

The Creative
Future Company
FutureBrand

Future of
Beauty

2019

Introduction

The beauty industry is one of the most exciting, complex and fast moving sectors in the world today. It faces multiple challenges from a proliferation of independent brands which are shaking up industry conventions, but there are also vast opportunities for brands willing to embrace this change.

As with almost every other industry and boardroom, we see a renewed focus on, and need for, growth. Enduring topline business growth has become increasingly elusive as markets fragment under the combined forces of technology, globalisation and changing consumer wants and needs, not least those associated with sustainability and the environment.

The beauty industry is however forecast to reach 863 billion by 2024. While new market entrants have seen opportunity in decoupling various steps in the sales process, the biggest opportunities still lie with the biggest businesses. Their brands can improve lives and, yes, create profits at scale like no other.

As the Creative Future Company, future-proofing these scale brands so they grow and keep growing even when times change is our primary purpose. Helping C-level business leaders connect brand purpose and everyday experience is at the heart of our business and having a fresh eye on the future of key categories and sectors is where that journey invariably starts.



WELCOME TO THE FUTURE OF BEAUTY

The rise and importance of purpose has affected the beauty industry more fundamentally than most other sectors - for better and for worse. An industry which only went skin deep now has to demonstrate it has a soul.

For years, the beauty industry has been accused of setting impossible standards, neglecting diversity and selling ineffective products. However, as society has become more progressive and inclusive the industry has had to adapt to keep up and, through necessity, it has embraced a more positive set of values. It is now more honest, more conscious and more ethical than ever before. In becoming so it has begun to right some of the wrongs it created years ago.

As a consequence of these societal and attitudinal shifts, beauty is a sector where consumer behaviour and understanding has also evolved rapidly. So called "skintellectuals" have sprung up - a new breed of beauty consumer - who are more knowledgeable

than ever before, less loyal and, as a result, more demanding of their beauty brands.

The combination of all these factors has made the beauty industry one of the most exciting and transformational sectors today. An industry where a myriad of micro-trends are emerging from societal macro-trends. An industry where independent brands are truly accelerating innovation and setting new beauty rules, whilst big brands have financial clout and the power to change the norms they established years ago as well as enforce new ones.

This report is a snapshot of one of the fastest-moving, most complex and competitive sectors. In order to understand it from a brand perspective we analyse the key societal and beauty trends shaping it, talk to the industry leaders and challengers moving the needle and distil the latest thinking on beauty.

Welcome to the Future of Beauty.



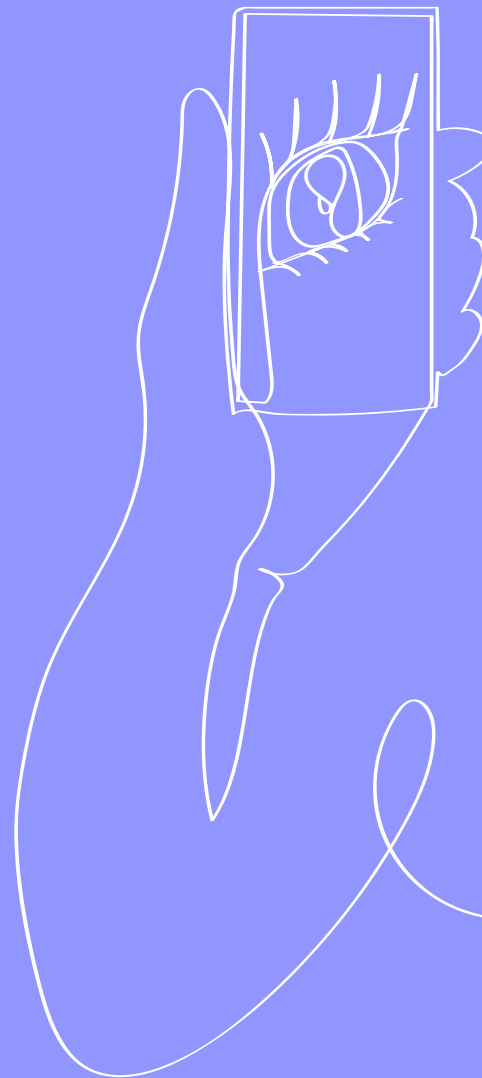
#beautytrend

Trends to look out for

We examine the 5 key industry trends
shaping the future of beauty

“If I had to use one word to characterize the state of the U.S. beauty industry today, it would be disruption. Whether we look at categories, brands or retailers, there are sweeping changes taking place. The market landscape is shifting below the surface, but opportunity exists to innovate and leverage trends impacting the consumer psyche, which is at the heart of this transformation.”

Larissa Jensen
Executive Director, Beauty Industry Analyst,
The NPD Group



#beautytrend

Civic Beauty

Beauty brands are responding to societal shifts by de-stigmatizing taboos and challenging the status quo.

Sustainability is not new news in the beauty industry but it is now changing the sector in more ways than could have previously been imagined from packaging and ingredients used to what the brands we buy stand for. Consumers today want transparency - they want to know what ingredients are going into the products they buy and whether or not they are

harmful to either their bodies or to the environment. Consumers are more knowledgeable than in the past and now understand the power they have - they realise that their purchasing decisions impact the world. As a result of this conscious consumerism they are attracted to brands that play a more decisive role in society. Therefore, brands are now competing to establish new market norms by offering products that are trustworthy, inclusive and clean in the minds of consumers.

#cleanbeauty

In line with this new quest for natural, healthy living and organic products, brands are creating more transparent, respectful and safe formulations.

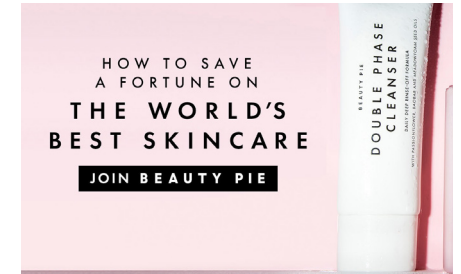


Credo

Credo is a retail concept that selects and sells the "cleanest" brands around the world and carries the largest collection of safe, non-toxic beauty products.

#establishingnewcategorynorms

'Beauty for all' is the mission of some brands that are trying to establish new price norms to offer quality in an more honest way.



Beauty Pie

The Beauty Pie is a buyers' club for beauty addicts where members have access to luxury products from the world's leading beauty labs - but pay 5 times less than the normal price.

#inclusivebeauty

Race, gender, age... beauty is celebrating all identities and promoting self-acceptance.



Curology

Curology is a skincare brand that talks about acne in an upbeat and positive way.

#beautytrend

Optimised individuality

Beauty brands are encouraging consumers to accept their identity and be true to themselves.

In today's globalised world, consumers are moving towards a more personal definition of beauty. They believe the beauty category can help them become the best version of themselves. They are no longer willing to subscribe to a singular beauty ideal or blindly pursue someone else's idea of perfection.

They want tailored help to improve themselves, to find out what works best for them... but on their terms. To achieve that goal, they seek brands which enhance identities both social and genetic.

As a result, we are seeing the rise of highly personalized products: brands that offer DNA analysis or even epigenetic science and brands targeting specific demographics.

#epigeneticsskincare

Hard science-based personalization is also being utilized by brands as a way to embrace one's identity.



Biologique Recherche

La Grande Crème of Biologique Recherche has a proprietary active EpigenActiv® formula, based on an innovative discovery in epigenetics. The peptide-powered formula aims to address the genes involved with wrinkle formation and hyperpigmentation.

#identityquest

Embracing identities is also helping minorities to find their own unique way to express themselves.



Fluide

Fluide is a make-up brand for all but targeting the LGBTQ community in particular.

#advanceddiagnostic

Advanced and personalised – customer lifestyle diagnostics are fast becoming the new Holy Grail in skincare and haircare.



Prose

Prose is a haircare brand based on an advanced lifestyle diagnostic to create a custom-made product for the consumer, created from more than 50 million possible combinations.

#beautytrend

Mood beauty

Beauty brands are increasingly drawing from and promoting traditional Far East rituals and practices that stimulate and support emotional wellbeing.

Modern life is fast-paced and relentlessly busy, meaning that consumers are constantly looking for new (or old) ways to promote mindfulness and happiness in order to combat day-to-day stress. It is certainly not new but there has been a resurgence in the popularity of traditional Chinese medicine, specifically in the beauty world.

Embracing its philosophy and holistic techniques, industry experts are proving that cosmetics can boost self-esteem, reduce stress, and have a positive influence on emotional wellbeing. Consequently, brands are developing new products which are mood-focused or even aligned with natural human cycles and chronobiology to help consumers attain inner balance and wellbeing.

#sleepingbeauty

Night-time and sleep are known to be very important for skincare. Brands are tapping into this opportunity by offering night-centric rituals.



Dermatologica

Sound Sleep Cocoon by Dermatology is an overnight skincare treatment that comes with an online hub featuring tips for restful sleep, DIY bedtime massage techniques, and soothing binaural beats that affect brainwaves and help to induce sleep.

#moodbeauty

Beauty brands are also developing functional reasons to buy built around emotions that stimulate mood positively.



Miléo

Miléo New-York is harnessing the healing properties of aromatherapy in a new sustainable face oil collection.

#hormonalbeauty

Hormones, the circadian cycle and changing seasons all affect the health of our skin so brands are developing specific products with these in mind.



Knours

Knours is a skincare brand with tailored products that take into account the hormonal cycle to offer a routine adjusted to the body's natural changes.

#beautytrend

Intuitive beauty

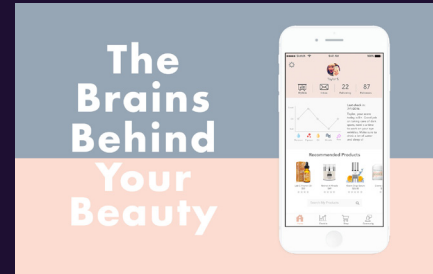
Brands are making beauty more instinctive and seamless to simplify our busy, active lifestyles.

We are bombarded on a daily basis with information from every angle and as a result of being 'always-on' there is more pressure than ever before on our time.

As a consequence, consumers are seeking brands which help them to simplify their daily routine. In response, some brands are stripping away ultra-complicated skincare processes and trying to make beauty simpler, more streamlined and focused on practicality. They are also turning to tech for solutions which enable them to stay ahead of increasingly sophisticated consumers.

#intelligentAI

Through new smart products, packaging and artificial intelligence, beauty is becoming more intuitive than ever.



Hello Ava

Hello Ava is an AI enabled service that helps you create the perfect beauty ritual according to your needs through a simple and intuitive digital conversation.

#adaptablebeauty

Save time and make beauty rituals easier: that's the new ambition of some brands that want to simplify our daily lives.



ghd

ghd glide is a hot brush that rethinks brushing to help you style your hair while saving time every morning.

#minimalistbeauty

Easy-to-use products, all-in-one formulas and simple product ranges are creating minimalist beauty solutions in response to overcomplicated routines.



Starskin

Starskin's 7-Second Morning Mask is an all-in-one beauty solution that reduces a seven-step skincare routine into one serum-soaked Mask Pad.

#beautytrend

Medical grade beauty

Beauty brands are offering medical grade solutions for a more effective and efficient routine at home.

As consumers are becoming “skintellectuals” – highly sophisticated, knowledgeable shoppers – medical formulas and clinic-worthy results at home are becoming the new norm in a sector where beauty is merging with health, medical solutions, and biological discoveries.

#techtoolforclinicalresults

Dermatological expertise available in your own home through tech-savvy devices are becoming a new beauty solution.



Opté
Opté is a digital advanced anti-ageing device that makes spots, imperfections and hyperpigmentation disappear... at home.

#medicalgradeefficiencyathome

Discoveries in health and medicine are at the leading edge of cosmetic innovation.



Augustinus Bader
Augustinus Bader is a skincare brand inspired by regenerative medicine offering a powerful technique that unlocks the body's innate code for tissue repair.

#biotransformingbeauty

The world of beauty is shifting from the logic of a hygienist to that of a biologist. Bacteria is increasingly accepted as having a positive impact on the skin microbiome, meaning that purity and over-cleansing are becoming things of the past.

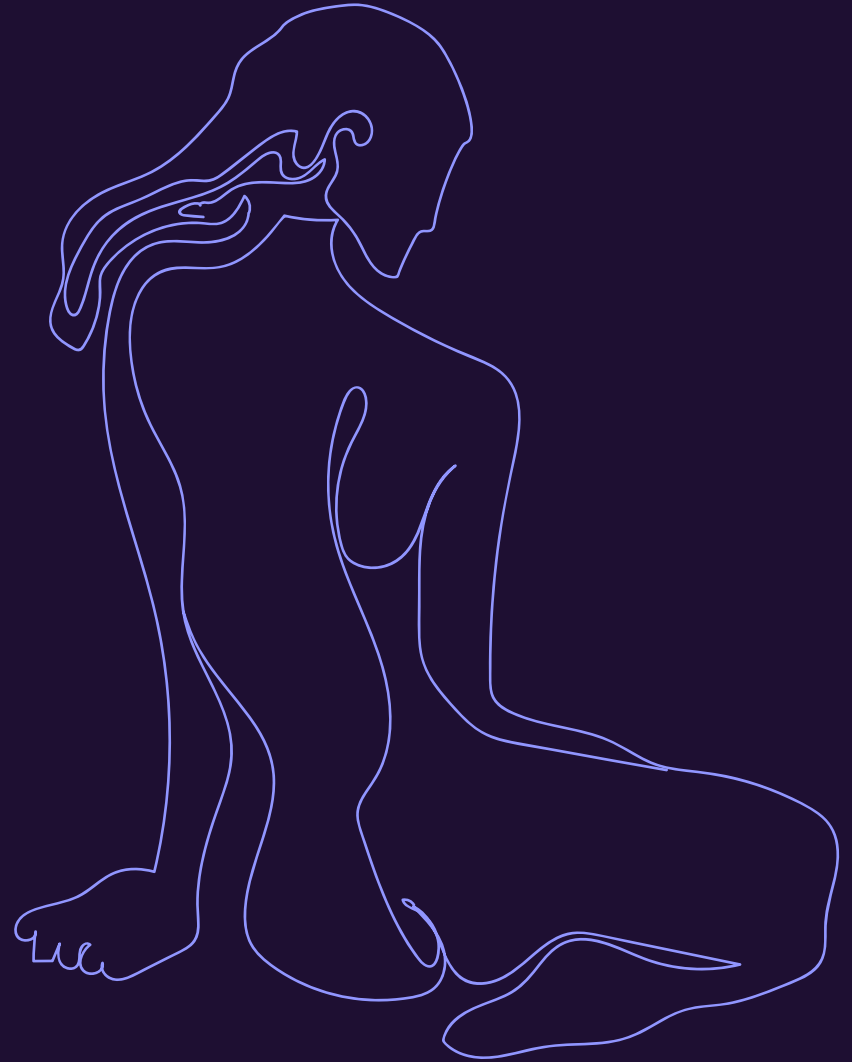


Gallinée
Gallinée is a skincare brand that takes care of the microbiome through probiotics formulas.

#beautyinsights

An insider's view of the future of beauty

We talked to industry experts to understand their perspectives on the trends, consumer expectations, and behaviours that are set to shape beauty in the years to come.



#beautyinsights

VIEW FROM THE TOP: WHY TRUST IS THE KEY INGREDIENT FOR SUCCESS

President of Estée Lauder France, Jean-Christophe Jourde shares his thoughts on innovation and his vision on the main trends currently shaping the industry.

#innovation
#transparency
#emergingbrands

WHAT ARE YOUR THOUGHTS ON THE BEAUTY INDUSTRY TODAY?

The global beauty market is a growing at around 6%. It's a fantastic and attractive industry because even though the market is mature, it continues to have very strong growth. As a result, there are a lot of industry players; from large, international corporations to small and niche brands. It's a continuously refreshing industry where the door is always open to newcomers. One of the major trends we're seeing today is the arrival of a lot of smaller, niche brands that have a single, specialised focus within their sector and are looking to attract new customers.

Of course there are also big, established brands with decades of experience that have built a loyal customer base over time.

WHICH MARKET SEGMENTS ARE THE MOST ACTIVE AT THE MOMENT?

There is a lot of strength behind emerging brands on the market which create new categories and carry a whole lot of expertise within them. We are seeing hyper-segmented dynamics. These brands are the reason why the market is so dynamic. On the other hand, the challenge that these brands have to face is moving from a small, niche brand to one with a much broader outlook. The difficulty is to find a link between their original market positioning and other segments into which they want to move.

WHAT DO YOU THINK ARE THE MOST SIGNIFICANT INNOVATIONS IN THE SECTOR?

It all depends on how you define innovation - there are many ways in which we can innovate. We can speak of innovation in terms of market positioning, the DNA of a brand, and innovation in terms of formulas and packaging...



Jean-Christophe Jourde, President of Estée Lauder

For example, Estée Lauder's Advanced Night Repair, which is the bestselling serum in the world, has 32 patents. We improve it every two to three years by developing new formulas, new technologies and packaging.

THERE IS A LOT OF TALK ABOUT TECHNOLOGY WITHIN THE BEAUTY INDUSTRY. HOW IMPORTANT IS THIS FOR A GROUP LIKE ESTÉE LAUDER?

Yes, technology is vital and it is at the heart of concepts and in our innovation processes. For our last launch - Estée Lauder Advanced Repair - we published a lot about blue light coming from our computers and devices. Blue light affects our skin daily and because of that, we developed a formula which allows us to protect skin from the effects of blue light and to rejuvenate it. It's a real breakthrough and we talk about it a lot at scientific conferences. I always say the "core" of the business is about product innovation, packaging and formulas. When we talk about being a premium brand, we really have to be at the top of our game and our laboratories all around the world allow us to do so.

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#beautyinsights



WHAT DO YOU THINK OF THE TREND OF COMBINING HEALTH AND COSMETICS?

It's something that has grown over the last two to three years. Inevitably, scientific breakthroughs are linked to cosmetics breakthroughs. As the skin is the largest living organ of the human body, scientific research evidently helps cosmetic research.

BEAUTY CONSUMERS ARE BECOMING MORE SOPHISTICATED, WHAT DO YOU THINK THIS MEANS FOR BRANDS?

There are big brands on the market that have earned and proved their credibility throughout the years: MAC, Clinique, Estée Lauder, but there are also smaller brands. The latter have to fight to earn their credibility, build up trust and intimacy with the consumer, who want transparency, and not just in terms of what goes into product formulas. Consumers want to know how a product is made and how it is put on the market.

“CONSUMERS WANT TO KNOW HOW A PRODUCT IS MADE AND HOW IT IS PUT ON THE MARKET. AS A BRAND, WE NEED TO CHAMPION THIS TRANSPARENCY.”

As a brand, we need to champion this transparency, especially for high-end brands. It is both legitimate and extremely important. There are a lot of ways to create this confidence-based relationship that can come directly from the brand itself or from other stakeholders or influencers.

WHAT DO YOU THINK THE FUTURE HOLDS FOR THE BEAUTY INDUSTRY? ARE THERE ANY TRENDS WHICH ARE KEEPING YOU UP AT NIGHT?

The beauty industry has some fantastic years ahead. At Clinique our mantra is "under promise, over deliver". If a brand stays loyal to a quality and performance-based approach they will have staying power. This industry is extraordinary both because it is stimulated by its small emerging brands and also because innovation is rife. We talk about brands, intimacy and meeting the needs of men and women of all ages. We talk about wellbeing, beauty, experiences, rituals. For some, there is also a psychological need behind it and all of this is truly amazing.

**TOMORROW, THE WORLD OF BEAUTY WILL BE...
Innovation, personalisation and inspiration.**

#beautyinsights

KNOWING ME, KNOWING YOU: THE MICROBIOME REVOLUTION IS COMING

We talked to Marie Drago, the founder of Gallinée – one of the beauty brands at the forefront of the microbiome revolution – about friendly bacteria, minimalism and a “no pack” future for the industry.

#microbiome
#minimalistbeauty
#honestbeauty

WHY IS THE MICROBIOME SO IMPORTANT FOR THE SKIN?

The microbiome makes you reconsider the way we've been thinking about cosmetics. We talk a lot about active ingredients, but active ingredients are only of 5% of your formula. Everything else in the formula can impact the microbiome and probably irritate it. Knowing that means that you've got to totally rethink the way that you create beauty products, and especially the way that you use preservatives, SPF, perfume, surfactants, emulsifiers etc.

It's really important because destroying and damaging our microbiome causes various reactions such as skin sensitivity and can lead to premature aging. We also talk a lot about skin microbiome in relation to acne and eczema, two massive subjects in dermatology but also in beauty.

WHY IS MICROBIOME SUCH A HOT TOPIC? IS THERE SOMETHING IN SOCIETY THAT MAKES PEOPLE FRIENDLIER TO THEIR BACTERIAS?

What I find really fascinating about the microbiome is that it's all about knowing yourself and understanding what defines you and how you can get better. Microbiomes make you question where the human stops and where the environment begins. As humans we always seem to detach ourselves from nature, but the microbiome trend is a way to embrace the natural world and the human connection to it.



Marie Drago, Founder of Gallinée

“THERE IS A KOREAN TREND CALLED THE ‘SKINCARE DIET’ WHICH IS A VERY MINIMALISTIC ROUTINE: YOU WASH AND MOISTURISE AND THAT’S IT.”

WHAT ARE THE BIGGEST TRENDS IN BEAUTY TO WATCH OUT FOR IN THE NEXT 10 YEARS?

I would say the minimalism trend, both what you put inside the products and the number of products you use. I think we are going to go in the opposite direction from the last few years. People are realising that more products and more complicated routines don't necessarily lead to better skin. There is a Korean trend called the “skincare diet”, which is a very minimalistic routine: you wash and moisturise and that's it.

#beautyinsights

BEAUTY CONSUMERS ARE EXPERTS AND EXPECT MORE FROM THE BRANDS THEY CHOOSE TO BUY. HOW CAN BRANDS DIFFERENTIATE THEMSELVES WHEN IT COMES TO DEMONSTRATING THEIR SCIENTIFIC UNDERSTANDING?

For me, proper innovation is always a step forward borne from research, trial and error, and doesn't really come from consumer demand. When we launched Gallinée, if we had asked people if they wanted to put bacteria on their face they would never have said yes. I think real innovation in the sector is coming from hard science and other fields (typically nutrition or even medicine) and translating it to the world of beauty.

WHAT DO YOU THINK ARE PEOPLE'S BIGGEST CONCERNS ABOUT BEAUTY TODAY?

They want to know what they are putting on their skin. They want to know where the product has come from. The biggest concern facing consumers seems to be "Is my product impacting me, the environment or anything else negatively?"

HOW DO YOU SEE THINGS EVOLVING IN THE NEXT 5 TO 10 YEARS?

I would say that the consumer will become much more demanding and will expect changes very quickly. This means that the niche brands have a chance because we are usually much more reactive than the big companies. If consumers have higher expectations from brands then it's a good opportunity for smaller, innovative companies to deliver them in a new or interesting way.

HOW CAN BRANDS ANSWER THE SUSTAINABILITY ISSUES THAT ARE FACING THE INDUSTRY?

I think packaging is a massive problem for brands. How can you package your products without having external packaging? But also, how can you make beauty products without using anything else? Waterless beauty is very interesting and with regards to the microbiome it totally makes sense: if there is no water you don't need to put preservatives in the product, and the main aim of preservatives is to destroy bacteria.

WHAT WOULD BEAUTY BE WITHOUT PACK?

Renewable beauty or home beauty is going to be big and that's something I'd love to see! We don't really want tubes anymore. We don't really want water anymore. I think just having a little plastic tube full of water is probably not going to be the norm and the future should be about solid beauty, powder beauty, spray-on, rub-on etc.

IF YOU HAD A MAGIC WAND THAT COULD GIVE YOU ANY POWER, WHAT WOULD YOU CHANGE IN THE BEAUTY INDUSTRY?

More high-quality products. That's why I'm so excited with the microbiome trend. It's a proper chance to really change the beauty industry.

TOMORROW, THE WORLD OF BEAUTY WILL BE...
Minimalist

"IF WE HAD ASKED PEOPLE IF THEY WANTED TO PUT BACTERIA ON THEIR FACE THEY WOULD NEVER HAVE SAID YES. I THINK REAL INNOVATION IN THE SECTOR IS COMING FROM HARD SCIENCE AND OTHER FIELDS, TYPICALLY NUTRITION OR EVEN MEDICINE, AND TRANSLATING IT TO THE WORLD OF BEAUTY."

#beautyinsights

DATA: THE NEW FRONTIER OF BEAUTY

We talked with Arnaud Plas, co-founder of customised haircare brand, Prose, about the future of personalisation, data and DNA-based recommendations.

#data
#personalization
#dna

ARNAUD, CAN YOU TELL US THE STORY OF PROSE?

After 10 years in the beauty industry I realised that at some point the innovation model was broken. When we were talking to customers they were saying "I don't know what to choose. There are so many shampoos that promise so much." In the end, by doing so much customer segmentation and oversegmentation, beauty shopping was not exciting or enjoyable anymore. It was just confusing. With Prose, we wanted to create a new way of creating and selling a beauty product that is made for you. By being a better model for the consumer, Prose is also a better model for the planet.

“YOUR ENVIRONMENT IS AFFECTING YOUR BEAUTY A LOT, AND ESPECIALLY YOUR HAIR. THAT’S ALSO WHY WE’RE ASKING CONSUMERS FOR THEIR ZIP CODE, TO TAP INTO THE OPEN DATA AND DO A FORECAST FOR THE NEXT TWO MONTHS IN ORDER TO ADAPT YOUR FORMULA BASED ON THAT.”



Arnaud Plas, Co-founder of Prose

Up to 40% of what the beauty sector was producing was actually destroyed because they weren't being sold and because some companies don't really know their customers. At Prose, we are reducing waste from an industry average of 20%-40% to 2%-2.5%.

WHAT IS PROSE'S VERSION OF PERSONALISATION?

Prose is custom-made. All the products are made to order and tailored to individual needs with more than 50 billion combinations.

WHY ARE PEOPLE SO KEEN ON HAVING A PRODUCT THAT IS TAILORED TO THEIR NEEDS?

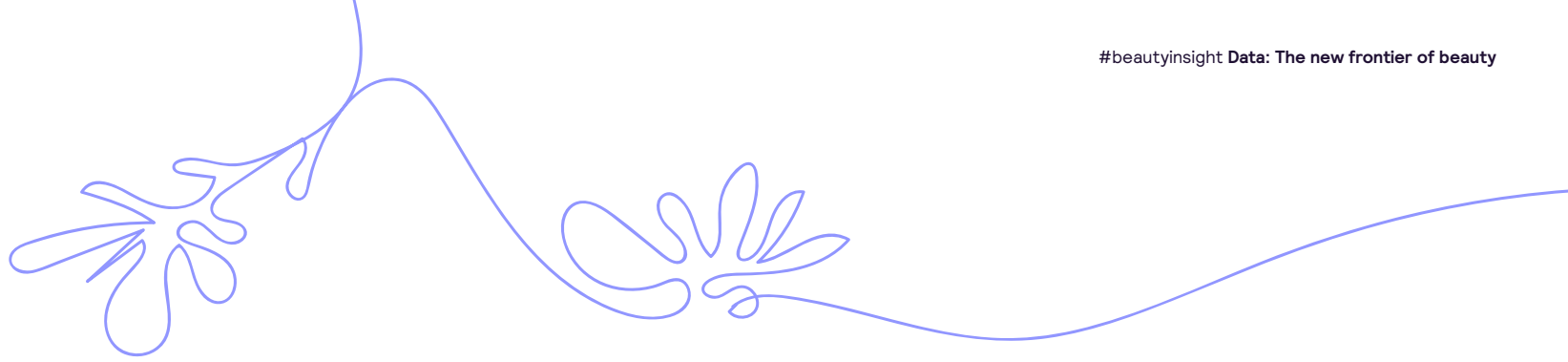
I think it's about rational and emotional factors. If you don't deliver extra performance this will just be a trend and not a sustainable evolution for the industry. With personalisation, you have this very emotional benefit of having something that has been done for you which reflects your uniqueness. It's like celebrating you as a person and not as a segment.

But the rational factor is also essential. For example, your environment (sun, pollution, water acidity) is affecting your beauty a lot, and especially your hair. That's also why we're asking consumers for their zip code, to tap into the open data and do a forecast for the next two months in order to adapt your formula based on that.

WHAT WOULD YOU SAY IS THE FUTURE OF CUSTOMISATION?

For me, it's the data. And if data will be the enabler of a great personalised experience, then the new barrier is: "how much data do you have?" That's why Prose is so hot right now: we've collected close to a million consultations with 135 attributes. Our company relies on first party buyer data. I know everything about my customers to deliver a better experience. This is how I see the future.

#beautyinsights



“I THINK THE WORLD IS SHIFTING TO A PLACE WHERE YOU WILL BASICALLY OWN YOUR DATA AND JUST OPT IN TO SHARE IT WITH THE BRAND OF YOUR CHOICE.”

HOW DO YOU MANAGE DATA?

WHAT IS GOOD DATA?

If I don't have the right input from you, I'm not going to be able to create a great product for you. With data, the most important thing to have in mind is the fact that the output quality of your algorithm is highly dependent on the quality of your inputs. Today, data input is mostly a consultation. You basically rely on the expertise of your clients, which is a good starting point but for example, women and men don't always know what kind of hair they have. Thus, the next step could be to collect information about the state of the hair on a regular basis. For example, having sensors, either through a brush or other accessories will probably be another game-changer in this industry. In this way, you will be able to go beyond the initial consultation to receive data every day from your customers.

WE HAVE ALSO HEARD A LOT ABOUT DNA COLLECTION AND ANALYSIS, WHAT DO YOU THINK OF THAT?

Of course, DNA could at some point help to predict what your beauty or health problems could be in the future, for example hair loss, wrinkle areas etc. I think the world is shifting to a place where you will basically own your data and just opt in to share it with the brand of your choice. For example, if you do a DNA test then you will have your profile and could get emails from brands saying “Hey. You're a subscriber to my brand. We can enhance your experience if you give me access to your DNA test.” Then you as a consumer need to decide whether to share your data or not with that specific company.

WHAT WOULD YOU SAY WILL BE THE BIGGEST CHALLENGES IN THE NEXT 5 TO 10 YEARS?

For me, there is a new issue arising in the beauty world around discoverability. How are you going to discover a new brand in a world where you only shop on Amazon? If it's the best place to buy it's also the worst place to shop. Amazon is pushing products that they want to push, their top 10 is totally different from the top 10 in a Sephora or in a Walmart. Furthermore, they're moving to voice controlled shopping. It's algorithm-centric, so it raises a big challenge for the beauty industry that is super visual. How to cut through on Amazon?

HOW DO YOU SEE CONSUMERS CHANGING IN THE NEXT 10 YEARS?

They will be more and more educated and also empowered by making their own products. In beauty, we are moving from big brands to indie brands. Perhaps the next stage is brands with consumers that would make their own products and share their recipe online. It could also impact communication: it used to be media, then it became influencers and micro-influencers, nano-influencers, and now consumers as influencers. Prose has already developed a co-creation process between us, the brand, and our customers. The choice that we made was to rebalance the relationship from top-down to a more a horizontal perspective where we are co-creating the product with our customer.

IF YOU WERE GIVEN A MAGIC WAND, WHAT WOULD YOU CHANGE IN THE WORLD OF BEAUTY?

I think that it would definitely be around sustainability. The beauty industry is a sector and a market that is producing a lot of waste. So if there is one goal for everyone, it's to make the planet as great as we can and protect it.

TOMORROW, THE WORLD OF BEAUTY WILL BE...
Personalised.

“THE CHOICE THAT WE MADE WAS TO REBALANCE THE RELATIONSHIP FROM TOP-DOWN TO A MORE A HORIZONTAL PERSPECTIVE WHERE WE ARE CO-CREATING THE PRODUCT WITH OUR CUSTOMER.”

#beautyinsights

R&D IS THE KEY TO STAYING AHEAD IN THE BEAUTY GAME

Carmen Asencio, Marketing Director of Blue Sea Laboratories, has over 20 years' experience in the cosmetics industry. Here she shares her thoughts on what consumers are looking for from brands and where the industry is heading.

#disruption
#epigenetics
#expertise

WHAT ARE THE MAIN TRENDS IN THE BEAUTY SECTOR IN SPAIN AND DO THEY DIFFER FROM INTERNATIONAL TRENDS?

The first is the move towards natural cosmetics. All the players in the market, big and small, are reacting to this new movement, some are adapting successfully and others aren't. It's impacting different departments such as the CSR of the company and the packaging of the product. Spain, in comparison with other countries in Europe is a relative newcomer to this, but is rapidly

evolving. Whilst the UK, German and other Northern European markets are much more evolved as they were early adopters of the movement.

Another dominant trend is aesthetic medicine, which I have been close to for a couple of years - there have been a lot of notable innovations in this area as the number of operations is rocketing and is a lucrative business. Spain is considered quite a pioneer and first mover in this area in comparison with other countries especially in Northern Europe.

Lastly, I think health and well-being is an important trend in the beauty sector as consumers are willing to pay more for products and services that improve their health and soon enough they'll start to demand it as a must.



Carmen Asencio, Marketing Director of Blue Sea Laboratories

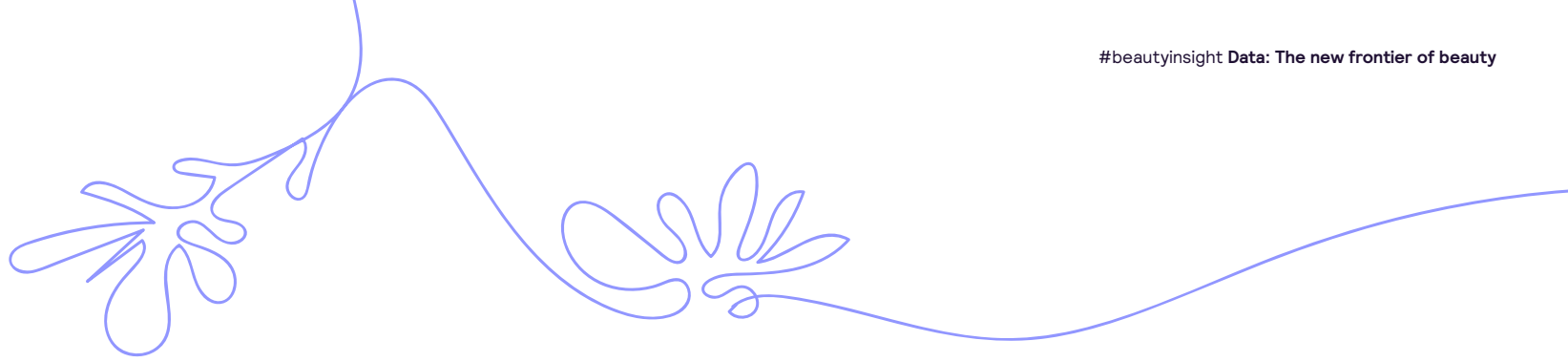
“CONSUMERS ARE WILLING TO PAY MORE FOR PRODUCTS AND SERVICES THAT IMPROVE THEIR HEALTH AND SOON ENOUGH THEY’LL START TO DEMAND IT AS A MUST.”

WHAT HAVE BEEN THE MOST SIGNIFICANT INNOVATIONS (PRODUCTS, DISCOVERIES, BRANDS, SERVICES) OVER RECENT YEARS?

The biggest disruption to the beauty sector has been the introduction of artificial intelligence (AI), which has really affected distribution. Customers want personalised products to choose from - which AI enhances - as well as omni-channel retail experiences. Several years ago, many companies saw the internet as a disruptive force, which created uncertainty on how to best utilise it. Nowadays, ecommerce is essential, and it is considered innovative to be an omni-channel brand - to be present by your customer's side through different channels.

Products are also evolving and innovating constantly, the current trend is hyaluronic acid, where all possible applications have been exhausted. Meanwhile products based on retinol come and go, and the future looks to be geared towards epigenetics.

#beautyinsights



“THERE WILL BE A LARGER AGEING POPULATION WHICH NEEDS CATERED FOR. THIS IS INEVITABLE AND THE COSMETIC SECTOR WILL HAVE TO ADAPT AND OFFER SPECIALISED PRODUCTS FOCUSED TOWARDS THE OVER-60S MARKET.”

WHAT DO YOU THINK WILL BE THE BIG INDUSTRY TRENDS IN THE NEXT TEN YEARS?

There will be a larger ageing population which needs catered for. This is inevitable and the cosmetic sector will have to adapt and offer specialised products focused towards the over-60s market. They will become the main priority for the cosmetic sector rather than the 35-50 year old market.

In Spain research shows that 48% of the population prefer natural cosmetics, whilst the actual sales figure is around 15%. Brands are taking notice of the

increasing popularity of this trend and in the near future they will surely look to innovate in this area. They will want to gain consumer loyalty and we will see a better offering once the market has settled down. Finally, we will see an even more personalised market due to the introduction of technologies such as AI. The products will be marketed towards personalised usage (e.g. special for certain skin problems) rather than the traditional categories of “men/woman” or “age”.

WHAT DO YOU THINK ARE THE AREAS OF INNOVATION TO EXPLORE FOR BEAUTY BRANDS TOMORROW?

More personalisation and a move towards natural ingredients will shape the industry. Increasing consciousness of global warming and usage of plastic already is and will continue to impact beauty packaging too.

IF YOU HAD A MAGIC WAND AND NO CONSTRAINTS WHATSOEVER, WHAT BRAND AND BEAUTY PRODUCT WOULD YOU CREATE?

Firstly I would create a really strong R&D department – it’s the most important element for staying in the game and developing innovations. I would then develop a brand that is closely related to health and beauty, and channel it through selective pharmaceutical groups.

WHAT DO YOU THINK ARE PEOPLE’S BIGGEST CONCERNS ABOUT BEAUTY?

People are much more conscious of their own health, but purchase behaviour is still highly affected by price. The mass-market will make a big jump in innovation and copy other brand technology to offer well priced, natural products that satisfy consumers’ price concerns.

ALL BEAUTY BRANDS CLAIM TO BE EXPERTS IN THEIR AREA BUT WHICH ONES REALLY STAND OUT IN TERMS OF INNOVATION AND EXPERTISE?

There are many brands that communicate their expertise but not very many that are able to really prove it. Companies such as Ducray, Pierre Fabre, Payot or Germaine de Capuccini have developed their brands from the expertise introduced by their founders. A group of 15-20 companies were created with that expertise, whilst others have had to create a story and develop their expertise over time.

Our research shows that consumers are becoming more and more knowledgeable about the beauty products they consume. First, they will look for information from peers and they are becoming increasingly suspicious of ‘experts’.

However, whilst I acknowledge consumers are becoming more knowledgeable but they are still not experts. Much of the information that consumers obtain is from social media which is very dangerous as they are often misinformed.

DO YOU THINK CONSUMERS ARE MORE DISTRUSTFUL OR CAUTIOUS ABOUT ‘EXPERTS’ NOWADAYS?

Even if consumers might be more informed on technological terminology, they are still searching for the same vocabulary at the point of sale as they know what they want (e.g. an anti-ageing product). Therefore, new technology and innovations must be translated in simple terms (e.g. consumers don’t have to be experts on AI, what they want is to interact with an intelligent mirror in a store). If handled properly it should not make the consumer distrust the brand.

#beautyinsights

THE BARRIER TO ENTRY IN SKINCARE IN LOW. THE BARRIER TO SUCCESS IS STILL VERY HIGH.

We talked to Jaime Castle, President of Obagi about the importance of evidence based claims and skincare inclusivity

#beautyforeveryone
#skinclusion
#intelligentbeauty

THIS YEAR YOU BROUGHT YOUR BRAND TO SEPHORA, A SPACE WHERE THE CONSUMER CONVERSATION IS INGREDIENT FOCUSED. HOW ARE YOU TELLING YOUR INGREDIENT STORY?

In our space, being ingredient conscious is part of our DNA. As a medically-based skincare brand we are acutely conscious of this. There is a fine line of being ingredient conscious and being ingredient careless. Being "organic" or "all natural" can be at the expense of product stability. Certain chemicals are needed for product stability and proper shelf life.

Consumers aren't always dosage conscious, they might keep a bottle intended for 6 weeks of use for 4 months. Product safety, efficacy and stability have to be at the forefront of every ingredient decision. Stability is product safety.

CONCEPT OF AN EXPIRATION DATE IS A NATURAL FIT WITH YOUR PHYSICIAN PRESCRIBED PRODUCTS.

HOW DOES IT PLAY IN RETAIL?

If people looked under their sinks, they'd be very surprised at how long their products have been there. When it comes to beauty and products we tend to be hoarders. Having the discipline to throw out that expensive mascara after only three months can be heartbreaking but that is what is needed. We need to be hyper-aware of what we put on our faces and skin, as a matter of health. For Obagi, that means using our voice to educate the consumer whenever we can.

YOU'VE TAKEN A STANCE ON SKINCARE INCLUSIVITY WITH #SKINCLUSION. WHAT'S THE INSPIRATION BEHIND THAT?

In the US, the typical consumer who goes to a doctor's office with a skincare need is female, age 36 and Caucasian. People of colour don't believe there are

products that meet their skincare needs. The industry hasn't been speaking to them. They have needs and they want results. We are here to treat them. Obagi has been testing our products on all six Fitzpatrick skin types for 30 years. Our competitors only test skin types 1, 2 and 3. That means I'm the darkest skin type they're testing their products on. That's the concern.

We are committed to making everyone feeling included. We are starting a program to put Braille on our packaging. We have a 21 year old woman with Down's Syndrome as one of our brand ambassadors to speak to that community. As industry leaders we need to make more people feel included.

YOU RECENTLY LAUNCHED YOUR BRAND IN CHINA. WHAT HAVE YOU LEARNED?

Medically-based skincare is new in China. We're one of only two players. Our job is education and physicians are responding very well. There's some fake news about what the big issues are in the market. The buzz we'd heard was whitening, but we've learned the #1 consumer concern is dryness, not whitening.



Jaime Castle, President of Obagi

YOU'RE A MEDICALLY BASED PRODUCT IN AN INDUSTRY OF BIG PROMISES AND NEW/NOW/NEXT. WHAT'S YOUR ADVICE TO BRANDS LIKE YOURS?

I do always smile when I see "facelift in a bottle". Obagi would never make that sort of claim because all our claims are substantiated by a clinical study or a manufacturing test. It's a discipline we embrace but not all of our competitors do that. The barrier to entry in skincare is low. The barrier to success is still very high. We stay true to our DNA. Stick to our discipline. We're here to treat. We just have to keep using our voice to educate consumers about what is possible.

"OBAGI HAS BEEN TESTING OUR PRODUCTS ON ALL SIX FITZPATRICK SKIN TYPES FOR 30 YEARS. OUR COMPETITORS ONLY TEST SKIN TYPES 1, 2 AND 3. THAT MEANS I'M THE DARKEST SKIN TYPE THEY'RE TESTING THEIR PRODUCTS ON. THAT'S THE CONCERN."

8 tips to stay ahead in the beauty world

#1 STAND FOR SOMETHING RELEVANT

In an increasingly uncertain world where long-held norms are being challenged by societal and environmental shifts, the beauty industry must revolutionize in order to stay relevant.

Are you sufficiently shaking things up?

#2 EMBRACE THE ERA OF HYPER SEGMENTATION

We're witnessing the battle of established brands vs. emerging names keen to make their mark. The broad reach of the big players is increasingly out of sync with consumers who are drawn to the niche, mono-expertise and mono-product brands of the challengers, breaking consumer targets into ever more specialised segments.

Does your portfolio effectively speak to an audience of one?

#3 BE BESPOKE BUT INCLUSIVE

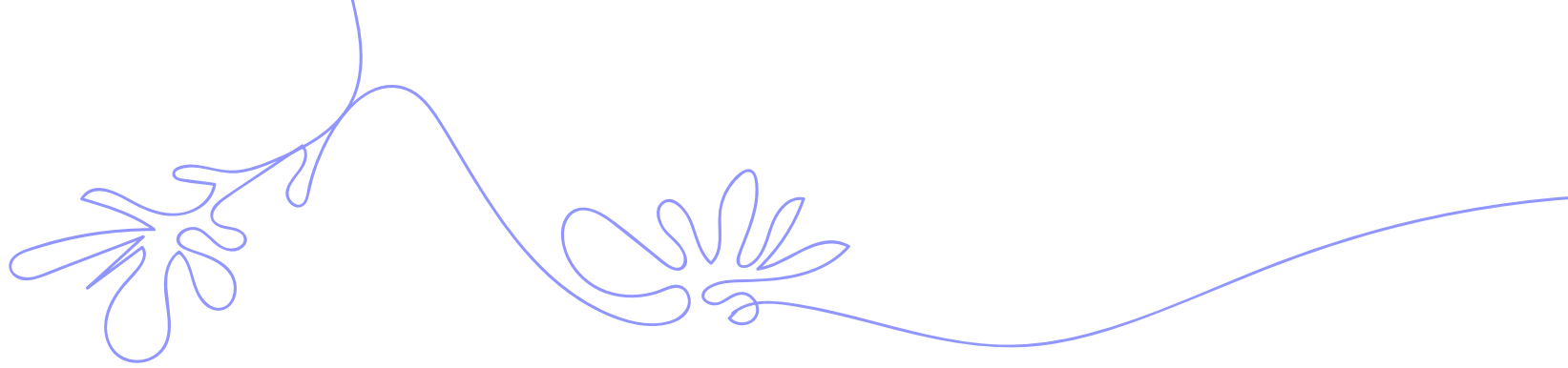
Consumers are looking to the beauty industry to be at the forefront of inclusivity and diversity. So the tricky line to walk will be between an inclusive mission but a tailored, customisable product range.

Does your mission stand-up to scrutiny?

#4 BEAUTY INDUSTRY X NEW THINKING

Continuing to meet consumers' ever-increasing demands will mean innovation is vital. Creating truly ground-breaking products and services requires open-mindedly bringing the outside in, drawing on ideas and expertise from other categories, partners and collaborators.

Where do you need to look for fresh thinking?



#5 PLAY TO YOUR STRENGTHS

Know which side of the battle lines you're on. Challenger brands bring disruptive thinking, insights and innovative discoveries to the market, but legacy brands have the might, distribution, budget and expertise to deliver far-reaching industry change.

Which one are you, and how do you play to your strengths?

#6 FIGHT FOR ENGAGEMENT

Building long-term consumer loyalty will be a crucial challenge. In order to cut through the noise brands need to earn consumer engagement by offering ever-evolving routines rather than single moments of discovery.

Are you more than a one-hit wonder?

#7 USE TECH TO ENHANCE THE EXPERIENCE

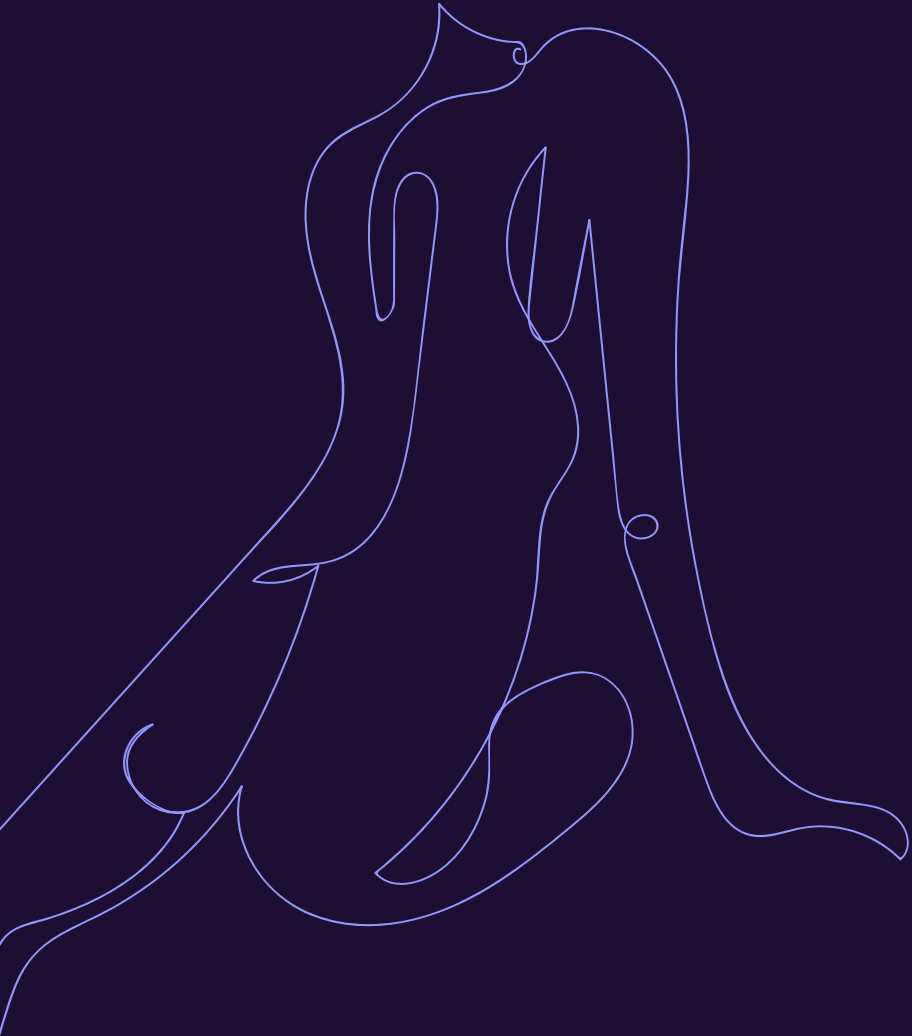
Tech for tech's sake doesn't resonate with consumers, but tech which offers added benefits is a winner. Beauty brands will have to integrate the digital into their real life experiences to stay current.

Are you sufficiently clued-up on the infinite possibilities out there?

#8 DIFFERENTIATION IS NOT A NICE-TO-HAVE

Among a myriad of brands drawing from the same trends, a brand's purpose and experience must ladder up to something that stands out.

Do you know how to make an impact?



At FutureBrand, we love nothing more than imagining what the future could hold for our clients and their respective industries.

That's why we've transformed the key takeaways from this report into futuristic, fully-fledged brand concepts.

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