEPRESSION AND FOR THOSE WHO WANT TO HELP.



MAYBELLINE HAS CREATED AN ONLINE RESOURCE TO INSPIRE OPEN AND HONEST CONVERSATIONS AROUND ANXIETY



WE ARE PLEDGING \$10M OVER THE NEXT FIVE YEARS TO LEADING MENTAL HEALTH NON-PROFIT ORGANIZATIONS THAT PROVIDE DIRECT SUPPORT.

Pictured: The Rare Impact Fund (top) & Maybelline New York Brave Together Initiative (bottom)

Source: WWD Beauty Inc Feb 2021



08. Beauty, Reframed

As our interactions were mediated through screens or from behind masks, our faces were entirely reframed, and our beauty routines adapted.

Above the keyboard beauty: With our faces front and centre (and reflected back at us) through endless hours of back to back video calls, beauty looks that translated well on screen came into focus. We pivoted our old routines to adopt looks that worked well on video. Moving away from a full face of foundation, and embracing a bold lip or strong brow.

"You don't need an elaborate 10 step make up routine for getting ready for a video meeting. You probably just need a concealer, mascara, an eyebrow... just five or six steps," says CEO of Sugar Cosmetics, Veeta Singh. "We launched this 'work from home kit'... to get you ready for a video meeting quickly. That's done very well and I think that will be a trend in the years to come."

Publishers from Vogue to Allure capitalised on the trend, publishing series of 'How to look your virtual best' editorial, with product recommendations from brow gel and eye serum to bold lips and blush.

While easing lockdowns will mean a return to the office, industry experts are predicting ongoing and broader adoption of remote and flexible working, meaning video calls, and video ready beauty, are here to stay.

Screen savers: Increased screen time has increased our awareness of the impact of blue light on not only our eyes but also our skin. Interest in blue light skin care has surged, with a 46% increase in search volume across the last 12 months and skyrocketing sales for brands who specialise in blue light blocking. Coola, a sun care brand offering multiple blue light products, saw week on week sales double on Amazon and quadruple on their own website.

All about the eyes: When we stepped out from behind our screens, protective face masks were mandatory in various public settings, putting more focus on the eyes and brows than ever before.

In skin care, brands focused on product launches targeted to the eye area, with customers snapping up new offerings to market, like Peace Out's Retinol Eye Stick which achieved 6x the brand's revenue projections in its first month.

However the trend gained real strength in cosmetics. While COVID hit cosmetics hard, in the US, eye makeup was the most profitable segment in cosmetics in 2020, with sales revenue of \$1.96 billion.

Sephora saw growth in lash and brow categories as people prioritised 'above the mask beauty'. Other industry insiders saw consumers embrace bolder and brighter colours for eyes and brows, with Pinterest even coining the term 'Rainbrows' for the bold new looks.

While masks may not have been mandatory everywhere, global trends towards eye makeup and eye care will still have an impact locally. Particularly as brow and eye beauty dominate runways across the biggest global fashion weeks, including the spring/summer 2021 collections. Particularly as brow and eye beauty dominate runways across the biggest global fashion weeks. Eyebrows were the focus of spring/summer 2021 from Pat McGrath's Miu Miu makeup looks complete with lines shaved into brows, to Peter Philips defined, '90s-esque brows at Acne Studios. For fall, it was all about bold eyes, with Pat McGrath crafting bright pink and blue winged eyes for Versace, and the Giambattista Valli catwalk coming to life with bold blue, yellow, purple and black ringed eyes inspired by pansies.



Pictured: 'Rainbrows' on beauty YouTuber James Charles (top left) Coola's blue light products (top right) & Versace's fall 2021 runway make-up look (bottom)

Sources: Cosmetic and Toiletry Retailing in Australia – Ibis World & Cosmetics Design Asia & Cosmetics Design Europe & Vogue Business & Pinterest Predicts & Beauty Inc WWD Issue #41 Feb 2021 & #46 March 19 & Business Insider





Tech | Acceleration

Tech trends emerging in the category pre-pandemic were accelerated, as brands shifted to cater to an increasingly digital consumer.

09. Mixed Reality Retail

Brands are transforming bricks and mortar stores into omnichannel brand experiences in a new era for retail.

10. A+: AR + AI

Brands are leveraging AR and AI technology to deliver more tailored solutions in an increasingly digital and touch-free world.

11. E-expertise

When retail stores closed due to COVID, category expertise shifted online with virtual experiences now an expectation.

12. Post-COVID Commerce

COVID-19 accelerated the growth of e-commerce exponentially with brands now looking to expand into social and live commerce.



09. Mixed Reality Retail

The COVID pandemic dramatically shifted our relationship with retail. Sector lockdowns restricted access and redirected category consumption online. Online experiences reset expectations for the category, and ongoing concerns around contagion are continuing to curb a return to physical retail for some. One study from NAB found people are still showing "some reluctance" to visit major shopping centres.

To counter the trend towards ecommerce over in-store, category retailers are introducing digitally enhanced stores to draw people back, transforming in-store beauty retail into an omnichannel brand experience. It's about bringing together the best of the physical and digital experiences: "We have always considered that the future was not online versus offline, but online plus offline" says Lubomira Rochet, chief digital officer of L'Oréal.

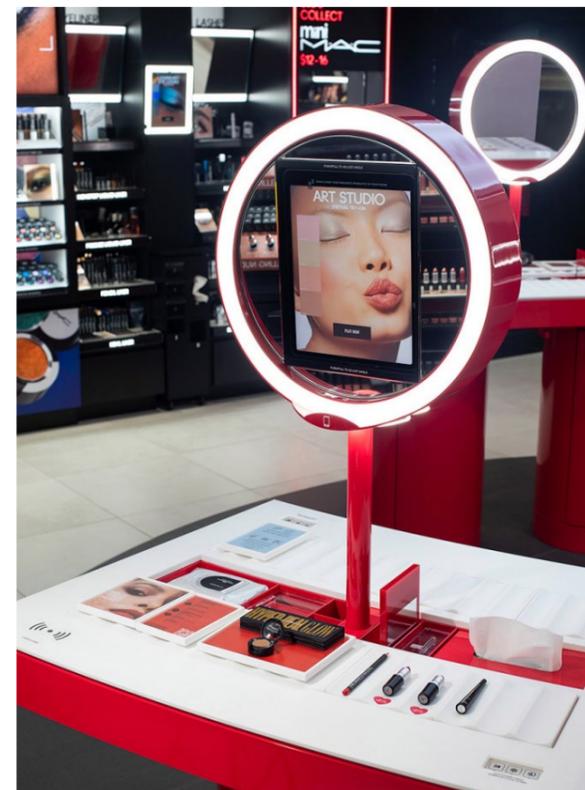
These 'phy-gital' stores are the culmination of the ongoing trend towards enhanced IRL brand experiences and a cultural context with hygiene

high on the agenda. Digitally enhanced store spaces are designed to elevate the consumer experience, making it both more seamless and more immersive, ensuring consumer safety in a new era for retail. Beauty brands are leveraging emerging technology like voice, touch or movement-activated augmented reality mirrors and screens, offering virtual product try ons, skin diagnostics and shade matching capabilities. Brands experimenting in these 'phy-gital' spaces and new technologies include:

- Mecca Brands who are rolling out connected stores across Australia, featuring digital screens, interactive displays and selfie studios.
- MAC who launched their NYC Innovation Lab in late 2020. The store features stations where customers can virtually try on products or entire looks created by local makeup artists, as well as infrared touchscreens to shade-match their skin tone to MAC foundation.



Pictured: MAC Innovation Lab, NYC



As well as Lancôme who in 2020 launched a pop-up smart store in South Korea, featuring contactless elements, such as personal mobile shopping carts, where you scan products with your smartphone to add to your virtual basket, before scanning your phone to purchase at the digital checkout in store.

While they are experimenting in phy-gital, Lancôme is also taking the inverse approach to mixed reality retail, flipping the trend on its head, by bringing the best of the IRL retail experience online.

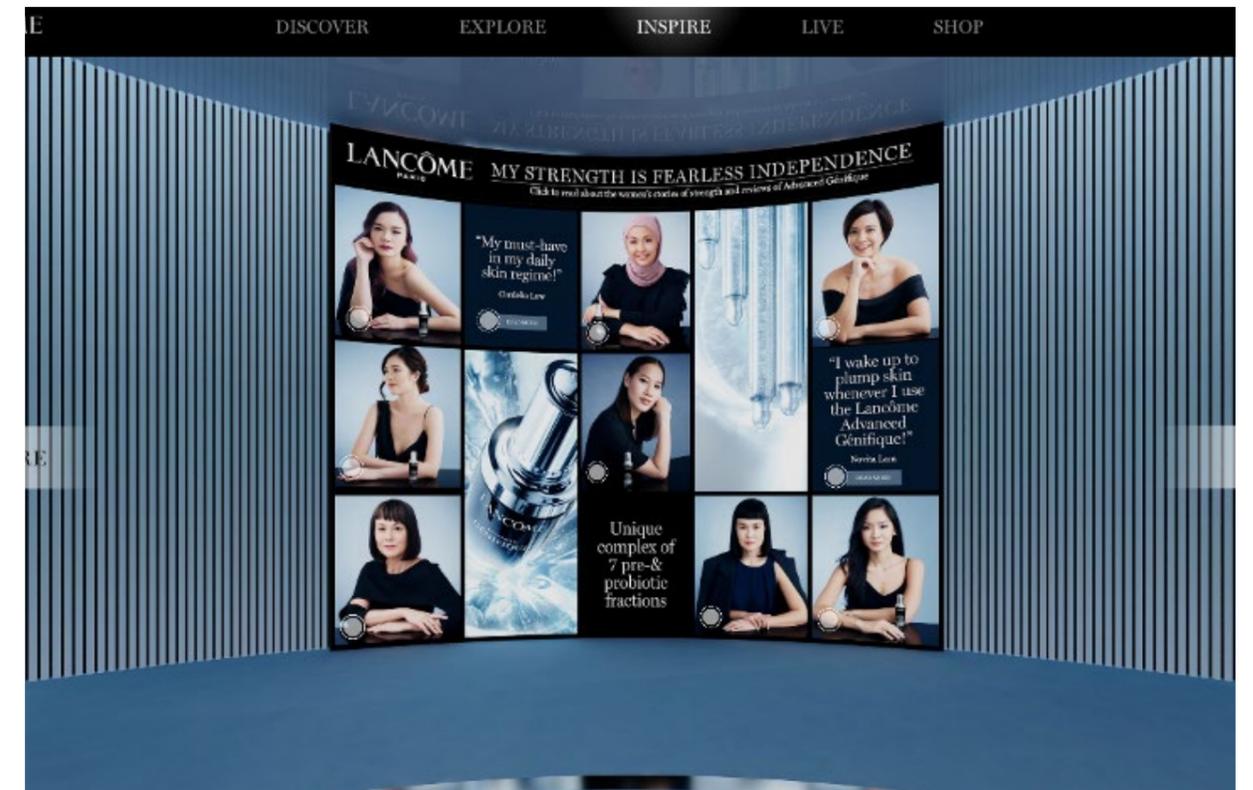
In August 2020, Lancôme launched a Singapore-exclusive virtual flagship store: the Lancôme Advanced Génifique #LiveYourStrength Virtual Flagship. The 'store' is purely digital, an immersive 3D shopping experience with five unique zones giving customers a multidimensional experience of the brand's best selling anti-ageing serum.

One zone is dedicated to discovery, allowing people to learn about the product and the science of microbiome. In another zone, people can experience

virtual skin consultations in real time with real Lancôme experts, or alternatively, they can simply take a selfie and use the E-Youth Finder skin diagnosis tool to receive a tailored skin care routine. Charlotte Tilbury followed suit in November, launching a virtual retail store with multiple, browsable virtual rooms, AR virtual product try on, and a digital avatar of Tilbury to guide you on your journey.

Whether IRL or URL, the trend of mixed reality retail is proving that a store is no longer just a place to sell products but also an experience in its own right, allowing potential customers to immerse themselves in the world of your brand.

Sources: Cosmetic and Toiletry Retailing in Australia – Ibis World & The Age and NAB & JWT Future 100 2021 & WWD & Cosmetics Design Asia & Cosmetics Design Asia & WWD Beauty Inc Feb 2020 & Wunderman Thompson



Pictured: Lancôme's Advanced Génifique #LiveYourStrength Virtual Flagship



10.

A+: AR + AI

As people's lives become ever more dominated by digital, a trend accelerated by the COVID-19 pandemic, beauty and personal care brands are evolving their offering to adapt to shifting lifestyles and buying behaviours. Increasingly, brands are adopting AR and AI technologies to enhance category experiences for a more digitally savvy consumer. This accelerated adoption of A+ (AR + AI) tech is driving four key trends within the category: Digital Diagnosis; Diagnosis to Delivery; Smart Sampling; and E-Makeup.

DIGITAL DIAGNOSIS

Driven by demand for personalisation, big brands are turning to AI powered technology to deliver tailored regimes to increasingly sophisticated shoppers. Beauty tech firm PerfectCorp is developing tools to help brands (like Neutrogena) tap into this trend.

In late 2020, PerfectCorp launched the latest iteration of its AI Skin Diagnostic Solution. Leveraging machine learning, the tool analyses key skin health metrics, such as oiliness, to help brands deliver more personalised product recommendations to their customers.

The tool can be used across multiple platforms from WeChat to in store environments.

DIAGNOSIS TO DELIVERY

A number of beauty players are taking digital diagnosis a step further, using the power of new tech to deliver not only personalised recommendations but also personalised products directly into people's homes.

L'Oréal's Perso (launching to market as YSL Rouge Sur Mesure) is an AI-powered device that enables users to experiment with cosmetics in their own home. The device pairs with an app to deliver AI-driven lipstick shade recommendations. Users can explore shades by a) browsing a trends portal; b) exploring other users' uploads; c) scanning the colour of an item they own; or d) showing the app their hair colour, eye colour and outfit via their smartphone camera. The app also leverages AR technology, allowing the user to 'try on' the lipstick virtually. Finally, the countertop device dispenses that exact shade for the user to wear in real life.

In skincare, Shiseido has launched a similar system. Optune is a personalised skincare system including an app and a countertop dispenser. Data gathered via the app is transferred to the dispenser which then produces a combination of serums to meet each customer's unique needs.

Neutrogena is working on MaskiD, a 3D printed face mask tailored to each individual consumer's face shape and skin needs.

And P&G's Opte Precision Skincare System offers a similar experience, digitally scanning the user's skin and delivering serum tailored to their needs.



Pictured: L'Oréal Perso, an AR and AI powered experience delivering personalised lipstick shades



Pictured: P&G's Opte Precision Skin Care System

SMART SAMPLING

Over recent years, category leaders like L'Oréal have been investing in virtual try-on tools powered by AI and AR. In the current context, with booming e-commerce and increased concerns around hygiene, the ability for people to test products virtually prior to purchase is proving essential. It's also proving profitable, as consumers begin to experiment with products they wouldn't normally try or buy in store.

Using L'Oréal's ModiFace technology, Armani has launched AR at scale in China via WeChat. Customers can use the app to try on makeup virtually and purchase immediately.

The Tmall e-comm portal has also integrated an AI experience to help shoppers try before they buy from online flagship stores like Tom Ford. And MAC Cosmetics is offering virtual try-on (VTO) options both on its website and Instagram.

E-MAKEUP

L'Oréal Paris has taken this trend one step further. Tapping into the reality of work and social interactions increasingly conducted via video calls, the brand launched a virtual only makeup line, Signature Faces. The collection consisted of 10 beauty looks that consumers could 'wear' on key video call platforms like Zoom.

This innovation draws on a broader trend of purely virtual makeup, emerging from the gaming world and gaining attention from major beauty brands globally. Brands like Givenchy and NARS have partnered with Animal Crossing to launch virtual versions of real life makeup products that players can experiment with and wear in game. While MAC is offering a similar experience in The Sims, developing 12 custom makeup looks that can be worn in game, and replicated in real life with MAC products. It signals a broader recognition from beauty brands that virtual environments are not just a space to buy beauty products, through offerings like e-commerce, but also a place to experiment with and even wear beauty products.

Sources: Cosmetic and Toiletry Retailing in Australia – Ibis World, JWT Future 100 2021 & Cosmetics Design Asia & Vogue Business & Cosmetics Design Asia & Vogue Business & WGSN China: The Coronavirus Impact & eConsultancy & WGSN Coronavirus: Global Change Accelerators & Vogue Business & Paper Mag & Nylon & Luxury Launches & Nylon



11. E-expertise

When COVID-19 hit retail beauty hard, brands pivoted to virtual platforms – from Instagram to FaceTime – to deliver their services and share their expertise.

In Australia, Mecca Brands began offering virtual events and complementary consultations through FaceTime.

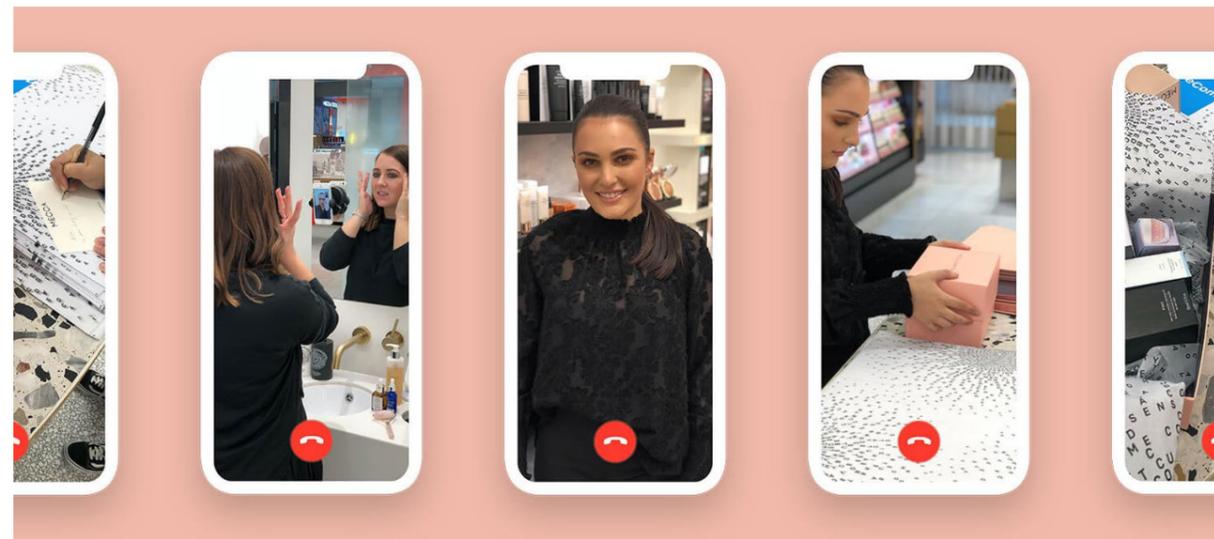
Others turned to Chat Box technology, with brands like Bobbi Brown and The Inkey List turning to online chat to field questions and make product recommendations.

Globally, Kiehl's made their Healthy Skin Club virtual, offering personalised consultations via online chat. And Guerlain, Deciem and Clinique all leveraged the accelerated adoption of video call tools like Zoom and Skype to deliver virtual one-on-one consultations between customers and their experts.

While virtual consults were a necessity in the midst of COVID lockdowns, experts expect these online experiences will become as valuable as their real world alternative.

With such widespread adoption from brands and customers alike, virtual services are becoming an expectation rather than an innovation, a need to have, not a nice to have.

In fact, L'Oréal's chief digital officer Lubomira Rochet predicts online 'skincare coaching' will be one of the key trends of 2021. "You come with a concern," says Rochet, "we establish a diagnostic thanks to the ModiFace technology and set up a programme. We move from skincare products to skincare services."



Pictured: Mecca Brands' Virtual Services offering via FaceTime

12. Post-COVID Commerce

COVID-19 has been credited with the accelerated uptake of ecommerce. Beauty consumers moved online, and, even as stores began to reopen, many opted to stay online. Ecommerce was a lifeline for an industry hard hit by COVID. D2C brands and pureplay digital platforms experienced a surge in popularity and purchases. And major players like L'Oréal were able to offset more than 50% of sales lost in physical stores across the globe through ecommerce activity.

With online purchasing increasingly becoming the norm, evolving trends in ecommerce are more important for brands than ever before. Social and live commerce, which have gained popularity in digitally advanced economies like China, are becoming priorities for major players in market.

SOCIAL COMMERCE

Social commerce is the shift from ecommerce platforms to social platforms, like WeChat, TikTok, Facebook and Instagram, where products are purchased within the ecosystem of the social app itself. L'Oréal is one of the major players tapping into this trend.

The beauty brand has bought a minority stake in Replika Software Inc, a social selling platform. L'Oréal's chief digital officer Lubomira Rochet is passionate about the possibilities of social commerce: "Today, ecommerce already represents 25% of L'Oréal's revenues. The rise of social commerce is a great opportunity for our brands to reinvent the consumer beauty experience worldwide."

LIVE COMMERCE

One of the most exciting aspects of social commerce for brands is the live experience. A trend gaining traction in the Chinese market, live commerce features an influencer livestreaming as they try out different products, interact with their audience, and ultimately sell those products. And it has proven its capacity to shift product at scale. Last year's 2020 Singles' Day shopping event saw individual live streaming channels generate in excess of \$15 million in gross merchandise value. While China is leading the charge, live commerce is gaining ground in the West in major markets like North America, with brands like NYX, Kiehl's and It Cosmetics all hosting livestreamed shopping events in 2020.

Social platforms themselves are also getting in on the action, with major player Facebook launching live commerce platforms across both Facebook and Instagram.





Product | Innovation

The beauty industry has long been at the forefront of science and technology. And as global events drive people to become more concerned about the health of the planet and its people, beauty brands are innovating to deliver products that are safe and sustainable, multi-purpose and personalised.

13. Keeping it Clean

As sanitary and safe product solutions were prioritised in the pandemic world, the clean beauty movement gained mainstream momentum.

14. Biotech Boom

Sustainability and now safety are key concerns for category consumers, so brands are turning to biotech to deliver ingredients and products that tick both boxes.

15. Bonus Benefits

We are entering a new era of sophisticated multifunctional products, as people seek out solutions that minimise waste, maximise value and deliver real results.

16. Skin Science

Beauty is becoming ever more scientific as brands lean into biology and epigenetics to better understand how our skin works and deliver personalised solutions.

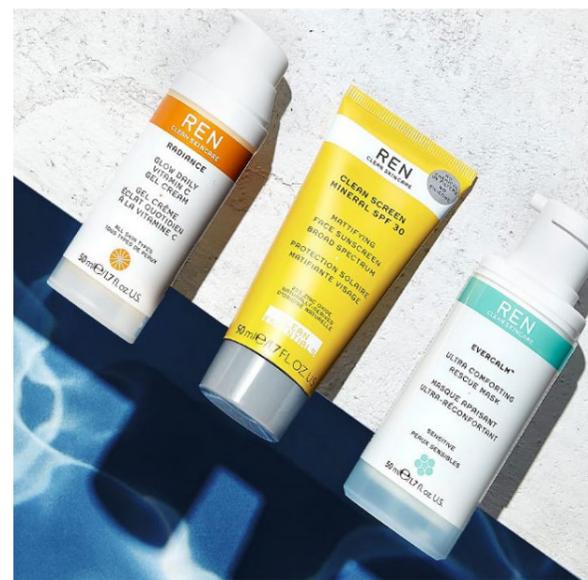


13. Keeping it Clean

In the wake of COVID-19, the 'clean beauty' trend has rapidly accelerated as people increasingly prioritise product solutions that are clean and safe.

Clean beauty is hard to define, but essentially refers to products made without any ingredients that are proven or suspected to be harmful or toxic. These products are therefore deemed to be 'cleaner' and 'safer' for customers. Clean beauty has been gaining traction for a number of years. In fact, within the prestige beauty market, clean brands grew 39% year on year in 2019.

Clean beauty taps into growing consumer desire for transparency from brands, so they can better understand what their products are made of. The trend is largely driven by shifts towards 'cleaner' lifestyles, born out of the wellness movement. "An obsession with wellness and detoxification, both in terms of diet and products, is fuelling a demand for stripped-back, 'clean' ingredients," says Victoria Buchanan, senior futures analyst at The Future Laboratory. "Consumers are becoming more knowledgeable about possible irritations caused by synthetic ingredients in fragrances and preservatives and are reading labels more carefully, a habit picked up from the grocery aisle."

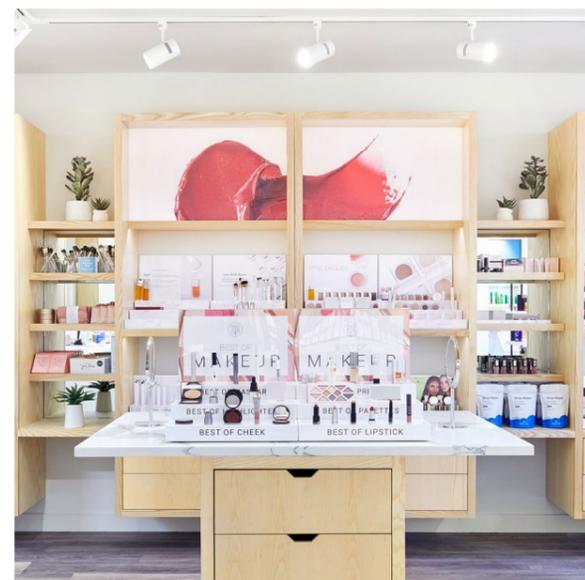


Pictured: Ren Clean Skincare (left) & clean beauty retailer Credo (right)

A rise in sensitive skin has also driven appetite for products that won't irritate or inflame.

The clean trend emerged with niche beauty brands like Ren and Drunk Elephant, followed by clean-only beauty retailers like Credo and Follain. But it quickly gained traction in the mass market, as customer appetite for everything clean became clear. Amazon launched its own clean beauty brand. Revlon launched clean products, including primer. And big brands started buying up small clean players, with Shiseido acquiring Drunk Elephant and Unilever picking up Ren and Tatcha.

While some critics claim clean beauty is simply a marketing ploy, a label that is hard to define and therefore regulate, in the context of COVID-19, clean beauty isn't going anywhere. Customers are looking for products proven to be safe and sanitary, in fact according to Monica Arnaudo, chief merchandising officer at Ulta Beauty, up to "9 out of 10 beauty consumers are interested in buying clean over the next 12 months."



Sources: Vogue & Cosmetics Design Asia & WWD Beauty Inc #34 Nov 2020 & CB Insights & Washington Post

14. Biotech Boom

As people's concerns around both sustainability and safety become more prominent, biotech is presenting a compelling solution for the beauty industry.

Natural beauty's skyrocketing popularity somewhat suffered during COVID-19, as customers became more conscious of safety and hygiene. According to Kathryn Bishop from The Future Laboratory, "The arrival of Covid-19 [has highlighted] how natural doesn't always mean better – especially where safety and shelf life are concerned. Biotechnology is stepping in to challenge beauty brands and consumers to forge new definitions of natural."

Biotech takes natural ingredients, like plant extracts, and reproduces them in a lab. The result? Products and ingredients that are both tested and safe for increasingly cautious consumers, but also meet sustainability standards as they avoid any need to extract ingredients at scale from the earth, ocean or even animals.

Brands across the board are investing in biotech, including major category players like L'Oréal who invested in the start-up Carbios.



Pictured: Biossance skincare range (left) & Virtue Labs haircare range (right)

And these start-ups are developing ground-breaking new product innovations for the cosmetics category, including:

- Animal-free collagen for use in skincare, like AHC's Ageless Real Eye Cream for Face
- Sugar cane-based squalene, for promoting plumper skin and used by the brand Biossance
- Ethically-sourced keratin, found in Virtue Labs range of haircare products
- Biosilk proteins, used by skincare brands like Eighteen B.

According to Sarah Reisinger, VP of R&D and Biotech at Firmenich, "Consumers are looking for renewable, sustainable solutions. Individuals and companies alike are examining how they can do their part to minimise their impact on the earth. Ingredients produced via biotech are one way of doing this."



Sources: Cosmetics Design Asia & Glamour Magazine & CB Insights



15. Bonus Benefits

Multifunctional beauty products aren't new, but they are becoming more sophisticated, and in the current climate, more appealing. Investing in multifunctional products means streamlining beauty routines, minimising waste and maximising value for a conscious consumer.

MAKE UP FOR SKIN

People are rapidly adopting makeup that doubles as skin care. Products like BB and CC creams, primers with moisturizing properties and illuminating moisturisers offer the traditional benefits of makeup, with the bonus element of caring for your skin.

SKIN CARE FOR SLEEP

Skin care is also beginning to double up as the secret to beauty sleep, with brands infusing their night time skin care regimes with ingredients designed to destress and promote slumber. Givaudan Active Beauty's My Blue Guard High Performance night cream is designed to fight the effects of digital stress on sleep (like blue light). The night cream includes an active cosmetic ingredient called Synchronight. The ingredient is activated by the skin's microbiome and helps promote melatonin and rejuvenate skin. The product also features DreamScentz a fragrance ingredient designed to enhance sleep.



Pictured: Givaudan's sleep promoting night cream (left) & Firmenich's Dreamwood (right)

US specialty chemical maker Ashland is playing in the same space, having developed the ingredient Nightessence, which enhances the naturally occurring nocturnal processes in the skin, including promoting the production of melatonin.

SCENT FOR SKIN

Scent is also expanding its role in the category. In May 2020, Fragrance maker Firmenich launched Dreamwood, a fragrance ingredient with skin care benefits. Designed to be reminiscent of sandalwood, the ingredient replicates both the scent and cosmetic benefits of the wood. With antimicrobial properties and a soothing effect, Dreamwood not only smells great but has potential to benefit skin issues like blemishes and breakouts.



Sources: WWD Beauty Inc Feb 2021 & Cosmetics Design Asia & Business Insider & WWD, Stylus, Hatch Beauty Brands 'Here + Now: Beauty in a Post COVID-19 Era', WGSN & Trend Hunter & Cosmetics Design Asia & Cosmetics Design Asia

16. Skin Science

Skincare is becoming ever more scientific, with brands leveraging biology and epigenetics to better understand the skin and delivered targeted care.

BIOLOGY

"Biology could bring skincare to a new level," says Guive Balooch, global VP of the L'Oréal Technology Incubator. And when it comes to biology and beauty, there is no bigger buzzword than microbiome. The microbiome is the bacterial barrier that protects the skin from environmental factors like UV light and pollution. But when the microbiome is damaged, it can result in everything from eczema to acne.

While beauty brands across the board are releasing products designed to support and protect the skin's microbiome, big beauty players are taking things a step further, partnering with biotech firms to conduct in depth research. L'Oréal is working towards a future where personalised cosmetics products can be perfectly matched to suit each individual's needs. The cosmetics giant sees the microbiome as the key to unlocking that future. "Each microbiome is unique, which opens the pathway to individualized care routines," says Luc Aguilar, director of clinical and biological research for L'Oréal R&I. "Its study can help reinvent cosmetics by better personalizing products, giving our consumers exactly what they need."

EPIGENETICS

Epigenetics is the other scientific field gaining traction in beauty. Epigenetics is the study of how behaviour and environment (things like diet, stress, pollution) can cause changes that affect the way your genes work, in turn impacting aspects of your health, including the health of your skin.

In the beauty category, brands are using DNA sequencing to give consumers a clearer idea of the genetic condition of their skin, including any predispositions. This insight allows brands to tailor skin care regimes and even developed personalised products that cater to individual's specific needs.

"Understanding your genetic predispositions helps both the patient and the dermatologist to better understand an individual skin's inherited needs and can explain up to 60% of factors affecting your skins conditions," says Raphaëlle Faure, brand manager at Biologique Recherche.

The technology is being rolled out through direct-to-consumer testing kits, from brands like Pathway Genomics, EpiGen Care and Biologique Recherche, and even being integrated into luxury spa experiences, like those offered at British retailer Harrods.



Pictured: L'Oréal Technology Incubator

Sources: CB Insights & JWT Future 100 2020 and 2021 & Glamour & L'Oréal & Dove



Where to from here?

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dentsu

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Understand how you can build trust with this audience.

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