

FRAGRANCE AND PERSONAL CARE

Outlook 2021: Beauty gets a virtual, value-driven lift

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Beauty industry looks to rebound from a difficult year. Image credit: Glossy

By NORA HOWE

This year forced a number of challenges upon the luxury beauty industry, promptly reshaping how consumers will approach cosmetics.

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As consumers continue to experience the physical and emotional effects of the pandemic, a shift toward skincare and wellness and value-driven brands is expected to grow. Primarily due to restrictions on in-store shopping, brands and retailers have had to strategize new ways to engage customers, developing new digital programs like augmented reality and ecommerce platforms.

"Beauty has always been a high-touch category," said Sheri Koetting, founder and creative director of **MSLK**, New York. "Now, more than ever, consumers are looking to digital experiences to replace the highly personal experiences they are missing from traditional brick-and-mortar retail."

Here are some key trends that will continue through 2021 as luxury beauty looks to reshape after a tumultuous year:

Skincare as beauty

Even before the onset of pandemic restrictions and lockdowns, beauty and wellness were converging as consumers began to take a more holistic approach to beauty ([see story](#)).

At the beginning of 2020, French fashion house Christian Dior took beauty more than skin deep in a skincare campaign centering on physical and mental health. The brand tapped supermodel Gisele Bündchen to share her lessons about achieving a sense of well-being that extends to conscious skincare.

According to a survey by **Bazaarvoice**, 46 percent of respondents said in April they purchased more skincare products than before because they had more time for self care. In October, 58 percent indicated that they were more focused on skincare than ever before.

"COVID-19 has accelerated interest in self-care including traditional skincare, natural skincare, nourishing your skin from within, at-home skin care devices and caring for your whole body as seriously as you do your face," Ms. Koetting said. "The no-makeup movement has been growing with younger consumers, and largely due to COVID-19,

we are certainly seeing skincare as beauty on the rise especially the fresh, no makeup, dewy glow."



Este Lauder antioxidant infusion. Image credit: Este Lauder

Beauty group Este Lauder Companies saw its net sales dip 4 percent to \$14.29 billion in the 2020 fiscal year, although its namesake brand saw double-digit growth for the third consecutive year. Skincare was the only category that saw net sales grow during the fiscal year, with \$7.38 billion in net sales compared to \$6.55 billion in 2019.

In Q1 2020 alone, skincare sales were up 24 percent year-over-year, but ultimately skincare sales finished up 13 percent year-over-year, with growth across most regions ([see story](#)).

"The many hardships of 2020 have made the importance of self care that much more of a focus for our consumers," said Aleni Mackarey, chief operating officer of [Base Beauty Creative Agency](#), New York. "They will continue to champion their skincare routines and other brands/products that provide them with time to press pause from the chaos while improving their mental and physical health."

Augmented reality and ecommerce

In order to combat the lingering effects of the pandemic and keep up with the growing demand for online retail, the beauty industry has already started to incorporate technological advancements such as augmented reality and immersive digital experiences and these will only continue to develop.

According to the "[Future of Beauty and Skincare Ecommerce](#)" report from ecommerce personalization platform Nosto, 44 percent of beauty consumers have purchased more products online than in-store during the last 6 months than they did before lockdowns.

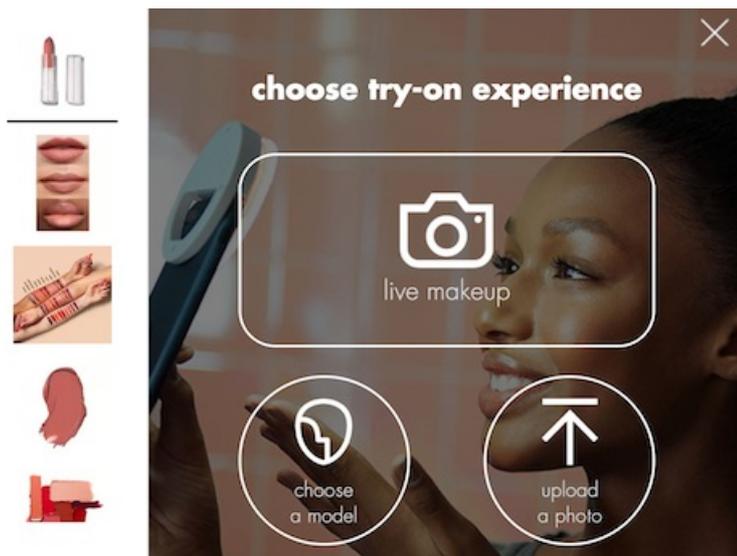
"Digital media and social platforms offer brands the opportunity to target niche, microculture audiences with unique content tailored specifically for them," Ms. Koetting said. "We suggest running multiple assets and segments of each campaign, refining your imagery and messaging so that every demographic experiences something that feels custom tailored just for them."

While online shoppers are able to be more intentional with their purchases, beauty retailers still have an opportunity to influence purchases if they approach ecommerce strategically. Features such as customer reviews, virtual try-ons and other personalization tactics can further encourage online beauty purchases ([see story](#)).

"A/B testing allows brands to quickly identify the imagery, message, and final ad that is most preferred," Ms. Koetting said. "Pairing this strategy with a deeper understanding of the nuances of each microculture within your brand will allow businesses to truly level up their personal connections with consumers.

"We predict the death of the short, ecommerce product page and in its place the birth of longer, more rich and

engaging ecommerce experiences that build trust, educate and provide social proof from consumers just like them," she said. "Without the guidance of sales associates at retail these tools help consumers feel confident a product is right for them and increase conversion into a sale."



E.l.f Cosmetics allows customers to virtually try on products. Image credit: E.l.f Cosmetics

E.l.f Cosmetics began its digital transformation two years ago when it shut down its retail stores and invested its money in the powerhouse of behind-the-scenes ecommerce, digital marketing and fulfillment to make the customer experience as smooth as possible.

E.l.f. launched an AR tool last fall and it proved its value during lockdown. Those consumers who engaged with the tool saw a 70 percent higher conversion rate than those who had not and the app had more than 1 million impressions during lockdown ([see story](#)).

"Augmented reality and virtual try ons help consumers quickly confirm that your products are perfect for them," Ms. Koetting said. "This is a great way to replace the tester experience previously found at retail while offering tips and how-to tutorials as well."

Google recently announced it will begin rolling out a new augmented reality beauty try-ons feature, allowing users to virtually try on makeup directly through Google Search on mobile devices. Using the front-facing camera on their phones, users will be able to visualize products on themselves as well as on models with similar skin tones ([see story](#)).

Emotional storytelling

In addition to digital advancements and a growing focus on skincare, beauty brands' ability to relay authentic and compelling stories behind their products will determine future success.

LVMH's Fenty has become particularly popular due to its narrative built on strong female entrepreneurship and inclusivity. Founder Rihanna has pushed forward her vision for an inclusive and democratic beauty world, made for those excluded from the mainstream beauty brands ([see story](#)).



Skin & Co Roma was founded in Montecastrilli, Italy. Image credit: Mozzafiato

Sustainability has been a driving factor in the beauty industry for years, substantially accelerated by the COVID-19 pandemic. During a webinar hosted by *Jing Daily* on Oct. 14, Chlo Reuter, a founding partner of Gusto Luxe and Gusto Collective, suggested that if a brand has a clear point of view and purpose, whether it is in sustainability or something else, it will drive affinity and business.

Yishu Wang, the director of Half A World, emphasized the importance of telling a good brand story, explaining that success is not solely dependent on whether a product will work in certain markets ([see story](#)).

"Consumers are looking for more romance, storytelling, interaction, online," Ms. Koetting said.

Mozzafiato launched this year to provide an immersive, authentically Italian experience to the North American market, introducing consumers to the soul of Italian beauty. As more than 60 percent of the world's cosmetics are produced in Italy, Mozzafiato highlights native brands that have stood at the forefront of quality, craftsmanship and tradition.

Mozzafiato founder and CEO Amy Parsons expressed her belief that people of all ages and genders are tired of the "pure commodity" model of the beauty industry and are ready to see the quality, rich heritage and families behind products ([see story](#)).

"We have entered an emotional economy," Ms. Mackarey said. "Rather than buying things they want or need, today's consumers will make passion-driven purchases.

"Luxury beauty brands who find ways to connect with consumers through storytelling, values and authentic partnerships will grow," she said.

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