tinuiti

Beauty Industry

TRENDS REPORT 2020

Exclusive Insights on the
Shoppers Shaping the Future

Beauty Industry Trends Report 2020

Survey Audience & Methodology

We surveyed 2,009 online respondents ages 18 - 65 between April 23, 2020, and April 29, 2020, via the Survata platform. All respondents were screened with the question “How often do you purchase beauty products online?” and those who don’t buy beauty products online at all did not participate.

The vast majority of participants (77.9%) said they purchase beauty products online between one and five times per year, while 18% of respondents were frequent buyers who make beauty purchases at least monthly.

METHODOLOGY DETAILS

This survey was commissioned by Tintuiti and conducted by Survata, an independent research firm in San Francisco. Survata interviewed 2,009 online respondents between April 23, 2020, and April 29, 2020. Respondents were reached across the Survata publisher network, where they take a survey to unlock premium content, like articles and ebooks. Respondents received no cash compensation for their participation. More information on Survata’s methodology can be found at survata.com/methodology.

Introduction

The beauty business was already undergoing rapid changes before the COVID-19 pandemic hit—and now, with trends accelerating toward wide adoption more quickly than ever—innovation is a necessity.

The beauty industry entered the pandemic in a strong position to capitalize on digital. While the $49 billion US market remains relatively flat year-over-year, online sales are strong. Annual sales increased by 18.6% in 2019—the second-highest growth rate after food and drink, according to eMarketer[1].

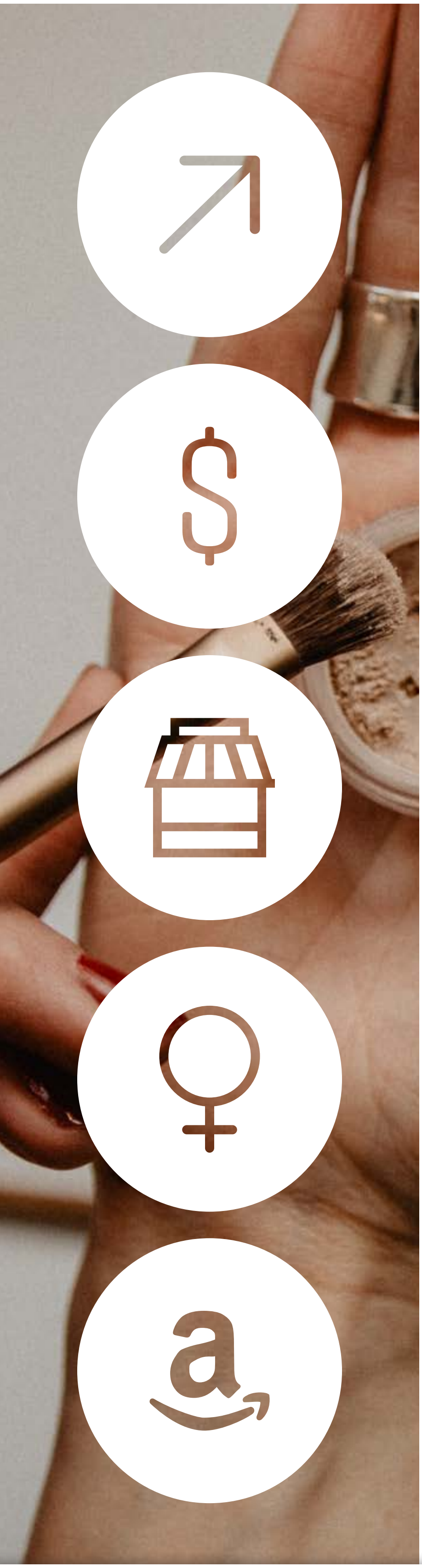
At the time, eMarketer reported that online transactions accounted for 1 in 10 beauty sales, and with the pandemic shutting most stores, that percentage is set to grow through the end of the year. Even as retail outlets reopen, the web is poised to remain central to beauty shopping, as protective measures and social distancing requirements make virtual experiences more attractive than ever.

Amazon has become a major player in the beauty industry—but in 2020, specialty retailers are on the rise both online and in stores, signaling that shoppers are hungry for in-depth expertise, broad and deep product selection, and personalized service that beauty-centric brands can provide.

Now, for a snapshot of current beauty spending and preferences to provide guidance, not only through the current pandemic but moving forward into 2021 and beyond.

[1] eMarketer, "What's Driving Online Sales of Health, Personal Care and Beauty Products?", June 2019, https://www.emarketer.com/content/what-s-driving-online-sales-of-health-personal-care-and-beauty-products

Beauty Survey Highlights



Purchase frequency and spending is up year-over-year, signaling a robust beauty market. The majority of consumers now spend more than $25 per month on beauty products—and the percentage of “Super Spenders” placing orders of more than $50 each month has jumped by 45%.

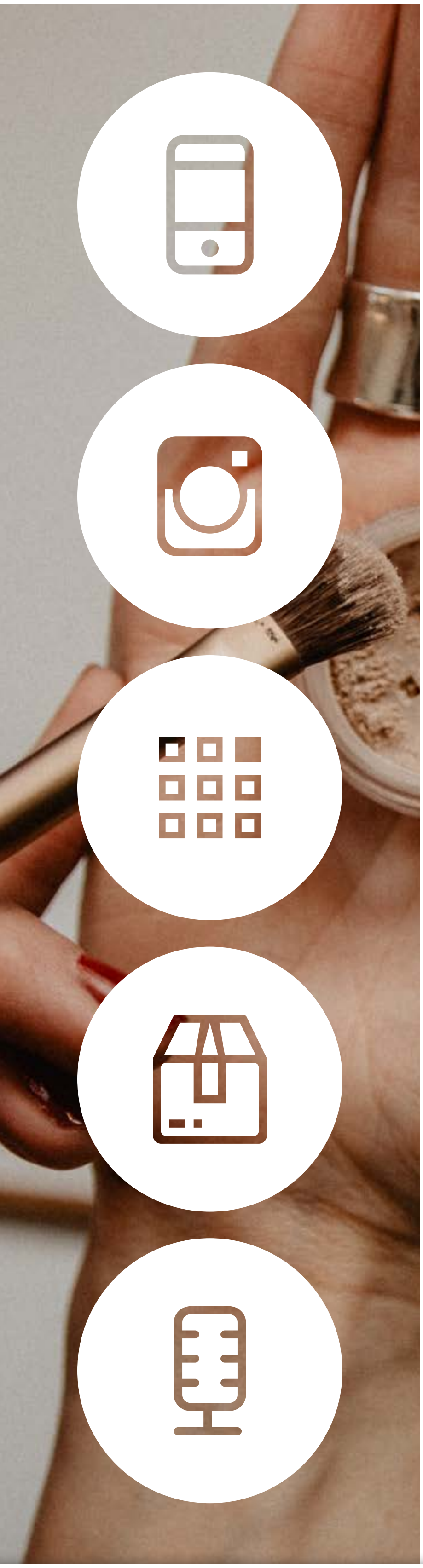
During the ongoing pandemic, just under half of shoppers have not reduced consumption of beauty products, and 25% report increasing their online spending. Facial skin care, shampoo and body products remain the highest-priority items for purchase, while the falloff in the workplace and social occasions has resulted in lower demand for hair styling products and makeup.

Stores are still of utmost importance for shoppers of all ages. Most shoppers report using both the web and stores to discover products and conduct research, while the majority still favor in-store buying. Regional influences are at play, with more shoppers opting to discover new products online in the West than in the Northeast, Midwest, or South.

Men deserve serious consideration as beauty consumers, given that 1 in 5 buy beauty products online at least monthly, and men account for 39% of “Super Spenders” buying at least $50 per month in beauty goods. Given that most beauty offerings for men are still relatively anemic, it’s no surprise that more men than women think beauty brands should be more inclusive, starting with gender neutrality and gender diversification.

Amazon is in the lead as the top online destination for beauty buying, and is even more popular than average among web-first beauty buyers, making it a valuable acquisition channel. But specialty retailers Sephora and Ulta have made significant gains among both web and store buyers, giving retailers a potential blueprint for success.

Beauty Survey Highlights



Mobile is now the dominant touchpoint for beauty buying, with nearly half of respondents preferring smartphones for beauty browsing and buying—and the percentage jumps to upwards of 66% for Millennials ages 25 to 34. More shoppers prefer the mobile web to mobile apps, making mobile web offerings a priority for sellers.

Social media is a source of beauty inspiration and finds for 6 in 10 shoppers, with Facebook maintaining dominance thanks to heavy usage by older consumers. YouTube debuted in the survey in the number 3 position and is favored by younger shoppers, along with Instagram, Snapchat, and TikTok.

66% of Millenials ages 25 to 34 prefer using their mobile phones for beauty browsing and buying.

Diversity and inclusion are important consideration factors for shoppers—and 63% say brands need to do better when it comes to reflecting their customers' unique beauty needs.

Formerly a niche model, subscription boxes are now broadly accepted, with more than a third of respondents have tried one; 4 in 5 of those customers were satisfied with their purchases, suggesting such services might be a worthy offering for beauty brands.

Use of voice devices such as Amazon Alexa has dropped by 50% since 2019 but remains more popular among key segments, including top buyers and members of Gen Z (ages 18 to 24), as well as seniors ages 65 and up.

Year-Over-Year

Beauty Shopping Trends

Beauty Shoppers are Spending More Online, More Often—and Specialty Retailers are Gaining Share

2020 marks the second year Tinuiti has studied shopping habits specific to the beauty sector, and the late April survey depicts a robust market. While Amazon has now established itself as a major online beauty destination, specialty beauty retailers have made major headway year-overyear to win audience share both online and in stores.

Spending and Frequency Are Up Year-Over-Year

The majority of shoppers surveyed in 2020 spend more than $25 per month overall on beauty items, marking an increase from 2019 when the proportion of shoppers who spent $25 or less and those who spent more were evenly split. In 2020, nearly 54% of shoppers spend more than $25 per month—an 8% increase over 2019 when just under 50% of shoppers spent more than $25 monthly. Shoppers are also buying slightly more frequently on the web, with 22% now saying they buy beauty products online at least monthly, compared with 21% in 2019.

TOP-TIER BUYERS DRIVE GROWTH IN SPENDING

Spending has increased most markedly at the upper end of the scale, with "Super Spender" shoppers who buy more than $50 monthly in beauty products now accounting for 23% of all respondents, compared with 16% in 2019—a 45% jump. Among those top spenders, the percentage of elite beauty buyers spending more than $100 monthly has rocketed 71% to 8% of all respondents.

2020 Beauty **Super Spenders**

More than 1 in 5 survey respondents now spend more than $50 per month on beauty products—a 45% increase over 2019.

→ Purchase Frequency & Channel

40% buy beauty products online at least monthly—83% higher than overall.

23% buy primarily online, compared with 19% of shoppers overall.

→ Subscription Box Usage

47% sign up for subscription boxes.

→ Elite Spenders

34% spend $100 or more each month. 65% of these elite spenders are women.

→ Social Influence

7 in 10 use social media for beauty inspiration; 40% turn to Facebook or Instagram, and 17% to Youtube.

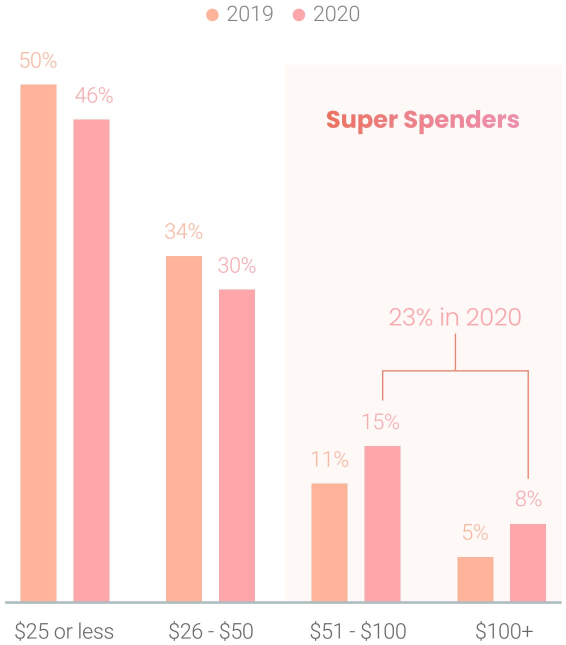
→ Shipping & Discounts

Free shipping (57%) wins over low prices (49%) for the Super Spenders.

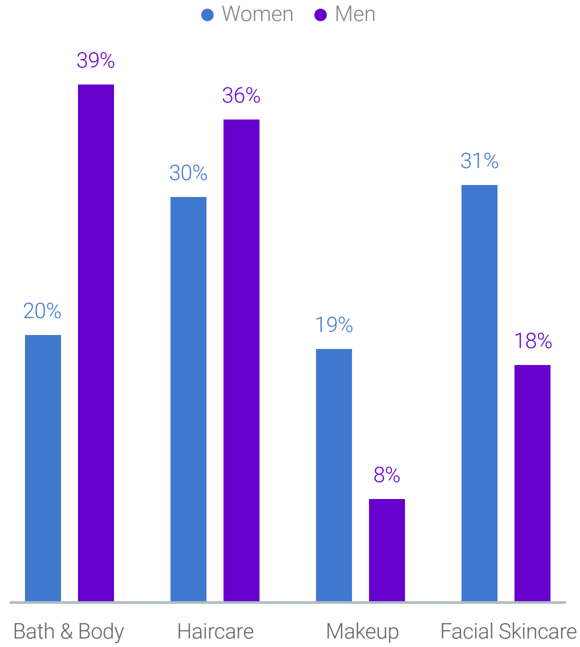
→ SIP Beauty Buying

40% are buying more beauty products online since the onset of the COVID-19 pandemic—60% higher than overall.

Survey Question Y/Y:
On average, how much do you spend on beauty per month?



Survey Question in 2020:
Which type of beauty products do you spend the most on?



MEN CONTINUE TO MAKE THEIR BEAUTY MARK

More women are buying more frequently in 2020 than in 2019, with 24% saying they purchase beauty products online, a 26% uptick. Men's purchasing behavior has remained steadier but is still notably substantial: 1 in 5 men buy beauty products online at least monthly.

Among the most frequent web buyers, men represent the majority: 5.8% report buying beauty products online at least weekly—a 49% increase over 2019, and double the percentage of women who do so.

Close to half of men—49%—spend more than $25 per month on beauty products. Males also make up fully 39% of the Super Spenders who purchase more than $50 in beauty products monthly. Bath and body products rank highest for male purchasers, followed by haircare, while women spend slightly more on facial skincare than haircare. Makeup is in last place for both genders, although the percentage of men selecting it as their top spending category grew from 4.9% in 2019 to 7.5% in 2020—a 51% jump.[2]

[2] In 2019, the question was phrased, "Which type of beauty product do you spend the most on?" and respondents were asked to select just one category, while in 2020 the question was phrased, "Which type of beauty products do you spend the most on? Rank from highest spend to lowest spend."

SUBSCRIPTION BOXES FUEL SALES

In 2019, consultancy McKinsey spotlighted subscription services as a key area of ecommerce growth, with top sites earning more than $7.5 billion in annual sales and growing at a rate of more than 30%.[3] These sites earn recurring revenue through monthly or quarterly deliveries of new selections tailored to individual buyers' tastes, a concept pioneered by apparel firms such as Stitch Fix and Trunk Club that has expanded to beauty offerings from brands such as Birchbox and Ipsy.

Tinuiti's survey results show that beauty-specific offerings are performing at least as well as the subscription category in general. Close to a third of consumers in the survey reported using a subscription box in 2020, an increase of 39% over last year when 24% of respondents had tried such a service.

Generation Z, which includes consumers ages 7 to 24, is driving subscription box growth as they enter the workforce and earn independent income. In 2020, 41% of Generation Z respondents said they had used a subscription service, compared with 29% in 2019—a 41% increase.

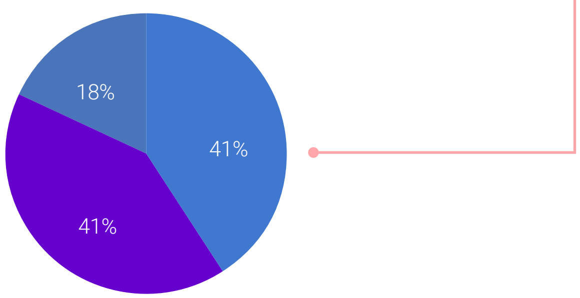
Overall, consumers report a high degree of satisfaction with subscription services, suggesting they're a worthy new model for beauty sellers to invest in trying. More than 4 in 5 of those who'd tried a subscription box said they found it at least somewhat valuable: 41% of those who tried subscription boxes (14% of all respondents) reported enjoying all the products sent to them, with another 41% saying they found at least a few winners in their assortments.

Percentage of Survey Respondants Who Have Tried a Beauty Subscription Service

Survey Question

Did you find the products in the subscription service valuable?

- Yes, I enjoyed all the products.
- Somewhat, there were some products I enjoyed and used.
- No, I ended up not liking any of the products.

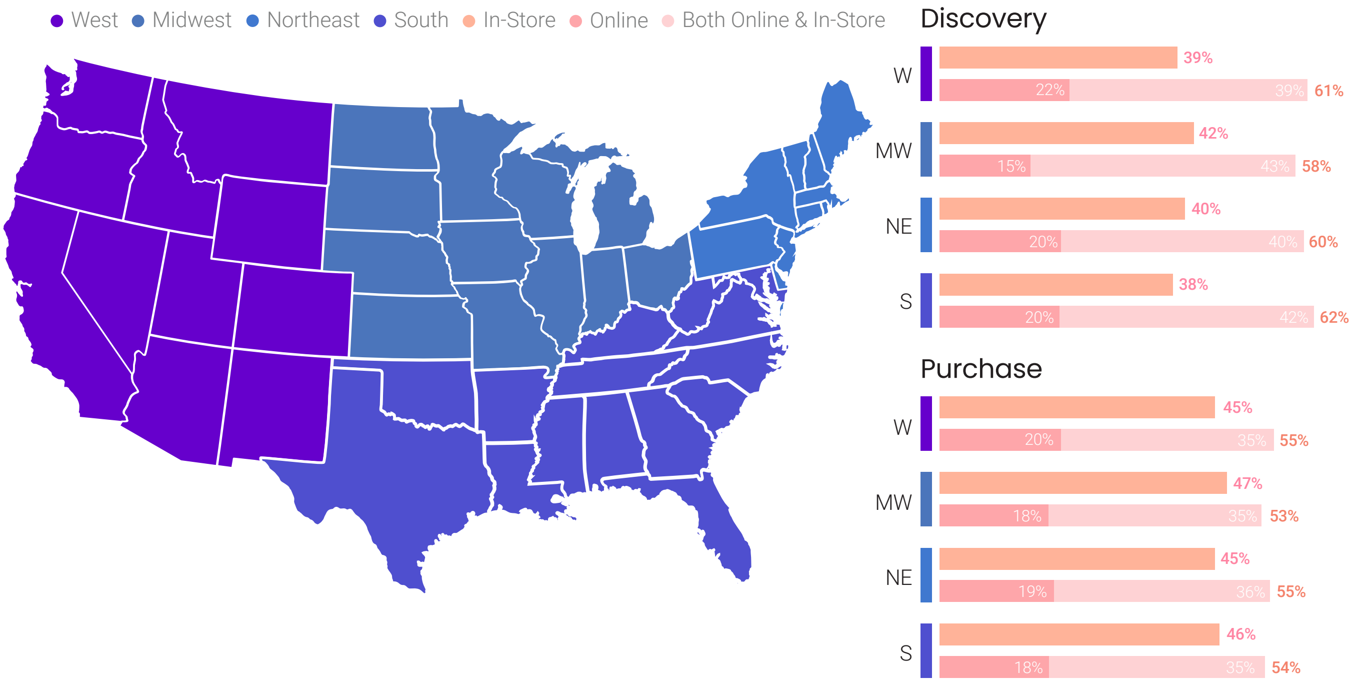


[3] McKinsey, "Sizing Up the Subscription eCommerce Market," September 2019, https://get.fuelbymckinsey.com/article/sizing-up-the-subscription-e-commerce-market/

Omnichannel Rules—with Specialty Retailers Making Gains

While shopping conditions have changed drastically since last year, consumers' allegiance to stores remains strong. Stores are still the top preferred touchpoint for buying beauty products, even with the addition of the option to select "both" in 2020.

Survey Question in 2020: Where do you primarily purchase beauty products?



But with a combined total of 54.3% of respondents in 2020 preferring to do at least some of their beauty buying online, the influence of the web is undeniable— and that's even more true when it comes to product discovery. Just over 60% of shoppers in 2020 say they primarily rely on online resources exclusively, or a combination of web and store experiences, to research and browse.

Product discovery habits are more regionally-influenced than buying preferences: nearly 22% of shoppers in the West rely exclusively on the web for discovery, compared with just 15% in the Midwest, while stores barely edge omnichannel in the Northeast as sources for beauty inspiration. By contrast, buying patterns are more uniform across the country, with stores the most popular single choice.

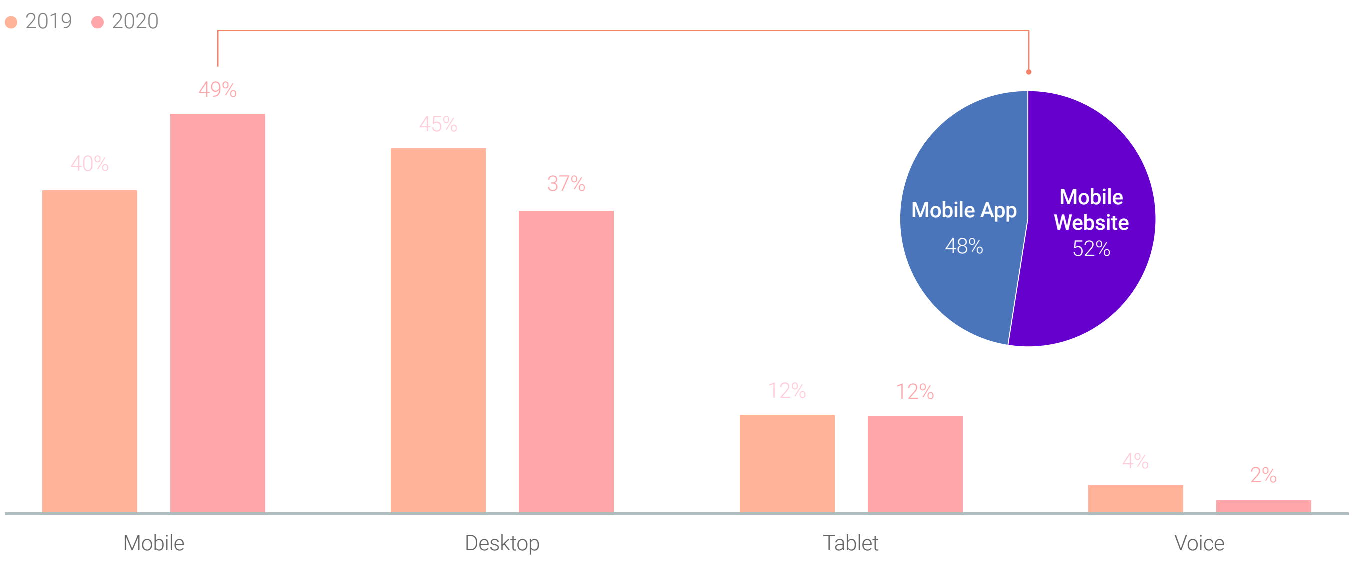
ONLINE, MOBILE ARE ASCENDANT

When browsing and buying online, 49% of survey respondents prefer to use mobile devices—a 24% increase compared with 2019. Desktop and laptop computers, which were the most popular last year, are now the primary touchpoint for 37% of respondents. Tablets held steady year over year in a distant third place, while voice interfaces such as Amazon's Alexa saw a 51% drop in popularity as the primary beauty shopping device, from 3.5% to 1.7% of all respondents.

Voice remains more popular with the youngest and oldest beauty buyers: 3.2% of shoppers 65 and older and 2.1% of Generation Z shoppers ages 18 to 24 selected voice devices as their preferred beauty buying device. Super Spenders also gravitate toward voice devices at a higher-than-average rate, with 3.2% saying they're the primary device they use for beauty purchasing.

The segment of buyers who prefer voice channels for beauty purchasing turn to social media for beauty inspiration, with 71% saying they're influenced by social channels. TikTok is the most influential platform for 26% of voice buyers, followed by Instagram (17%) and Facebook (14%) to round out the top three. Voice buyers also tend to share more beauty finds via social media, with 14% saying they share favorites with at least 10 people—more than double the overall average.

Survey Question: On which device do you shop for beauty products and brands the most? Select one.



SPECIALTY RETAILERS MAKING INROADS ONLINE AND OFF

When it comes to favorite beauty shopping destinations, mass merchants and Amazon maintained their lead year over year, but beauty specialists Ulta and Sephora made considerable gains. More than 1 in 5 respondents in 2020 selected one of the two retailers as their favorite online sites—an 83% increase over 2019—while offline, the percentage of shoppers selecting them as their top beauty destination rose by 66% to 24%. Loyalty is strong across channels; those who prefer Sephora or Ulta online also tend to name them as favorites offline, and vice versa.

Amazon, which has taken aim at beauty buyers with an "indie" shop featuring hard-to-find boutique brands as well as its own private-label product line, slightly increased its share of online buyers to maintain the lead as the top web destination. Walmart maintained its lead as the favorite physical store for beauty buyers, but dropped by 23%; online, just 16% of 2020 respondents selected Walmart as their favorite beauty website, a drop of 27%.

Amazon may be maintaining its lead among beauty sites because of its popularity as a product discovery resource. Since 2015, the "everything store" has vied with Google as the top starting point for shopping research.[4] Among beauty buyers specifically, Amazon is winning the battle for product discovery, with 42% of those who primarily discover products online choosing Amazon as their top purchase destination— 50% higher than the 2020 average and a 41% increase compared with 2019, when 29.7% of shoppers who chose websites as their top research sources purchased primarily through Amazon.[5]

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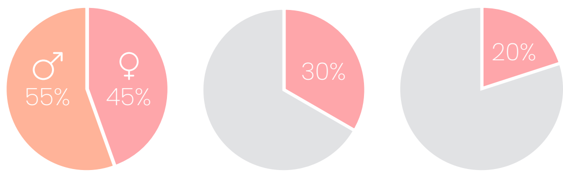
[4] eMarketer, "Do Most Searches Really Start on Amazon?," January 2020, https://www.emarketer.com/content/do-most-searchers-really-start-on-amazon

[5] In 2019, the question was, "Where do you primarily learn about new beauty products? Please select one" and the 29.7% Amazon preference applies to the shoppers who selected "retail/beauty websites" and "social media" as responses. In 2020, the question was, "Where do you primarily discover beauty products?" and the 42% Amazon preference applies to the shoppers who selected "online" as their response.

Amazon vs. Sephora & Ulta Online Beauty Buyers

Respondents Who Named These Retailers as their Top Beauty Shopping Site

AMAZON



APP USE: 25%

TOP PRODUCT CATEGORIES

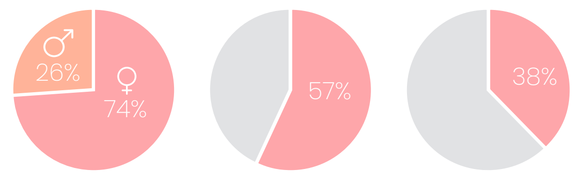
1 Haircare 2 Bath & Body 3 Facial Skincare 4 Makeup

WHEN BEAUTY SHOPPING ONLINE:

30% want samples
20% want loyalty rewards
24% value a large catalog
11% seek content

TOP SOCIAL PLATFORM: Facebook (21%)
10% share beauty finds on social media

SEPHORA & ULTA



APP USE: 30%

TOP PRODUCT CATEGORIES

1 Facial Skincare 2 Haircare 3 Makeup 4 Bath & Body

WHEN BEAUTY SHOPPING ONLINE:

46% want samples
41% want loyalty rewards
25% value a large catalog
23% seek content

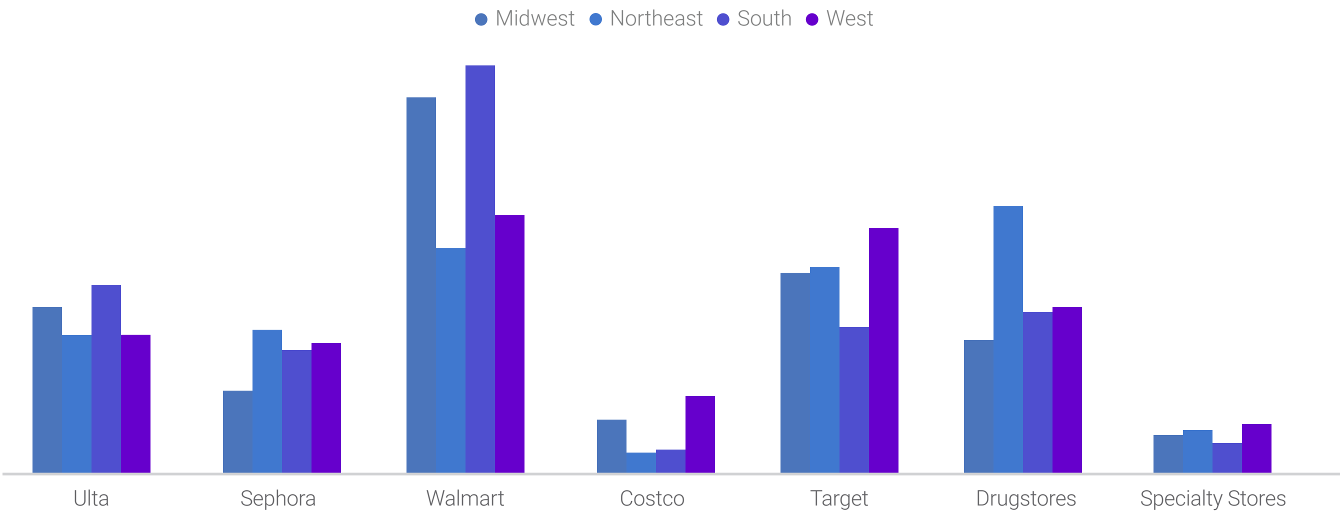
TOP SOCIAL PLATFORM: Instagram (29%)
19% share beauty finds on social media

Offline, regional variations account for Sephora and Ulta's strong 2020 showing. While the two specialty retailers are never the top destination for beauty shoppers, their popularity is consistent across regions, whereas the number one destinations are fragmented, from drugstores such as Walgreen's in the Northeast to neck-and-neck competition between Walmart and Target in the West.

2020 Survey Question

When you shop for beauty products offline, which store do you prefer? Select one.*

*responses of "none" and "other" have been omitted from this visual



The Impact of COVID-19

Consumption of Beauty Essentials Continues; Niche Audiences Increase Online Beauty Spending

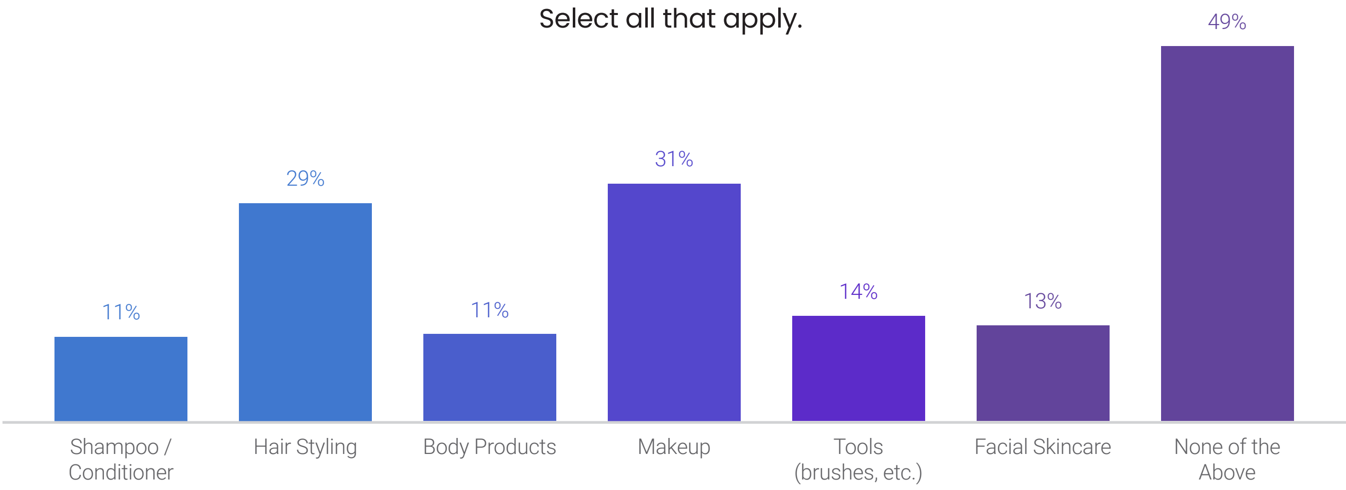
Given the key role of stores for beauty buyers, it's no surprise that many retailers feel hamstrung by the pandemic and resulting shutdown of physical outlets. But demand for beauty products remains strong, with barely a majority of consumers reporting reduced usage—and for selected audiences, online shopping has become a lifeline to the items they need to maintain beauty routines. Forward-thinking retailers can navigate these unprecedented conditions successfully by accelerating innovation and focusing on blended online/offline experiences that will serve them well even when stores reopen.

Half of Shoppers—More Men Than Women—Maintain Routines

The good news is that 49% of consumers report they haven't reduced usage of beauty products due to COVID-19—with 54% of that cohort being men. The gender split is likely due to higher usage among men of basics like shampoo, which are still considered essential. They also skew older, with 41% being over the age of 55— a segment that may, like men, have a pre-existing basic routine they still adhere to.

For the nearly half of beauty buyers who are staying the course, most are not increasing online spend to compensate for store closures. Fully 81% say they haven't started buying more beauty items online in the wake of COVID-19, suggesting that this cohort of consumers is finding what they need in the essential stores that remain open. Walmart is the top offline choice for 34% of these consumers, and 48% prefer to purchase in stores. Price-conscious shoppers are 5% more prevalent than average, with four in five spending less than $50 on beauty products monthly.

2020 Survey Question
Have you reduced the use of any of these products based on COVID-19? Select all that apply.



PANDEMIC ACCELERATES DECLINE IN MAKEUP, GROWTH IN HAIRCARE AND SKINCARE

The global pandemic has accelerated a years-long growth trend in skincare, and a decline in makeup sales. In 2019, NPD reported, sales in the skincare category rose 5% and haircare rose 16%, while makeup declined 7%, keeping overall beauty sales flat. The 51% of survey respondents who are buying fewer beauty products since the onset of COVID-19 mirror the overall trend, likely due to the lack of social or professional occasions that require polished looks. More than 3 in 10 have reduced use of makeup, while 29% have cut back on hair styling products. By contrast, just 11% of consumers in the survey said they had reduced use of shampoo or body products (which include soap, bath/shower gels, and lotion).

SOCIAL MEDIA LESS INFLUENTIAL WHEN BUYING THE BASICS

Those who reported no reduction in beauty product usage are less likely to be influenced by social media than average, with 51% saying they don't turn to social channels for beauty inspiration, 28% higher than average. This cohort is also least likely to share new beauty finds, with 45% saying they tell no one or don't use social media to spread the word— 25% higher than survey respondents overall.

A Quarter of Beauty Buyers Are Spending More Online

For 25% of respondents, the global pandemic has prompted a shift to more web buying. The majority of these spenders, 55%, are women, and 56% are 35 or younger—in short, the exact opposite demographic of those who report no reduction in their beauty product usage. Overall, these shoppers are more likely to be Super Spenders, with 37% buying at least $50 in beauty goods per month—62% higher than average.

But even as they buy more online, this cohort of shoppers is still more likely than average to have reduced usage of at least one type of beauty product, with 64% saying they've cut back. As with beauty buyers overall, those stepping up web shopping have primarily reduced usage of makeup and hairstyling products, with shampoo usage holding steadiest. This selective approach suggests that brands and retailers must target online offers to ensure relevance and encourage increased spend.

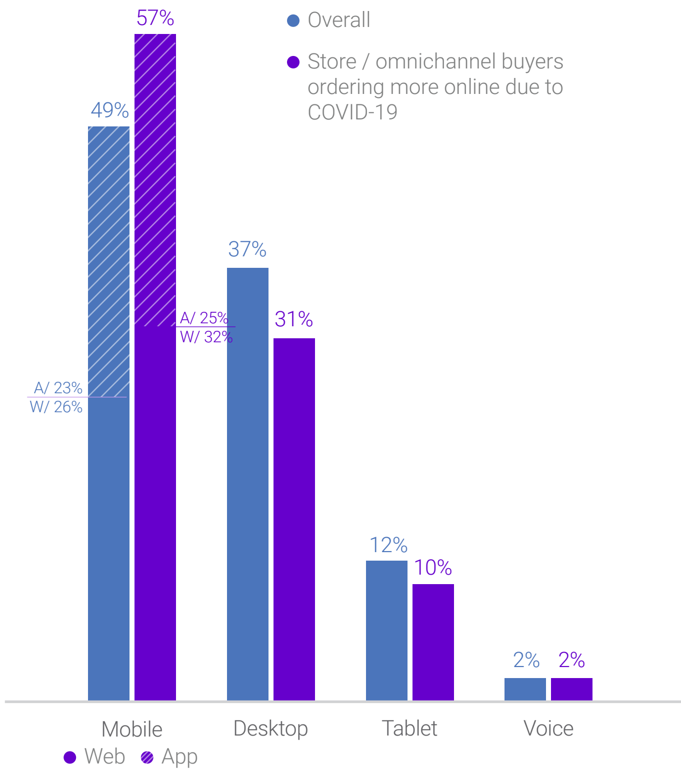
WEB NEWBIES NEED DISCOUNTS AND SOCIAL PROOF

Those who are now buying more beauty products online aren't necessarily avid online users; in fact, just 22% report finding products primarily online and 23% use the web as their primary purchase touchpoint; instead, the majority use a combination of online and offline shopping.

Those who usually rely on stores or omnichannel for beauty buys and who are now ordering more online are using smartphones as their primary purchase device, with the use of the mobile browser alone, at 32%, outranking desktop and laptop computers. Mobile web purchasing among these less-seasoned online beauty buyers is 23% higher than respondents overall, confirming prior industry findings that the mobile web has greater acquisition potential than apps, which are primarily used by loyalists or for in-store coupon downloads.[6]

2020 Survey Question

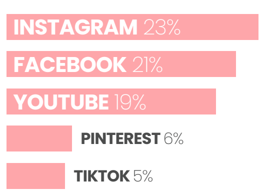
One which device do you shop for beauty products and brands the most? Select one.



When it comes to delivering the right offers to win over novice online beauty shoppers, discounts are key, with 59% saying both free shipping and product pricing are important considerations. Nearly 44% also seek out product samples— and given that this cohort uses beauty subscription boxes a third more often than average, it's worthwhile for beauty brands to partner with subscription box companies for placement.

76%

of buyers who have turned to the web for purchases in the wake of COVID-19 say they consult at least one social channel for beauty finds— 25% higher than average.



[6] See e.g. eMarketer, "What's Driving Downloads of Retail Apps," September 2019, https://www.emarketer.com/content/in-store-shoppers-are-downloading-retailers-mobile-apps-driven-by-deals-search-features

Store and omnichannel buyers who are now turning to the web for beauty buys are also heavy social media users, with 76% saying they consult at least one social channel for beauty finds—25% higher than average. Instagram is the favorite platform for beauty inspiration for 23% of this cohort, 40% higher than average, followed by Facebook and Youtube; TikTok usage is 71% higher than respondents overall.

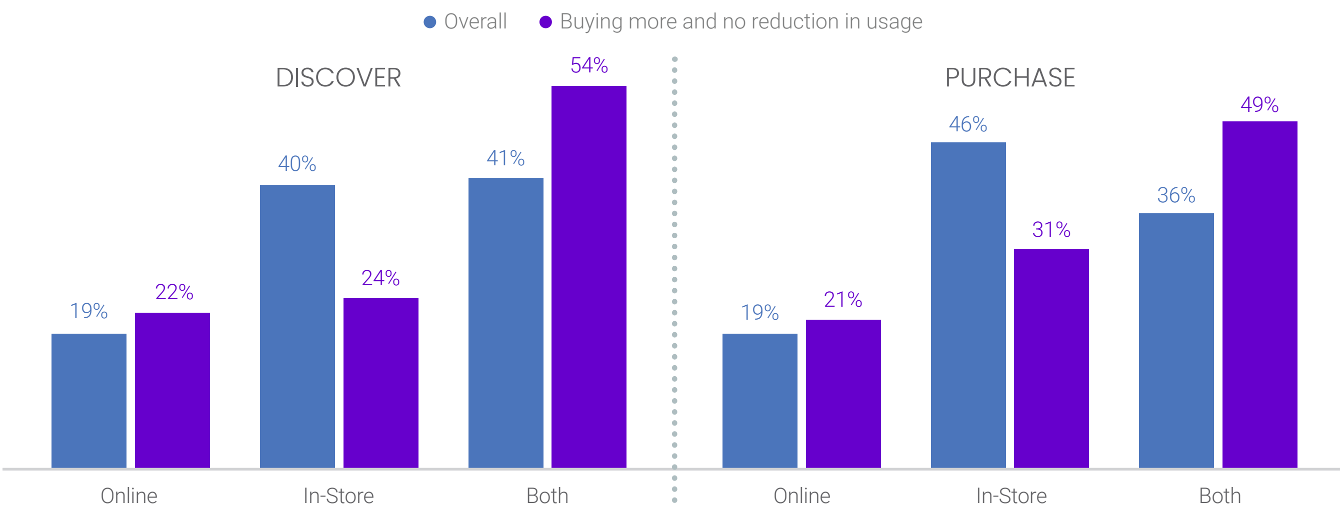
TOP BEAUTY BUYERS DURING PANDEMIC CONGREGATE ON AMAZON

The sliver of shoppers who've upped their online buying since the onset of COVID-19 without reducing beauty product usage account for just 9% of respondents overall—but they're a valuable segment. Evenly split between genders, 37% of this cohort buy beauty products online at least monthly (68% above average) and 38% spend $50 or more monthly.

These avid beauty buyers are far less likely than average to rely on stores, with less than a quarter using them primarily for discovery, 40% lower than average, and just 31% preferring in-store purchasing, a third lower than respondents overall. Instead, 54% prefer to find new products using a blended online/offline process, while 48% buy on both channels.

These online-savvy big spenders find free shipping more valuable than product discounts—and so it's not surprising that they gravitate to Amazon.com, with 39% saying it's their primary beauty destination online, 40% higher than average. As stores reopen in limited capacities, retaining these shoppers will require omnichannel fulfillment prowess and ultra-convenient ordering across touchpoints to deliver a seamless, Amazon-like experience.

2020 Survey Question: Where do you primarily discover / purchase beauty products?



What Do Beauty Buyers Want?

Discounts Matter, But So Does Inclusion; 6 in 10 Rely on Social

With shoppers selectively reducing their beauty buying during the pandemic, it's more important than ever for retailers and brands to deliver on-point promotions. Tried-and-true discounting can woo online shoppers, but efforts at diversity and inclusion are also important, giving brands substantive selling points to promote.

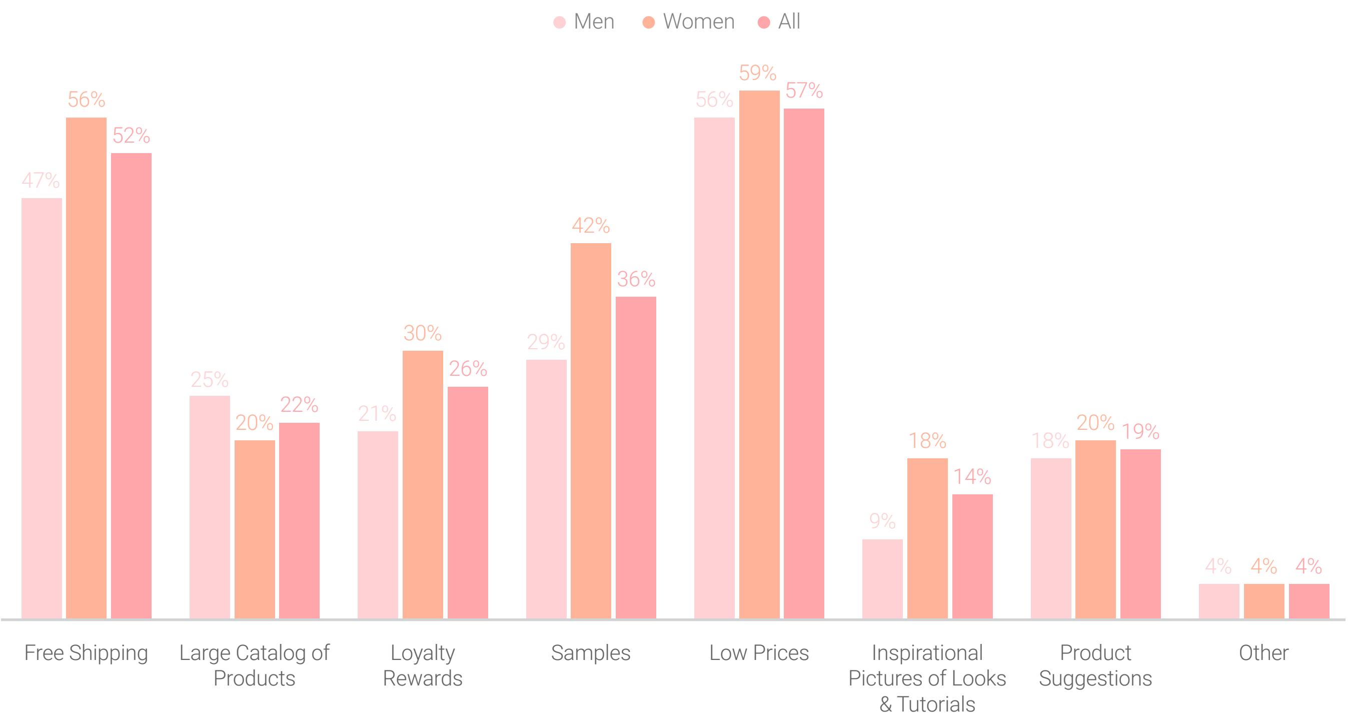
Low Prices and Free Shipping Still Widely Popular

Discounts are a perennially appealing strategy both online and in stores, and with shoppers tightening their purse strings in response to the ongoing pandemic, offering the chance to save money is more important than ever. By a wide margin, low prices and free shipping were their top purchase motivators online, with both scoring as top features for more than 50% of respondents.

While both men and women favor samples as the third most popular site offering, women do so by a much wider margin, with 41% saying they're an important feature, compared with 29% of men. And after that, priorities vary, with more men valuing a broad assortment than women, while women favor loyalty rewards programs. Women also prize beauty content such as tutorials and inspirational looks more than men do, by a factor of 2 to 1.

2020 Survey Question

When shopping for beauty products online, which website feature(s) do you find most valuable?



FREE SHIPPING MATTERS MOST TO WEB-FIRST SHOPPERS AND BUYERS

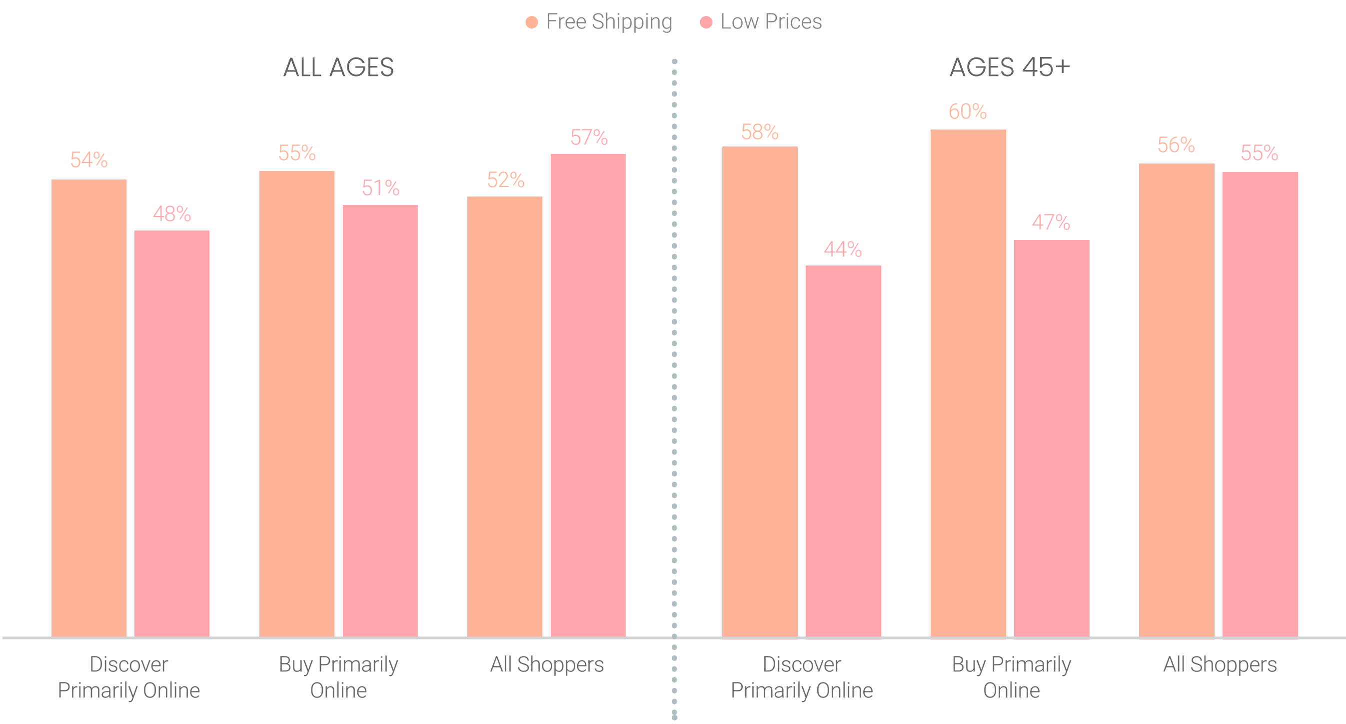
The 19% of shoppers who primarily discover and buy products on the web tend to factor free shipping into their purchase decisions at a higher rate than omnichannel and store-only shoppers—and, perhaps more surprisingly, to rate low prices as a lower priority.

Among those who find beauty products and brands primarily online, price is a top consideration for 48% of shoppers, 16% lower than average, while free shipping is slightly more important, at 54% versus 52%. When it's time to buy, free shipping rises in importance, with 55% of those who purchase primarily on the web considering the delivery cost prior to purchasing; just over half, 51%, say price is a factor—12% lower than average.

Price sensitivity is lowest among web-first shoppers 45 and older: among those who turn primarily to the web for research, 58% say they pay attention to free shipping offers, while just 44% say product discounts are important—19% lower than others in the age cohort, and 23% lower than the overall average. Price remains a lower priority among older shoppers who use the web to make beauty purchases, with fewer than half rating it an important purchase factor.

These findings suggest that strategic free shipping offers targeted at online beauty shoppers—especially those considering products designed for older consumers—can motivate sales more successfully than product discounts when it comes to online advertising and marketing promotions.

2020 Survey Question: When shopping for beauty products online, which website feature(s) do you find most valuable?



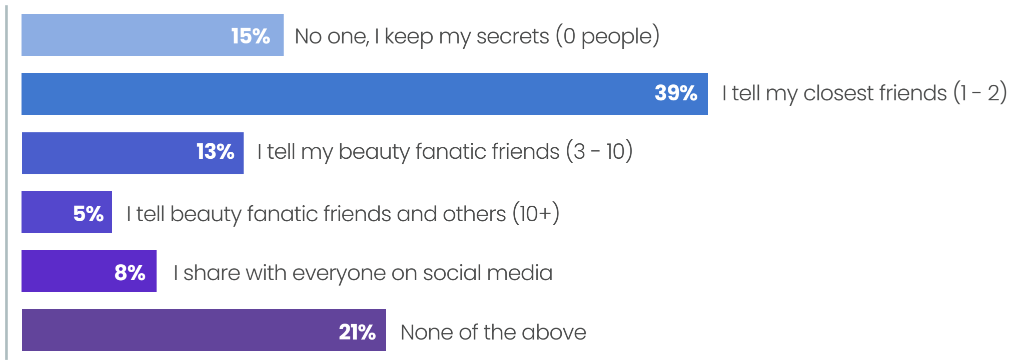
Age and Gender Determine Which Social Platforms Matter Most

Social media continues to influence a majority of consumers, with 6 in 10 shoppers saying they look to at least one platform for beauty advice, inspiration, and new products.

Social media participation also goes beyond passive scrolling to include sharing beauty finds, with two-thirds of survey participants saying they tell at least one other person when they discover a beauty product they love. While most will tell just their closest friends, 13% will share friends with a wider circle of like-minded beauty enthusiasts, and another 13% will share more widely still—with 8% opting to post widely on social media.

2020 Survey Question

If you find a beauty product you love, how do you spread the word?

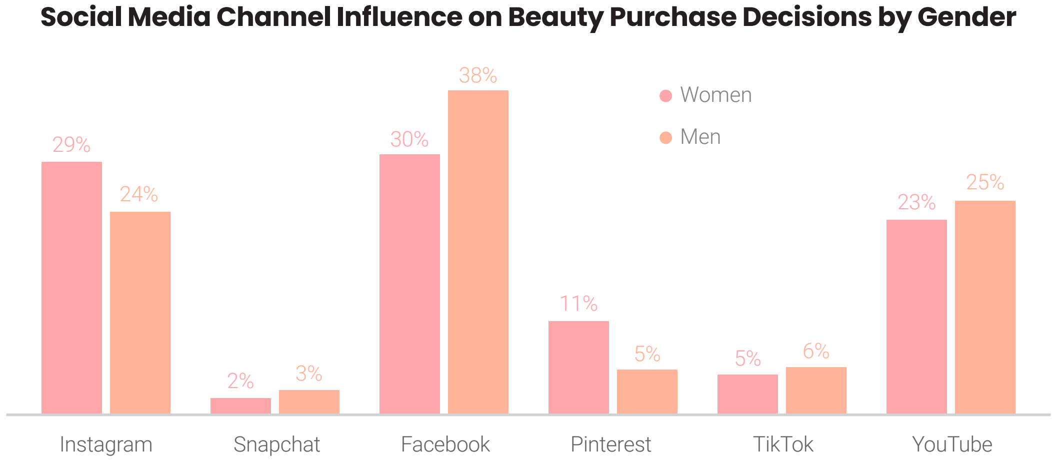


WOMEN ARE INFLUENCED BY MORE SOCIAL CHANNELS & MEN WHO SHARE DO SO MORE WIDELY

Women are slightly more likely to use social media for beauty guidance than men, with 63% saying their beauty purchase decisions are influenced by social, compared with 58% for men. Among social followers, women consult a slightly wider variety of sources: 86% of men name Facebook, Youtube, or Instagram as their top social destination for beauty inspiration, compared with 82% of women. Almost as many women use Instagram as Facebook, and twice as many women—11%— as men primarily use Pinterest for beauty finds.

For men, Facebook is far and away the most dominant network, with 38% using it as their primary social beauty source; Youtube is also a stronger draw for men than women. Smaller percentages of both genders named the newer platforms of Snapchat and TikTok as their preferred social media source for beauty, with men leading by a slight margin.

Men overall are less apt to share beauty finds with friends, even if they're influenced by social media—with one exception. While fewer than 10% of women whose buying is influenced by social say they share beauty products they love with their entire social circle, 14% of men in the same category do so—a 43% difference, and 81% higher than survey respondents overall.

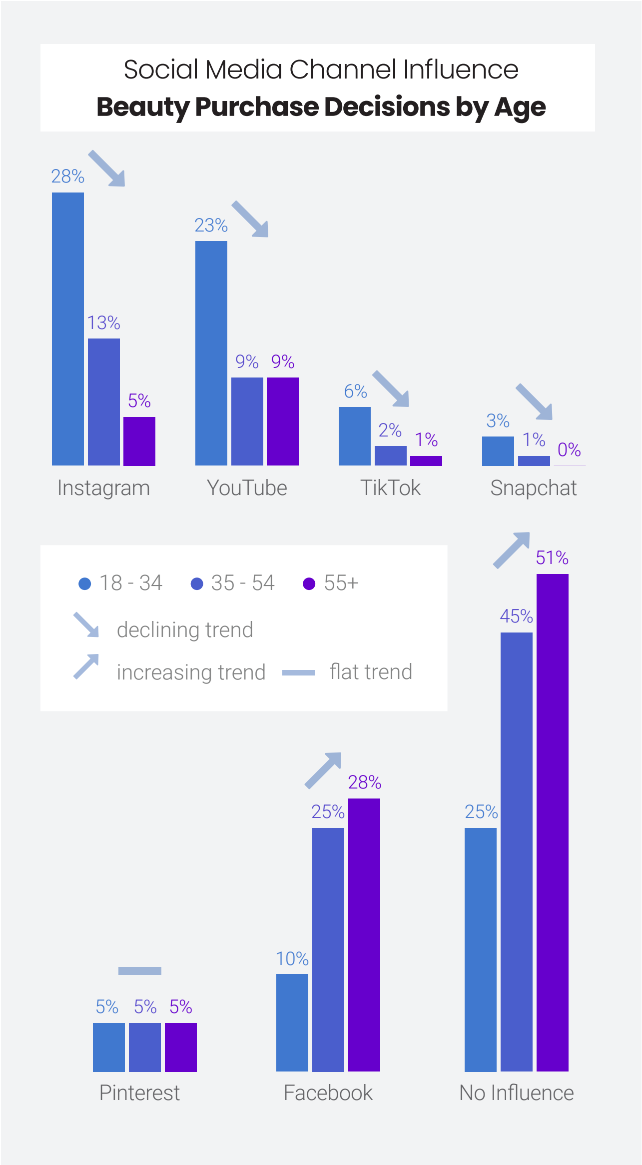


AGE IS A SOCIAL MEDIA INFLUENCER

Even more than gender, age influences which social media channels shoppers turn to for beauty guidance, with younger consumers being more active on social media. Although overall, 6 in 10 respondents said social media influences their beauty buying, that percentage jumps to 70% for those under the age of 45, and to 75% for those under the age of 35.

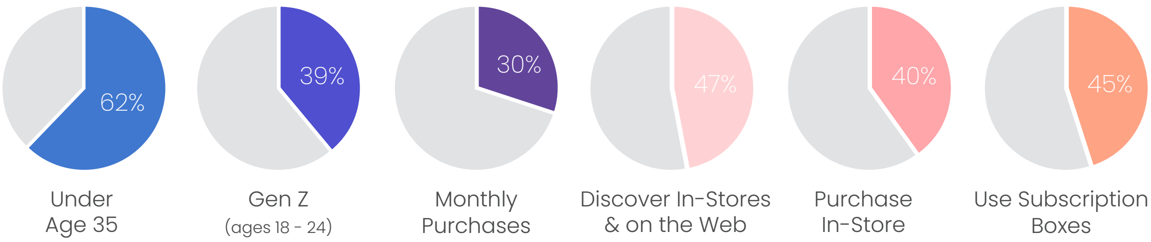
For those under 35, Instagram is the dominant social media network, with 28% of the age cohort naming it their most influential beauty source, followed by Youtube with 24%, while Facebook ranks at the top for just 10% of respondents, and TikTok scores a relatively robust 6%.

Those rankings almost completely reverse themselves by the upmost age range: among those 55 and up, Facebook reigns supreme at 28%, while Instagram has dropped below YouTube, both of which are top picks for fewer than 10% of the population, and TikTok barely registers at 1.6%.



Profile: A Look at Social Video Users

The 17% of survey respondents whose primary social media beauty source is either TikTok or YouTube are a distinct group with distinct buying behaviors.



VOICE DEVICES

3.4% use voice devices as their primary online ordering channel

2X use of voice devices is double the average

FAVORITE ONLINE BEAUTY DESTINATIONS

24% Amazon 17% Walmart 14% Sephora 13% Ulta

FREE SHIPPING OR DISCOUNTS?

59% Low Prices 48% Free Shipping

DIVERSITY & INCLUSIVITY

70% believe that beauty brands should be more inclusive and diverse

SIP BEAUTY BUYING

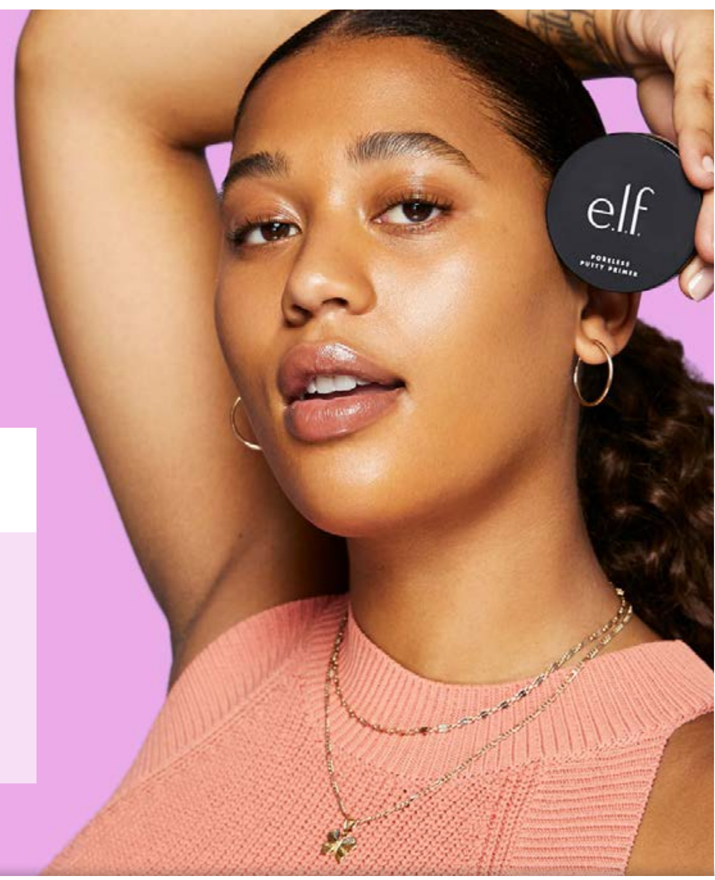
36% are buying more beauty products online since the COVID-19 outbreak began

e.l.f. | tinuiti

Learn how Tinuiti and e.l.f. partnered to boost e.l.f.'s brand awareness with their millennial and Gen Z audiences.

31 M VIEWS **548 K** NEW USERS **90** DAYS

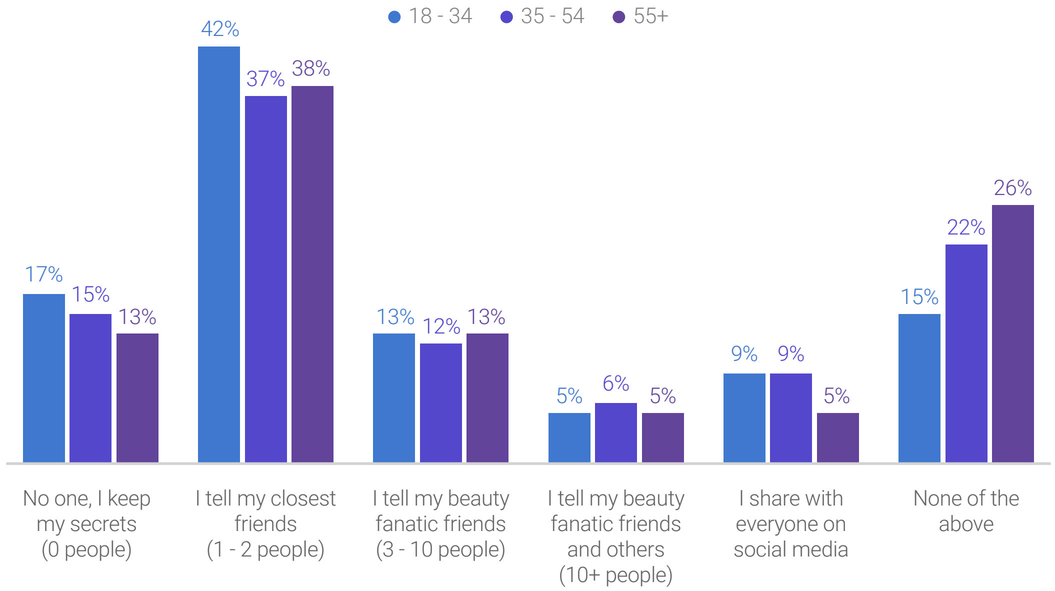
By leveraging video platforms like TikTok and Snapchat as part of their "e.l.f.ing Amazing" brand campaign, e.l.f. racked up 31M video views and 548,000 new users to elfcosmetics.com in just 90 days.



MOST SHOPPERS SHARE FINDS WITH CLOSE CIRCLE OF FRIENDS

When beauty buyers discover a new product they love, they tell people about it—but usually only close friends. Those under 35 are least willing to share widely, with 41% saying they tell a close friend or two only, and just 13% saying they share with more than 10 people or with everyone on social media. Those aged 35-54 are more likely to spread the word, with 15% saying they share with a large friend group or on social media. The heaviest sharing occurs among beauty buyers who favor Facebook, 15% of whom say they post

Sharing Tendencies of Favorite Beauty Products by Age



about finds to their entire social network; TikTok users also tend to share widely, with 13% opting to tell everyone on social. Youtube users tend to share widely the least, with just 7.3% saying they do so. Those who share among at least 10 friends or to their entire social networks tend to be heavy beauty spenders, with 45% buying beauty products online at least monthly, 46% spending at least $50 per month on beauty items, and 1 in 10 spending upwards of $150 per month. These word-of-mouth advocates are interested in loyalty rewards: 39% say they're a purchase factor when shopping online, 51% higher than average, suggesting that beauty brands and retailers would do well to award points for participation in social hashtags and other user-generated content.

Shoppers Want Beauty to Reflect Them

In response to the wave of protests and activism following the killing of George Floyd, 70 beauty brands and counting have shown support of the Black Lives Matter movement through social media statements and donations to causes such as the NAACP.[7] In leading the shift toward corporate support of Black

[7] Marie Claire, "70 Beauty Brands That Believe Black Lives Matter and Are Pledging Donations," June 18, 2020, https://www.marieclaire.com/beauty/a32871860/beauty-brands-donation-black-lives-matter-movement/

Lives Matter, the beauty industry is demonstrating that it has learned hard lessons of the past about diversity and inclusion. As one strategist told Adweek, "The beauty industry has a moral responsibility, having embedded and perpetuated unrealistic beauty ideals for so long."[8]

Remaining silent is no longer an option, brands have found. Attempts to block advertisements from appearing alongside protest news in the name of "brand safety" are out of synch with wide public support for Black Lives Matter; but running previously-scheduled generic campaigns without sensitivity to content can sound tone-deaf.[9] Beauty brands must remain nimble with their marketing and ad buys to reflect quickly-evolving attitudes and current events.

Additionally, beauty companies must ensure that their support for diversity is more than skin deep. For years consumers have demanded that brands step up to broaden their product offerings with options that affirm and enhance their own unique traits, rather than help them live up to a monolithic beauty standard. Ipsos noted that more shoppers consider friends, parents, and other family members as beauty role models than they do magazines, advertisements, or other media—making beauty buying a highly individualized quest.

It's not surprising, then, that 63% of survey respondents said they believe beauty brands should make more efforts at diversity and inclusion. Younger beauty shoppers prioritize brands' efforts more highly, with some 75% of Gen Z (ages 18-24) and 68% of Millennials ages 25 to 34 believing beauty brands should do more to diversify. Among those older than 35, the percentage drops to 59%—still a healthy majority, but 27% lower than Gen Z.

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[8] Adweek, "Why Beauty Brands are at the Forefront of Supporting Black Lives Matter," June 5, 2020, https://www.adweek.com/tv-video/why-beauty-brands-are-at-the-forefront-of-supporting-black-lives-matter/

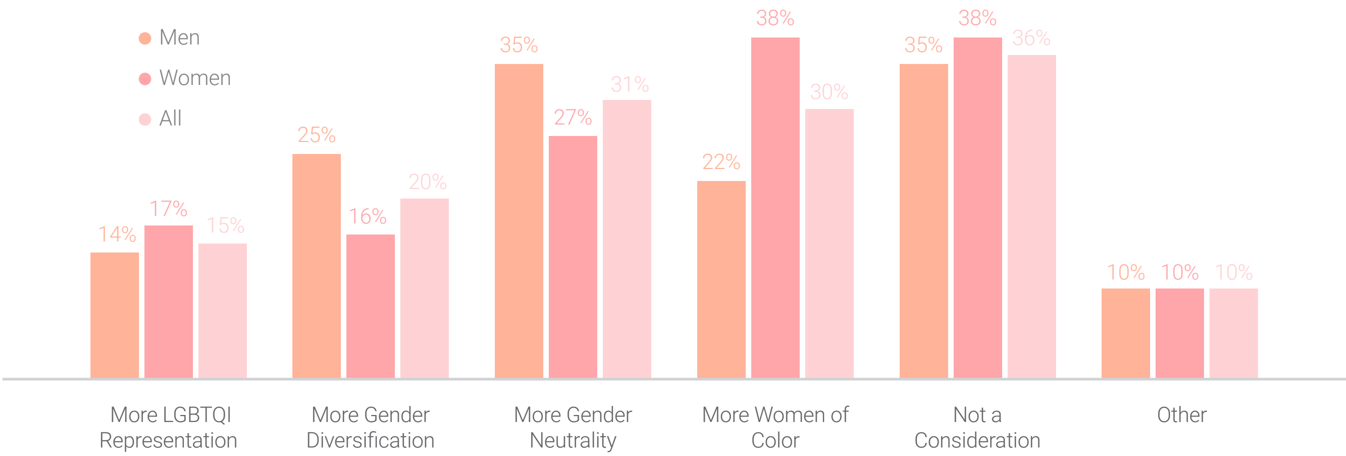
[9] MarketingLand, "Black Lives Matter content: Latest in unintended brand safety consequences." June 15, 2020, https://marketingland.com/black-lives-matter-content-latest-in-unintended-brand-safety-consequences-279928

MORE MEN THAN WOMEN WANT BRANDS TO STEP UP

Male beauty buyers are most concerned about gender neutrality in products and promotions, which 35% of male respondents selected as a priority, followed by gender diversification, at 25%. By contrast, the largest percentage of women by far, 38%, prioritized representation for women of color, with gender neutrality coming in a distant second at 27%.

More women than men said they didn't consider diversity and inclusion efforts when making beauty purchase decisions, with 38% of women and 35% of men saying it isn't a factor. This disparity may well be due to lag between brands' product development and marketing and the reality of men as a significant segment of the beauty audience; retailers that catch on and catch up to the buying behaviors of their customers can differentiate on their forward-thinking stance toward beauty and gender.

Survery Question 2020: What diversity and inclusion efforts would you like to see more beauty brands implement? Select all that apply.



FREQUENT BUYERS WANT BRANDS TO DIVERSIFY

Diversity and inclusion are also more important than average among frequent beauty buyers—72% of those who purchase beauty products online at least weekly and 69% of those who've tried subscription box services. Both cohorts include a high percentage of Super Spenders buying at least $50 of beauty products monthly, with 51% of weekly beauty buyers and 33% of subscription box users falling into that category. To appeal to these potential recurring customers, beauty sellers should ensure they're using personalization tools to deliver the right assortment of product options and on-site recommendations.

These cohorts are also both highly engaged with social media, which influences 77% of weekly online beauty buyers and 79% of subscription box users, suggesting that user-generated content campaigns and value-added features highlighting the diversity of offerings could potentially engage a valuable audience segment.

Beauty Through the Ages



Demographic Profiles Reveal Opportunities for Every Audience

Different age cohorts have different beauty shopping behaviors and priorities—and in some cases, confound stereotypes about online habits. Beauty brands and retailers need to discover the facts and not rely on assumptions, when it comes to their target audience—then tailor strategies accordingly.

Under-35s Seek Diverse Shopping Experiences

Members of Generation Z and their Millennial counterparts are widely sought by retail brands, and their habits make them ripe targets: they're at ease shopping both online and offline, appreciate purchasing in-store, and seek out specialty retailers rather than default to Amazon. During the current pandemic, a higher percentage than average of younger shoppers have shifted beauty spending online, and fewer than average have reduced usage of beauty products.

While members of this cohort are predictably mobile-first and heavy social media users, they're also less apt to share beauty finds as widely as might be expected. Price consciousness rules with these fledgling consumers, whose overall beauty spending is in the budget range.

Older Shoppers Deserve Strategic Attention

While many Sephora stores are packed with Gen Z and Millennial shoppers, the reality nowadays is that older shoppers hold the purse strings, making them a valuable audience to court. Furthermore, older shoppers are more web-savvy than stereotypes suggest: although they favor stores for discovery and purchasing, a significant percentage use both online and offline sources—and they use voice devices such as Alexa and Siri more than Gen Z does.

Age Group Data Highlights

	Gen Z	Millenials	Gen X	Boomers	Seniors
	Ages 18 - 24	**Ages 25 - 34**	**Ages 35 - 54**	**Ages 55 - 64**	**Ages 65+**
PURCHASE FREQUENCY *percentage purchasing beauty products online at least monthly*	28%	24%	22%	21%	15%
SUBSCRIPTION BOX USE	41%	39%	34%	30%	23%
INFLUENCE OF SOCIAL MEDIA *on beauty product purchases*	78% are influenced **31% Instagram** 28% Youtube 8% TikTok	71% are influenced **25% Instagram** 19% Youtube 16% Facebook	55% are influenced **31% Instagram** 28% Youtube 8% TikTok	49% are influenced **28% Facebook** 10% Youtube 5% Pinterest • 5% Instagram	49% are influenced **28% Facebook** 8% Youtube 6% Pinterest • 6% Instagram
FAVORITE ONLINE DESTINATIONS *to shop for beauty products*	**20% Ulta** 19% Amazon 18% Sephora	**27% Amazon** 15% Walmart 14% Sephora • 14% Ulta	**34% Amazon** 19% Walmart 9% Ulta • 8% Sephora	**28% Amazon** 20% Walmart 7% Drugstores	**28% Amazon** 16% Walmart 10% Drugstores
VOICE DEVICES *percentage using voice devices such as "smart speakers" to shop for beauty items*	2.1%	1.1%	1.0%	1.8%	3.0%
FREE SHIPPING OR DISCOUNTS?	**64% Low Prices** 52% Free Shipping	**63% Low Prices** 49% Free Shipping	**53% Low Prices** **53% Free Shipping**	**57% Low Prices** 54% Free Shipping	**55% Free Shipping** 54% Low Prices
SIP BEAUTY BUYING *percentage who increased buying beauty products online since the COVID-19 outbreak*	31%	33%	26%	19%	16%

Conclusion & Key Takeaways

Transform to Thrive During the Pandemic and Beyond

Agility has never been more important for beauty brands—not only to adapt to the constraints of the COVID-19 era, but also to meet consumers' rising expectations for omnichannel fluency. Investments made to reach shoppers who are now reliant on the web for beauty inspiration and ordering will stand sellers in good stead when stores open again, augmenting their efforts to connect online and offline experiences. Among the priorities:

Boost Omnichannel Fluency

The majority of consumers under the age of 55 use both stores and the web to discover beauty products, even as stores remain widely popular—including among 18-to-24-year-old Gen Z shoppers. **Beauty retailers must adopt a holistic approach and invest in the technologies that enable unified shopping experiences**: improved online-to-offline attribution, personalization intelligence to deliver context-relevant offers, and order management tools that enable swift, cost-effective cross channel fulfillment. Curbside pickup and ship-from-store services launched as expediency measures during the pandemic will serve retailers well once outlets reopen, giving customers a new degree of flexibility.

Prioritize Authentic Diversity to Reflect Reality—Starting with Men

The majority of customers across age groups and buying segments agree that beauty brands must do more to boost diversity and inclusion. **Sellers should make a concerted effort to broaden their appeal beyond caucasian women**—starting with men, who are now the majority of beauty buyers in key cohorts and who outnumber women in the most frequent buying categories. Both gender diversity and unisex offerings should be a high priority.

Given that coveted younger shoppers as well as top spenders prize diversity and inclusion more than respondents overall, beauty brands and retailers would do well to go beyond adopting diversity as a marketing slogan; robust personalization experiences, crowd-sourcing new product development with key constituencies, and a commitment to engaging in two-way dialogue via social media and customer service channels can help brands authentically embody a commitment to diversity and inclusion.

Design Experiences for the Mobile Web

In a significant shift, the majority of respondents now use mobile phones to shop for beauty products—signaling to beauty sellers that their experiences must be inviting and intuitive on small screens. Mobile development is especially key in the immediate near-term, as shut-in shoppers away from workplace computers shop online via their phones.

Even after stores open, robust offerings via the mobile web will afford access to the widest swath of shoppers—including those invaluable Super Spenders, Millennials, and Gen Z cohorts who use the mobile web to shop for beauty products at a higher than average rate. Using progressive web apps and taking advantage of built-in functionality such as camera input for virtual try on, as well as location data for localized store connections, ensures that beauty brands can deliver rich experiences without the intermediary step of an app download.

Take a Page from Specialty Retailers' Playbooks

With Sephora and Ulta showing marked gains compared with 2019, it's worthwhile to study their success to see what lessons might apply. Among the strategies to consider: Private-label collaborations with renowned designers, value-added content delivered through robust social channels, a wide range of products and price points, and loyalty programs that make it easy for shoppers to replenish items and re-engage—and, coincidentally, help track online-to-offline browsing and buying through a unified customer profile.

Use Amazon to Reach Web-First Buyers

Given that Amazon is the most popular online destination for beauty buying, every brand and retailer should at the very least have an Amazon strategy, if not a full-fledged marketplace presence. Amazon offers unparalleled visibility with web-first browsers and buyers, who favor the site 50% more often than average—and given that the web is the predominant option for beauty buying in the current moment, Amazon is worth consideration as a potential quick win in uncertain times. For the future, direct-to-consumer brands without physical outlets may especially benefit from a robust Amazon presence, given its popularity with web-first shoppers.

Build the Social Proof Your Customers Value

There's no doubt that social media should be a robust component of any beauty seller's marketing strategy—but which social networks to prioritize depends largely on the gender and age of the audience, requiring retailers and brands to continually monitor and adjust their strategies as new social opportunities arise for their target audience. Given that frequent buyers and top spenders are more apt to share beauty finds widely, beauty sellers should reward advocacy with loyalty perks in order to generate authentic word-of-mouth endorsements.

Discount Selectively to Satisfy Bargain Hunters

Both free shipping and low prices ranked as top website features for online beauty shoppers of all stripes, but that doesn't mean sellers must race to the bottom with deep discounts in order to compete. By targeting free shipping offers to likely online buyers and steering omnichannel shoppers toward in-store pickup options, for example, retailers can align their offers with shoppers' preferences and save fulfillment costs in the process. For fans of low prices, retailers can employ a good/better/best strategy such as that employed by Ulta, whose customers purchasing mass brands are gradually introduced to higher-tier products through highly personalized store experiences.[10]

[10] Forbes, "In the Battle for Beauty Shoppers, Ulta Is Pulling Ahead of Sephora and Amazon," March 2019, https://www.forbes.com/sites/pamdanziger/2019/03/19/ulta-puts-more-distance-from-sephora-and-amazon-in-the-number-of-people-who-prefer-to-shop-there/#7858a4e036f4

e.l.f. Cosmetics experienced double digit growth in ecommerce revenue

Learn how Tinuiti and e.l.f. partnered to boost e.l.f.'s brand awareness with their millennial and Gen Z audiences.

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