UP NEXT

COMMERCE LIVE | Profitero

Back to Basics: What to do When Consumers Shift from Luxury to Necessity

Discuss the session live:
#4-beauty-personal-care

Ekta Chopra
VP Digital,
e.l.f Cosmetics

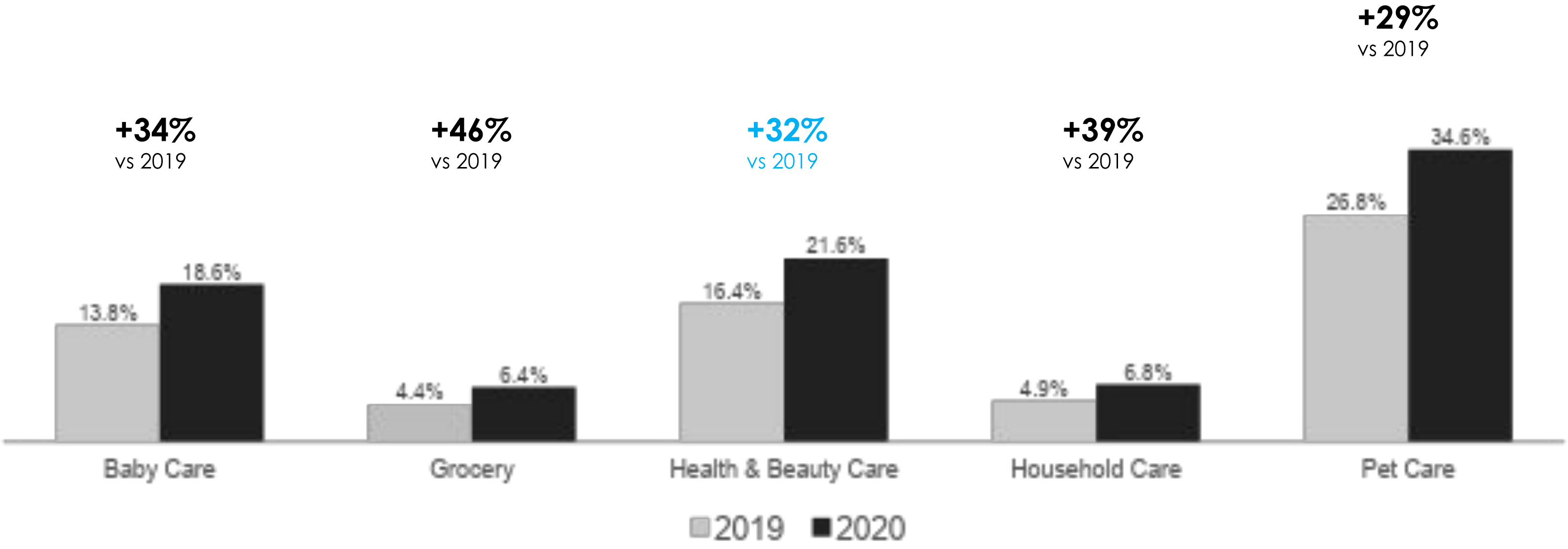
Sri Rajagopalan
Former SVP at Revlon,
Johnson & Johnson;
Co-Founder of Zenfuel

Melissa Burdick
Co-Founder and
President, Pacvue

During the pandemic, eComm penetration jumped to 21.6%, a 32% increase vs. the same period last year

<u>eCommerce sales as a % of total channel sales</u>

March-April 2020 vs year ago



Time period: March-April
Source: Nielsen/Rakuten panel data
N= 124 categories
eComm share of total sales median for the categories studied = 6%

1 Searched Term During the Pandemic on Amazon?

Top Items in Beauty April = DIY

#1

"Hair Clippers"

#2

"Polygel Nail Kit"

#3

"Gel Nail Polish"

#4

"Face Mask"

#5

"Dip Powder Nail Kit"

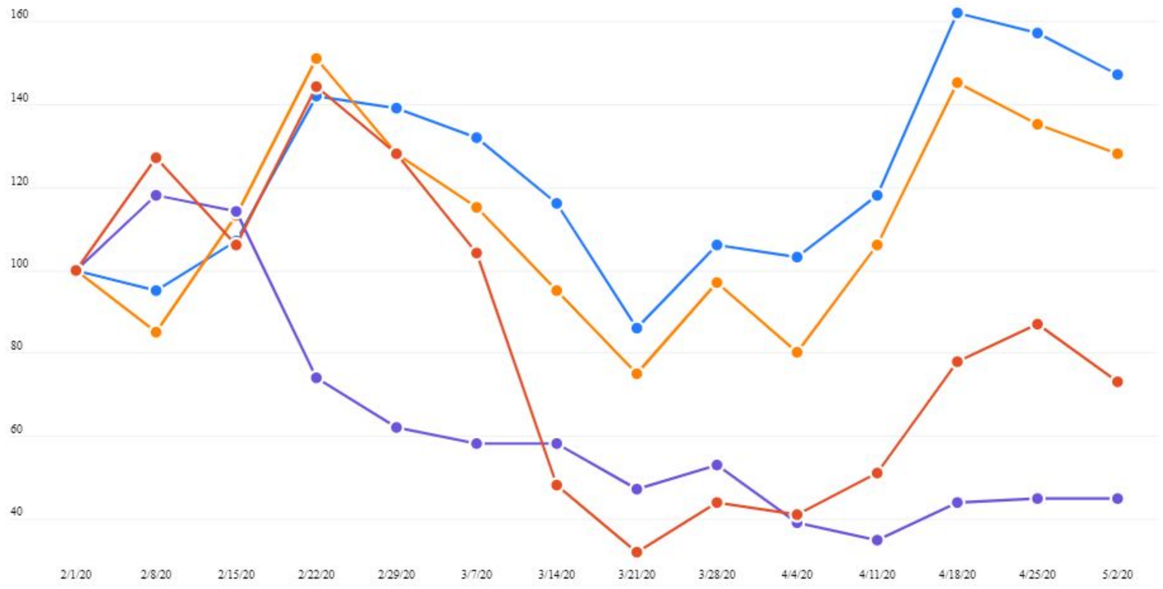
#6

"Makeup Organizer"

Consumers want to make a good appearance on Zoom, but are tossing extra luxuries aside

Change in Amazon search rank

Index 100 = search rank for the week ending February 1st, 2020



"bronzer"

"concealer"

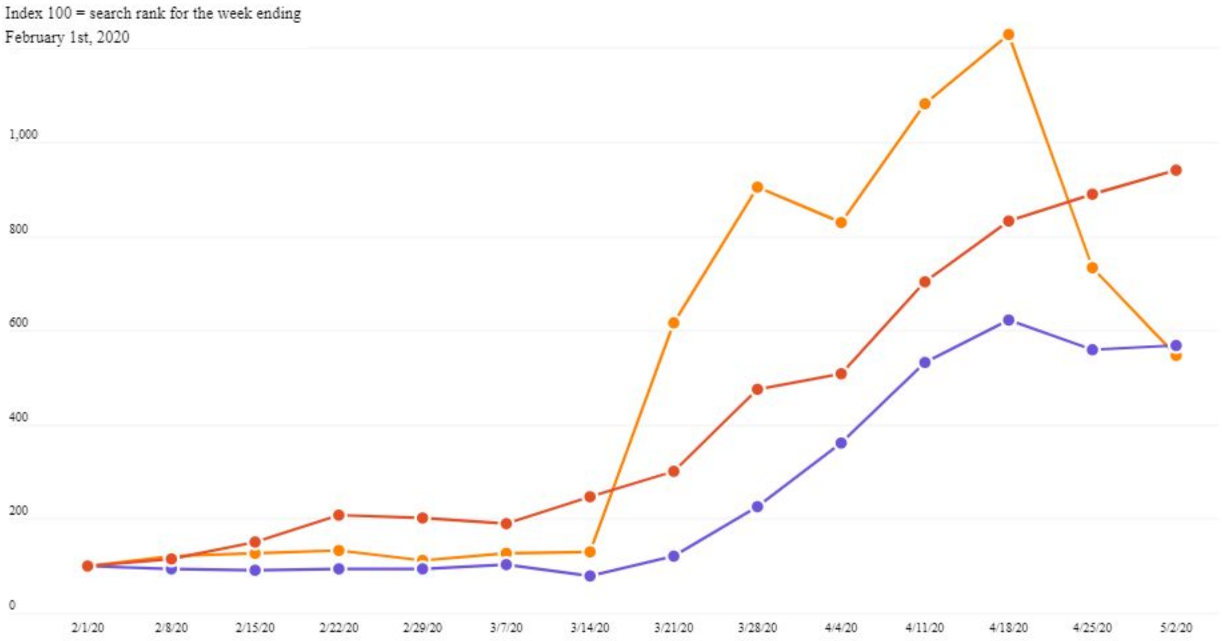
"teeth whitening"

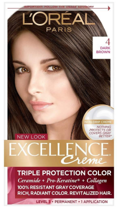
"lipstick"

Source: Profitero, Amazon

Seeking salon-quality treatment, in the home

Change in Amazon search rank





"hair color"

"wax strips"

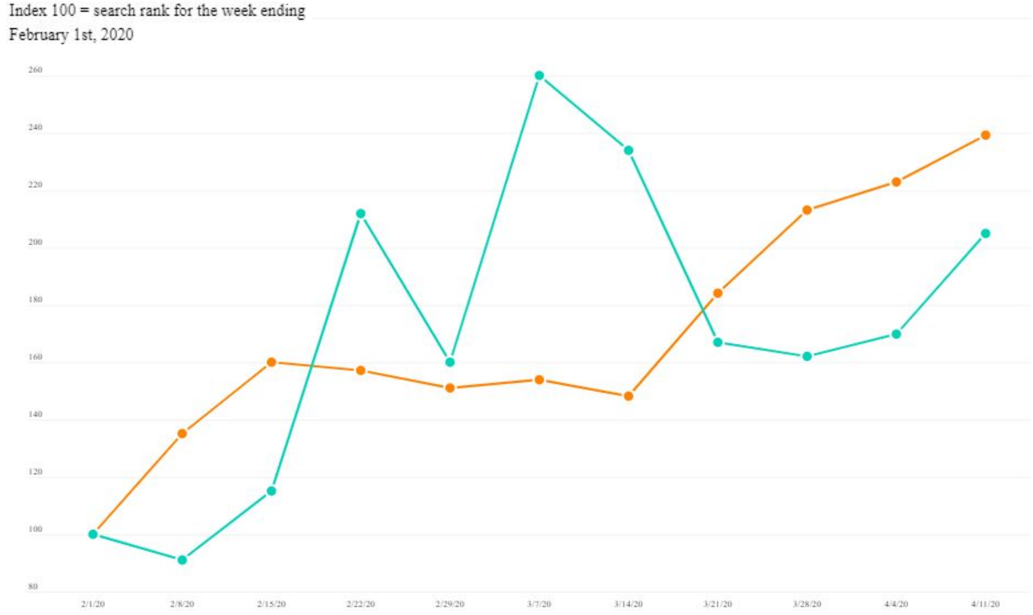
"pedicure"

Source: Profitero, Amazon

COMMERCE LIVE

“Power pampering”: Consumers seek peace and relaxation amidst stressful times (a.k.a. “kids”)

Change in Amazon search rank



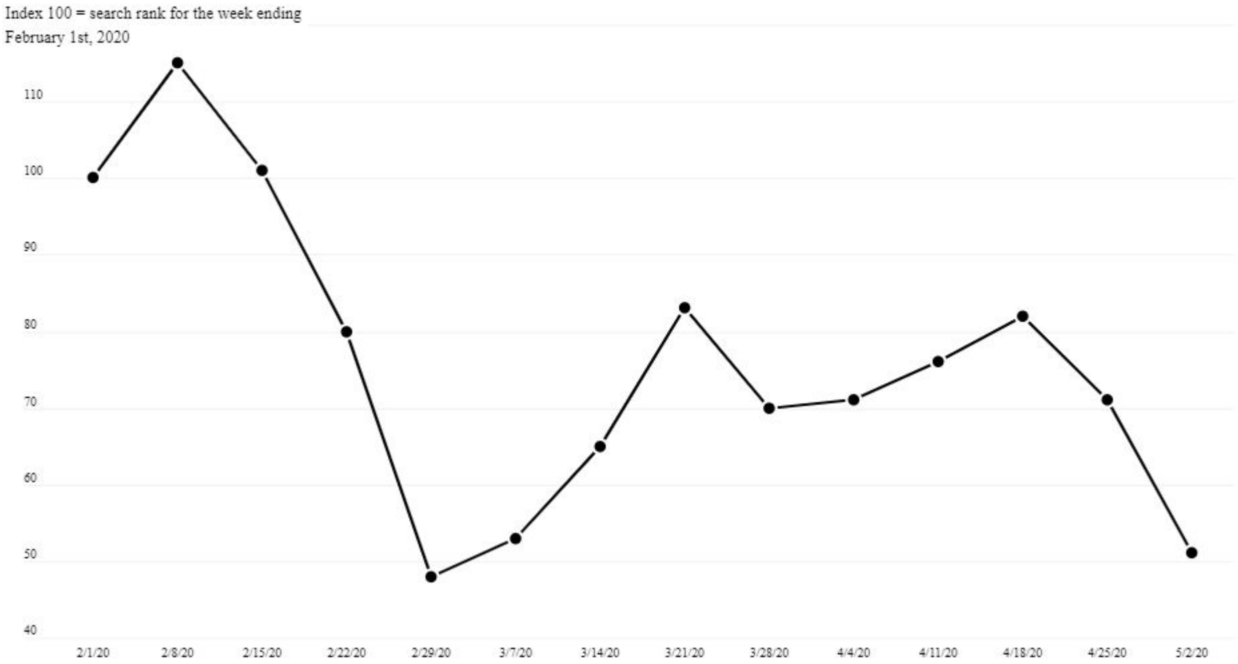
“bath salts”

“essential oils”

Source: Profitero, Amazon

“My dog doesn’t care if I smell”

Change in Amazon search rank



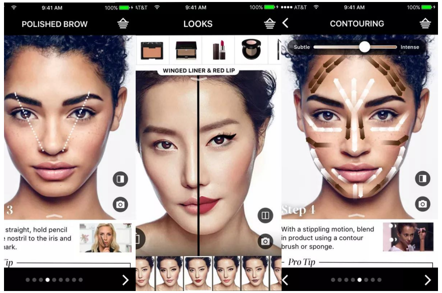
“deodorant”

Source: Profitero, Amazon

Predictions

Jason Goldberg,
Publicis
Chief Commerce Strategy Officer

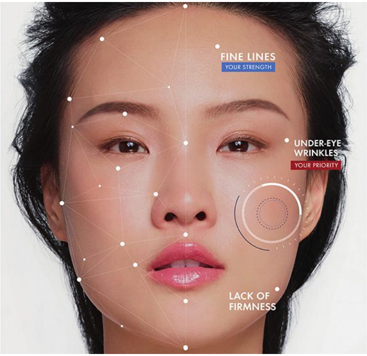
1) **Headwinds in the beauty space** - Traditional beauty retailer dept stores close
2) **Slowing of growth** - Consumers pivot from beauty to health & wellness & value-oriented products
3) **Fewer products from new challenger brands** as venture funding dries up
4) **More Exclusive beauty products** created by retailers like Target & Sephora
5) **Virtual try-on** more prominent once traffic returns to stores as consumers are leery to use community sample products

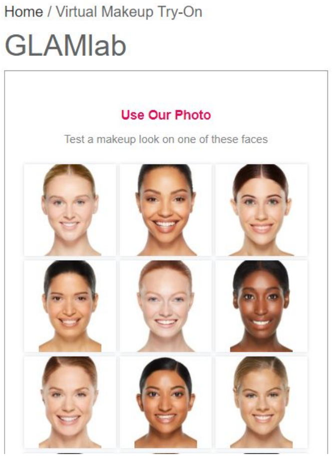


AR Tools

1) L'oreal ModiFace
2) Coty Magic Mirror
3) Sephora Virtual Artist
4) Ulta Glamlab
5) YouTube FameBit
6) Snap?

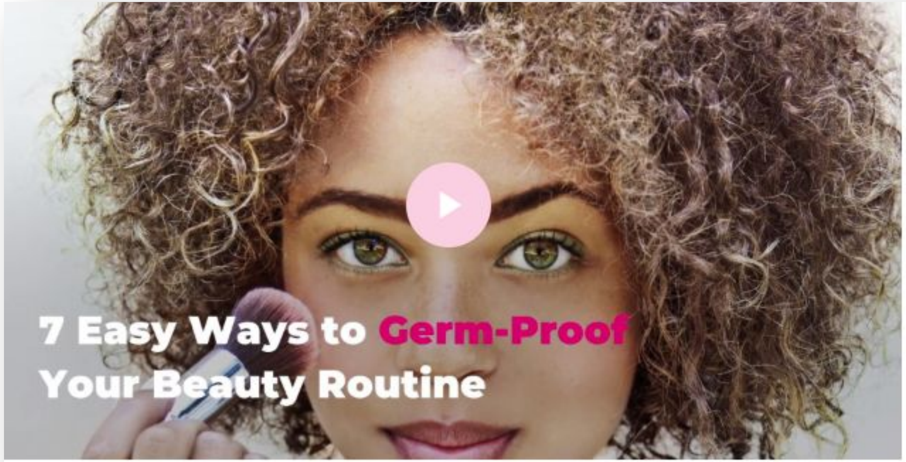
COTY SEPHORA
L'ORÉAL ULTA BEAUTY





Source: Jason Goldberg

Predictions



Digital spend will **increase 3-5x** over the next 12 months

Beauty **inside out** will become a focus for many brands, wellness will be a major focus

Messaging around "**germ free**", "**immunity building**" will be the focus for the next 12 months

- Ekta Chopra,
Elf Cosmetics
VP Digital

Predictions

JCPenney + SEPHORA

Mass + Prestige Beauty continue to blend with **shops w/in retailers.** Would Target be the next Mass retailer opening doors to Luxury Brands with a shop-in-shop concept?

- Oshiya Savur, Revlon Luxury VP Marketing & Education

Predictions

1) Overall **category deceleration** as # of doors declines, physical store trips decline, and discretionary incomes compress
2) **DTC rising** in priority for 1st party data & brand control
3) Growth of **private label**
4) Lots of growth in **low/zero-waste cosmetics & personal care**, perhaps accelerating as people try to simplify & de-clutter
5) Lots of new indirect competition from **"inner beauty"** supplements / regimens

- Keith Anderson, Profitero
SVP Strategy & Insights