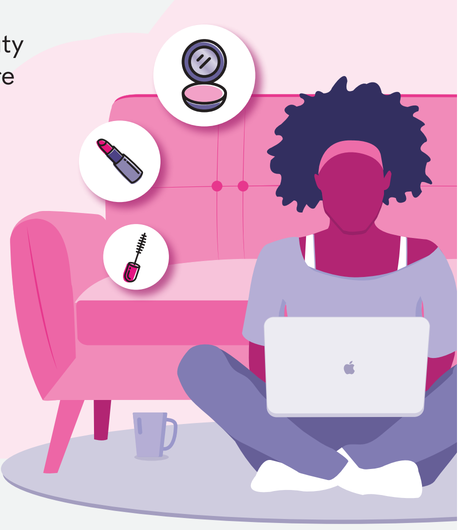
STELLA INFOGRAPHIC

The Business of Beauty: Pandemic Briefing

In many ways, COVID-19 is pushing the beauty industry toward a makeover. The big shifts are coming from Millennials and Gen Zers, the generations most engaged with the industry. **69% of Millennials now feel that beauty brands need to show more diversity**—as compared to 52% of all adults—and **59% of Gen Zers are tired of being told how they should look**—as compared to 45% of all adults. 26% of 18-34-year-old women say their approach to beauty has changed, and nearly a quarter plan to use fewer products in future. Change is here, but there are plenty of bright spots in the beauty world; the brands that really listen to consumers in this moment will shine.



PRE-PANDEMIC RECOVERY EXPECTED IN 2025

- **$52.8B: estimated beauty retail sales in 2020**, a -7.7% decline from LY
- In spite of the pandemic, the **haircare and skincare categories are expected to grow** .8% and 2.4% respectively; color cosmetics will be most affected, down -10.7%
- Consumers' emotional attachment to beauty will largely drive recovery: in 2025, sales are forecasted to reach $57.13B

SHIFTS SPURRING SLOWER GROWTH

- WFH, masks, social distancing, and a recession have:
  - **1/3 of consumers using fewer products**
  - 26% deprioritizing their appearance
  - 34% responding that beauty products are a lower spending priority right now

VERY INTO VALUE

- **60%: the increase in "best affordable"** searches on Google YoY; consumers want the best for less, and beauty is no exception
- Search volume for value brands The Ordinary and CeraVe are up 193.9% and 127.6% respectively; **efficacy at a price point is key**

AT HOME ADVENTURE

- As a result of COVID-19:
  - **38%** of 18-34-year-olds have **tried a new product**, while **34% have tried a new brand**
  - **23%** of that same age group **have tested a new shopping service**, and **21%** have **added a new product** to their routine
  - Highly engaged Millennials and Gen Zers are looking for self-care, fun, and an escape while at home: **beauty delivers**

BEAUTY CONSUMERS ENJOY THEIR RESEARCH

- The top consumer behaviors while shopping over the last year:

83% Compared prices
79% Read reviews
65% Signed up for a retailer's e-mail list for a discount
57% Viewed or read a tutorial online
54% Researched the retailer or brand's mission
52% Checked social media for product reviews
49% Sought product suggestions on social media
43% Connected with the brand/retailer on social media

TRY SOMETHING NEW (ONLINE)

- 53% of consumers report trying to limit their time in-store (as of September)
- Strong **ecommerce** experiences, **virtual consultations and tools**, and **livestreams** will engage and excite while at home

TWO PRIORITIES: HOLISTIC HEALTH & INCLUSIVITY

- **Beauty consumers see skincare and cosmetics as part of their larger, holistic approach to wellness and self-care**
- Mental health is increasingly a part the wellness narrative; in order to be considered a net positive for mental wellness, beauty brands need to offer attainable and realistic depictions of beauty and inclusivity

Sources: Mintel: "Beauty Retailing: Incl Impact of COVID-19, US," October 2020, " Gen Z Beauty Consumer: Incl Impact of COVID-19, US," August 2020, "Perceptions of Beauty Across Generations: Incl Impact of COVID-19, US," September 2020, Glossy, "The makeup playbook for doubling sales in a pandemic," 17 November 2020, Spate, "Which Brands Have Been Winning 2020?" 10 November 2020

STELLA RISING