The omnipresence of digital, the on-demand economy and collaborative consumption have fundamentally altered consumer expectations. Tech startups have changed the way we move (Uber), eat (Seamless), and whether we buy or rent (Rent the Runway).

Fast fashion disrupted production cycles, creating a ripple effect that forced the rest of the industry to completely reevaluate the number of collections, change their distribution models, and move to more consumer-centric timing.

Until now, the beauty industry has lagged in disruption, but the indie players have instigated a revolution. Emerging players like Memebox, Frank Body, and Ipsy have gone from zero to multi-millions overnight. In 2016 alone (and the year is not over yet), beauty startups raised nearly $300 million in funding. With the changing pace of product innovation, increasing market fragmentation, and digital, it’s impossible to keep doing business the same old way. Airbrushed perfection is no longer synonymous with beauty ideals, the customer is a creator, and the rule breakers are getting rave reviews.

The future is now. Is the beauty industry ready?
changing PACE

Over the past decade, fashion underwent a change not seen since the Industrial Revolution. Players like Zara, H&M, Everlane and Bonobos turned the business on its head, transforming the industry at its very core. In this era of immediacy, beauty is primed for rapid transformation.

timing is EVERYTHING

The pace of fast fashion has turned up the speed on the industry as a whole, and similar shifts are happening in beauty.

The July 2016 launch party for Marc Jacobs’ newest fragrance was timed to optimize influencer buzz in the weeks before the product release. This is a dramatic change from just one year prior, when another Marc Jacobs fragrance launch took place in May to match the timeline for print magazines’ September issue.1 Beauty innovator ColourPop states on their website that their goal is to bring products to market as quickly as possible and then use customer feedback to “accelerate, pivot, or adjust the brand as needed.”2

NEW & non-traditional

Beauty has long allowed consumers to connect with luxury brands at a more affordable price point than their core products would allow. Now brands from Topshop to Old Navy are launching beauty lines and offering beauty products, bringing a whole new set of players into the space.

DELIVERY on-demand

Net-a-Porter’s same day delivery was a bellwether of the changing relationship between the luxury consumer and luxury brand. This trend of delivery on-demand is now coming to the beauty space. GlamSquad, which has raised over $24m in funding, Vensette, Vive, and Priv are all startups revolutionizing beauty with convenient and affordable at-home services.

1. LA Times, 2016.
THEN AND NOW: the trends transforming beauty

immaculate to AUTHENTIC

The flawless goddess will always have a place in beauty, but this look is no longer the sole representation of the industry. British vlogger Katie Snooks documented daily her efforts to heal her severe acne on YouTube, getting hundreds of thousands of views and coverage from blogs like Refinery 29. Campaigns celebrating this message, by brands like Dove and Aerie have gone viral, attracting millions of Instagram likes and YouTube views. When lingerie brand Aerie launched its #AerieReal campaign in 2015, it saw a 20% lift in sales that year.3

full price to PROMOTIONAL

The age of digital competition has driven the beauty space into deeper and deeper discounts. Even the most exclusive of brands have begun to offer promotions on their product. Specialty beauty stores and e-commerce channels are thriving thanks to the focus on product rather than branding. Brand loyalty has not gone away; rather, the customer journey now starts with a need or concern, rather than a brand.

department store to DIGITAL

The path to growth for beauty brands no longer requires department store buyers and major magazine editors. Social has allowed word of mouth to scale, getting new brands and products on the radar of the everyday consumer. Just four years old, K-Beauty ecommerce site Memebox has a $150m run rate, growing 280% over LY.4 Michelle Phan’s BeautyBox startup Ipsy grew from 0 to $150m in just five years.5 It’s not just the indie players taking advantage of this trend—Burberry has leveraged both Pinterest and Snapchat to launch products.
62% of millennials say if a brand engages with them on social networks, they are more likely to become a loyal customer.\(^6\)

Between its Slack channel for top customers to its blog posts soliciting answers to questions like “what’s your dream face wash?”, Glossier is a master at connecting with its customers. Considering its products have waitlists of up to 10k people, we’d say it’s paying off.

K-Beauty brand Peach & Lily launched #PLMaskLab to crowdsource customer feedback on the perfect sheet mask.

What’s in a name? In Charlotte Tilbury’s case, it’s a lot of Instagram comments. The British brand requested fans’ help in naming her cult-favorite lipsticks in fall 2016. The winners? Kiss Chase and Between the Sheets. Both products were sellouts.

Even Kylie’s in on collaboration. She took to Instagram to crowdsource names for her Valentine’s Day lip collection with a post getting over 100k likes.

When Julep was launching their Whipped Matte Lip Mousse, it requested the help of its Mavens. The brand had over 80,000 women sign up to test the product, giving feedback on everything from color to application to naming.
RAVE reviews

Online engagement isn’t just about likes on social. Major players in the beauty space are seeing that high engagement on social leads to large numbers of reviews. Quantity counts—customers are more likely to purchase a product with 150 four-star reviews than a product with one five-star review.\(^7\)

Bite Beauty has had a meteoric rise after being acquired in 2014 by LVMH beauty incubator Kendo. The brand now counts more online reviews than Dior, Yves Saint Laurent, L’Oreal, or Maybelline. With nearly 2m followers on Instagram, e.l.f. cosmetics has also seen the reciprocal relationship between social likes and reviews. The brand has more online reviews than CoverGirl and Neutrogena.

84% of millennials say consumer-written content influences what they buy.\(^8\)

Brands with the highest number of online reviews for lip products:

- NYX
- Burt’s Bees
- e.l.f. cosmetics
- Covergirl
- Carmex
- Too Faced
- Buxom
- Stila
- Neutrogena
- Dior
- Kat Von D
- Bite Beauty
- Fresh
- Rimmel
- Vaseline
- Rosebud Perfuming Co.

Analysis based on online product review data from Walmart, Target, Ulta, and Sephora.
**rule BREAKERS & TROUBLEMAKERS**

*Indie players are stirring up the beauty space. There is a direct correlation between high engagement on social and high numbers of customer reviews for both mass and prestige brands. In the lip category, NYX and Kat Von D, both social media powerhouses, are behind two of the most reviewed products out there.*

**LIP lovers**

Kat Von D has over 22 million followers on social media, between her personal and beauty handles. With that kind of fan base, it’s no surprise that her Everlasting Liquid Lipstick is the most loved lip product on Sephora.com with more than 600k loves. Over the last year, NYX had higher engagement on social than Maybelline and L’Oreal. It is no coincidence that NYX’s Soft Matte Lip Cream is the most reviewed lip product in the mass makeup category and that top posts by mass brands featured NYX lip products.

*Searches for ‘liquid lipstick’ have grown by over 16x since 2014. More people search for ‘liquid lipstick’ than ‘lip liner’ or ‘lip stain’.*

Both Kat Von D and NYX have high positive reviews on their liquid lip products, which has increased interest in this product overall. More people search for liquid lipstick than lip stain or lip liner and well-known brands such as Chanel and Kylie Jenner are launching their own liquid lipsticks.
CASE STUDY: GLAMGLOW

How one brand (with some killer product ✔) is transforming skincare on social.

Creative packaging and marketing has put this budding brand on the map. By collaborating with video game franchise Sonic the Hedgehog, this self-described “disruptive” brand has created products that are fun, effective and Instagrammable.

Influencers connected on social media can be far more effective than a celebrity spokesperson. By posting frequently and regramming user content, GLAMGLOW has earned deep loyalty from consumers. Over the past year, GLAMGLOW had more than double the engagement of Origins and 30% more engagement than Fresh despite having 1/5 and 1/2 the number of fans, respectively.

Killer product + creative + connected = the winning formula

GLAMGLOW is racking up online reviews as well as social likes. Their SUPERMUD Clearing Treatment mask has 4x more loves and 3x more reviews on Sephora’s website in half the time than iconic products from Origins, Fresh, and Boscia.
NEED-BASED products for the concerned CUSTOMER

results-ORIENTED
With half of all beauty searches beginning with unbranded terms, it is clear that concern is king. Across major beauty retailers, First Aid Beauty’s bestselling Ultra Repair Cream Intense Hydration has nearly 5x more reviews than the iconic DDML+ from Clinique. F.A.B. is known for its solution-centric approach. The brand names specific conditions and clinical study results in its product descriptions—and this technique is resonating with consumers.

solution SEEKERS
There are 4x more customers searching for blackheads than wrinkles, but only 1/12 the number of blackhead products on the market. Further, nearly 75% of the blackhead products are less than $25. What opportunity exists for blackhead-fighting products, especially in the prestige market?

Online searches for blackheads are 4x greater than searches for wrinkles, but represent 1/12 of the products.

makeup with BENEFITS
Time-strapped consumers want maximum results with minimal effort, which has led to the emergence of products with hybrid features. Much-hyped brand IT Cosmetics (acquired by L’Oreal in 2016 for $1.2 billion) put out a line called “Bye Bye” including anti-aging concealer and pore-reducing pressed powder. These double-duty products show that beneficial beauty isn’t just for skincare anymore.
the FUTURE of BEAUTY

Today’s disruptors will soon be the industry standard.
How will your brand embrace changing consumer expectations?

MASS customization

Customization is the new black. We’re now used to personalizing everything from our food (Chipotle) to our shoes (NIKEiD). Even Gucci now offers customizable jackets at their flagship store in Milan. So, why shouldn’t makeup be personalized too?

Plenty of players have tried and failed at bespoke beauty in the past. Why now? First, the customer now expects customization. Actually, with AR, 3D printing and skin matching, the technology is finally ready. Startups MatchCo and Melange offer custom tinted foundation at an accessible price. Established brands are getting on board as well. Lancôme launched Le Teint Particulier to rave reviews. This trend is also taking hold in haircare (ShampYou), skincare (Skin Inc), and lipstick (Bite Beauty’s Lip Lab).

AR & VR

- The tester has finally come into the 21st century. In 2014, L’Oréal’s Makeup Genius was revolutionary. Since then brands like Sephora and CoverGirl launched their own makeover apps. Perfect365 and YouCam have over 80m and 100m downloads, respectively.

- Not every brand can develop their own app. Cover FX and Iman are partnering with shade-matching app Plum Perfect to get product samples into the hands of customers.

3D printing

- Smashbox launched their #BeLegendary collection of 3D printed lipsticks. Beauty blogger Laura Lee’s video of the process got over 700k views.

- Mink wants everyone to make their own makeup with its DIY gadget that prints customizable makeup.

- Cleanser innovators Foreo launched the MODA system which applies 3D printed makeup directly to the consumer’s face.

ON demand

- Collaborative consumption has already disrupted the transportation (Uber) and fashion (Rent the Runway) industries. With startups offering everything from blowouts (Vive) to massages (the Ritualist), the beauty industry is next.

- It’s not just startups. Bobbi Brown launched her latest collection with #BobbixUber, offering free rides with makeup artists. Does on-demand present a new channel of distribution or new competition?
The beauty industry is on the precipice of enormous change. With new services and innovations will anyone even own a hair dryer in 20 years?

Trendalytics marries the art and science of fashion and beauty. We draw actionable insights from the cross section of influencers, products and brands. By continually tracking billions of data points, Trendalytics can pinpoint patterns across influencer social buzz, online searches, and SKU data. This information is leveraged to provide strategic intelligence for product innovation, sales, marketing, and merchandising. The dynamic nature of this data allows Trendalytics to not only surface rising trends, but also evaluate when a trend is declining or oversaturated in the market. Our clients include leading department stores, mass retailers, luxury brands, and rapidly growing e-commerce sites. Trendalytics was a 2015 Top 5 Future of Retail Disruptor at SXSW and finalist in Wall Street Journal Start Up of the Year Series.

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