



Mindtree

A Larsen & Toubro Group Company

# *Beauty in the times of mask*



*Welcome to possible*

A Mindtree White Paper

Somewhere in a parallel universe: It has been 365 days since the pandemic was officially announced in March 2020, and Juana has not ventured out since nor met another human out of the fear of contagion that surrounds her. Living in isolation has changed every day routine. Her days used to begin with a beauty care routine which was her favorite part of the day. Come May 2020, she used up the last of her products and the idea of placing order for replacement was trashed at the thought of human contact. She often dreams of the days when she used to turn to retail therapy and salon pampering to unwind and treat herself. “Those were the good old days” she thinks and breaks herself from her reverie.

What were those good old days like? Let’s look at them.

Shopping of beauty-care products (products related to skin care, color-cosmetics, haircare, fragrances and personal-care) was considered a very personal choice as everyone’s perception of beauty can be different. This is why it was deduced that people enjoy experiencing beauty related products with their sense of touch, smell, and sight. This was considered crucial to the whole decision-making process. Beauty companies incentivized visit to their stores, and they invested in making the entire experience worthwhile. Be it in terms of in-person beauty expert assistance, product trial events, or makeovers as giveaways etc. People did enjoy the experience of trying out new samples and interacting with beauty consultants in the stores which made this a crucial part of the journey that converts a prospective buyer to a brand loyalist.

We look at Juana’s cosmetic shopping journey and the challenges she faced while she shopped for daily wear foundation. Her previous experiences had resulted in her using a foundation two shades lighter than her skin tone as she was unable to understand how to pick a foundation shade and not many brands out there had a shade nearing her skin tone. When BBeauty (a leading Beauty Brand) arranged one such makeover camp before the summer holidays, it was the perfect opportunity for Juana to seek answers to her problems. Clara, her beauty advisor at this camp advised Juana on different skin types and which one was hers, and how the time of the day affected her skin, which product suits her unique skin conditions and how to select a product for best effect for day and nightwear. This is how she came across BBeauty Foundation Naturelle shade which not only suited her skin tone but even brought in compliments on her skin from her colleagues & friends. Ever since, she became a BBeauty loyalist and shared glowing reviews on the brand in every forum.

Statistics of the era also pointed to the same. McKinsey reported that in major beauty-industry markets, in-store sales accounted for up to 85 percent of the total sales in this segment before the pandemic. Even online-savvy millennials and Gen Zers who typically buy their products online, preferred to buy their beauty products in stores. Around 60 percent of the purchases from this group happened in stores.

According to a survey of 1,000 consumers conducted by Digital Commerce 360 and Bizrate Insights in August 2020, it was found that the biggest hurdle in online sales of beauty-care products is that consumers strongly prefer to test cosmetics in person and are reluctant to buy them online. 46% of consumers said that they want to see beauty products in person. 18% look for advice from an in-store expert.

And one fine day, when the world came to a stop and the rules of the game called “routine” changed and people were asked to avoid all contact with rest of the world, the system collapsed. Where would you find beauty in isolation?

Switching back to our universe: Let’s see how Juana found her beauty routine in reality and what measures the Beauty industry took post March 2020.

When the Covid-19 pandemic hit the world in 2020, the consumers and the industry were not prepared to change the mutual physical relationship and moving to a complete online shopping experience.



# Effects of the pandemic on human behavior and challenges for beauty industries:

For business involved in beauty care products, business continuity was a daunting challenge during the pandemic. They now had to look for ways to serve the consumer who was now home bound and was making trips outdoor for only the essentials.

For a consumer, stepping into a retail experience store no longer a necessity.

Moving to an online presence as an e-store couldn't be instantaneous nor fruitful unless the business has thought about some important aspects like-

- How to set up an online DTC (Direct To Consumer) store?
- How to move marketing from banners and gondolas to emails, texts, notifications, and tweets?
- How to emulate the experience of the brick-and-mortar stores in a digital store?
- How to address to consumer queries and apprehensions?

## The pandemonium released by the pandemic and immediate effect on beauty:

Flashback to the month of March in 2020, it has been 2 months since Covid19 has been in the news, but no one really knows what to make of it. Over the next few months, people adapt to the situation and prepare to live a new normal. Their lifestyle habits, purchasing habits, the definition of what it means to stay beautiful while confined to their homes itself underwent a change.

Applying makeup and fragrance was lower in the list of priorities for people as they started working from home or even when they stepped out wearing masks and maintaining physical distancing.

When McKinsey & Company studied global consumer spending intent during the two weeks of April 2020 when the pandemic was reaching its first peak, the Beauty products were seen to be taking the hit from the newly changed consumer sentiment.



\*Net intent calculated by subtracting % of respondents stating they expect to decrease spend from % of respondents stating they expect to increase spend. Question: Over the next 2 weeks, do you expect that you will spend more, about the same, or less money on these categories than usual?  
Source: McKinsey COVID-19 Consumer Pulse Surveys, results sampled and weighted to match general population aged ≥18 years: Apr 15–19, 2020, in China (including Hubei province) (n = 1,896); Apr 17–19, 2020, in Japan (n = 600); Apr 18–19, 2020, in UK (n = 1,005); Apr 20–26, 2020, in US (n = 1,484)



The changes in the lifestyle patterns led to a shift in priorities worldwide for both businesses and people in everyday life. More and more consumers focused on spending on essentials. Delivery of essential products hence became an immediate priority with businesses and delivery partners prioritizing the same. Due to this, Beauty companies saw the impact in terms of lesser and lesser people opting to pay in-store visits. Beauty consultation appointments were reduced in number.

Quoting a McKinsey report: In China, the industry's February sales fell up to 80 percent compared with 2019. In March, the year-on-year decline was 20 percent—a rapid rebound under the circumstances. In a variety of markets, consumers report they intend to spend less on beauty products in the near term (largely driven by declines in spending on color cosmetics) but more than they will in other discretionary categories, such as footwear and clothing.

## What did the Beauty industry do in this constantly changing environment?

The businesses were not prepared to face the implications of complete lockdowns and stay at home orders by the governments. Brands could not contemplate a closure of their business; this was even more prominent for the family run and small-scale business. Re-evaluating how to serve customers in such times was the need of the hour.

The industry devised strategies on multiple fronts, not just to react to the threat but to adapt and emerge stronger. Beauty businesses assessed their current standing, sensed the threats and opportunities, and responded accordingly mainly in three broad strokes:

- Control
- Calibrate
- Continue

**Control:** When it was first announced that the virus could stay active on inanimate surfaces for as long as 9 days, it created fear and confusion among consumers as to what surfaces are safe to touch and what products should be avoided. In order to stop the fear from compounding and misinformation causing further losses, beauty companies took measures to be transparent about the safety guidelines being followed by them. Safety guideline statements were shared on both digital and offline channels. Videos with stores and manufacturing units following the new safety standards were shared. The focus on employee health was highlighted.

Example: <https://www.neutrogena.com/covid-19-update.html>

Companies also started to look for avenues to cut costs and maintain their presence. They leaned on bill deferment, eliminating non-essential spending, reducing payroll expenses and investing in affordable marketing and manufacturing processes.

**Calibrate:** The months of July and August 2020 saw people slowly adapting to the normal and going about their duties. Some prominent changes are observed to which beauty companies respond accordingly. Many healthcare workers reported skin breakouts due to long term usage of mask. Skincare experts noticed



that long hours of working non-stop without a break and with no time to tend to your skin could lead to the collection of sweat and sebum and in turn lead to acne and infections. Healthcare workers did not have the luxury of time to follow a skincare routine that addressed these issues.

Brands like Olay were quick to share Maskne and Skincare tips. Olay went a step further to dole out free gifts to healthcare workers as an ode to their extraordinary commitment.



Source: Olay.com

When first reports determined that Coronavirus spreads via contact both human and with inanimate surfaces, and sanitizers were advised to be used, there was a sudden surge in demand for sanitizers worldwide. Sanitizers were suddenly deemed to be an essential item and were being consumed at a much higher rate than the rate at which they were produced. To meet this demand, many beauty companies stepped up to the occasion and converted manufacturing units into sanitizer manufacturing units. Nivea India is one such company that announced in April 2020 its intent to manufacture sanitizers and distribute them free of cost.

Unilever went further to announce free soap, sanitizer, bleach and food to the value of €100 million in March 2020.

Elizabeth Arden announced it would ship 4000 eight-hour creams to hospitals in US and UK.

Companies like Goop, Estee Lauder, Clinique hosted fundraisers to help donate PPE (Personal Protective Equipment) and personal care products to healthcare workers at a time when PPE shortages were reported.

As more and more people started to venture out cautiously with masks donned, the demand for eye care and eye products surged. With constant sanitizing, people started to look for handcare products that helped them keep their hands hydrated. The sudden changes in routine were tough to adapt to and there were reports of rising stress levels. Handcare brands were quick to spot this trend and responded with customizations that allowed consumers to personalize products like essential oils, offered soothing music playlists that could be played while following handcare routines and even developed virtual hand massage tutorials online to encourage self-care.

Beauty brands like SK-II that invested in travel retail were hit the hardest by the effects of global travel patterns. However, that did not stop SK-II from donating RMB 2 million worth of PPE and ventilators to Hubei province.

**Continue:** The Beauty Care industry redefined itself by re-innovating the way it reaches out to its consumers, improvising its offerings to meet the newly developed needs, stressing more on data & analytics, and embracing a fail-fast approach. Below, we highlight a few of the key steps the industry has taken to meet consumer needs.

### *Virtual Try-On:*

**Problem:** Being quarantined at home and with most businesses operating on minimum hours, many consumers ran out of their stash of everyday self care products. With the inability to shop in-store with the guidance of beauty consultants, many were at a loss when it comes to decision making.





Salons were now a thing of the past and many were left to fend for themselves when it came to haircuts or facial skincare, etc.

**Intent:** Experts in skincare and beauty recognized this gap and saw an opportunity to help the users. They empowered the typical consumer with the means to identify improvement areas when it came to their skin or skincare routine or in easing the entire decision-making process by recommending the right products. Brands helped provide the right platform to collate this vast experience using AI/AR/VR (Artificial Intelligence/Augmented Reality/Virtual Reality) apps that can be accessed conveniently from the safety of one's home.

**Example:** Sephora launched try-on services on their mobile app and in their stores. Once the user scans their face using the app, they can try the different shades of makeup virtually on their image. On finding a simulated look they like; the user can navigate further to complete the purchase within the app. The experience does not stop with the purchase alone, as the users can also refer to makeup tutorials.

Brands like Olay that invested in AI much earlier with the OlaySkinadvisor product were a step ahead at bridging this gap. All the users had to do was scan their faces to identify improvement areas and suggest products that could be used.

Others like SK-II recognized that going interactive would be of value. SK-II leveraged AR/VR to create the new 'SK-II Skin Training Camp.' The experiential animation was used to train customers in detail about skin and also offered personalized skincare consultations that could enable customers to choose the right SK-II products that suit their specific needs.

Loreal owned Maybelline launched an AI-powered tool as part of the Super Stay Foundation campaign to help consumers find foundation shades.

### *Virtual consultation/Video consultation*

**Problem:** While AI/AR/VR tools meet the needs of many, there are others like Lisa who are not so tech savvy and would still prefer a human connection and an expert to advise her on her skincare routine.

**Intent:** Brands were quick to identify this segment of users and shared video consultation links where users could still speak to their trusted beauty consultant on a virtual platform instead.

**Example:** BITE Beauty, a Canadian cosmetics company specializing in lip products moved to digital experience during the pandemic, enabling consumers to engage with a 'Color Expert' through video calls rather than in person.

### *Buy Online Pickup in Store (BOPIS):*

**Problem:** As people were confined to their homes abruptly, many people began to buy products online. Surveys show that many of these people had never made purchases online, but they now preferred it in order to minimize human contact and exposure to coronavirus. Distrust of products that may be produced in China also grew and people preferred to buy locally from trusted stores in their neighborhood.

With delivery taking its own time, many preferred to place orders from stores near them and pick them from the curbside or have them shipped from the store to ensure they receive them at the earliest.

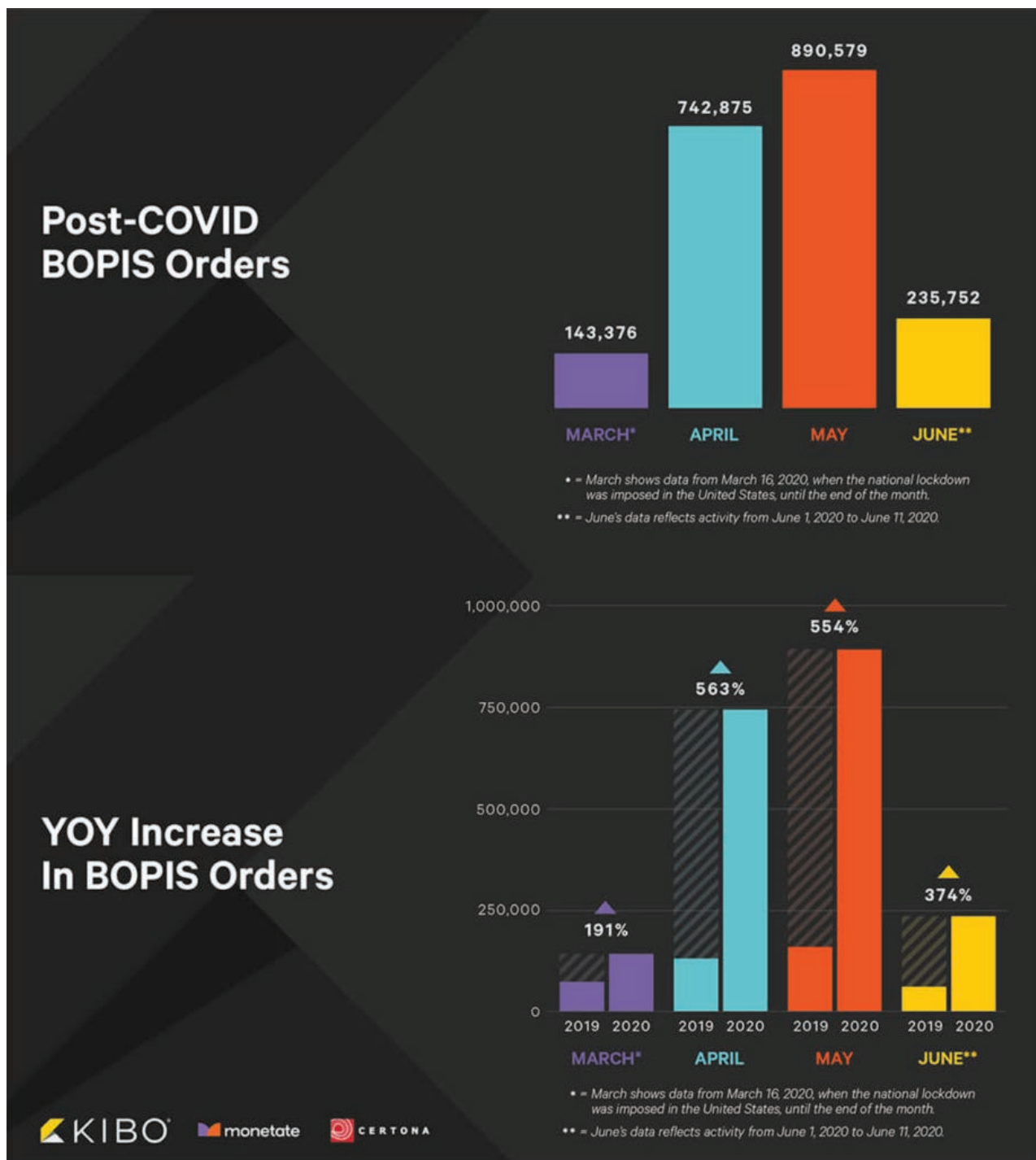


**Intent:** Many stores that had closed to in-person shopping saw this rising trend and started to have employees indoors, packaging and shipping orders from the store to cater to such requests.

**Example:** Sally Beauty is one such company that launched BOPIS capabilities nationwide during 2020.

**Stats:** In fact, stats from PFSweb show 71% of US shoppers expect delivery within a week after ordering.

To share a measure of this, here is a quote from Kibo commerce: Consumers are opting for BOPIS at more than four times greater volume than pre-pandemic.



Source: <https://www.yieldify.com>



## Chat based solutions

**Problem:** To emulate the experience of a real store, beauty brands must invest in solutions that engage consumers in 1:1 communication.

**Intent:** With chatbot solutions, businesses started to provide personalized product recommendations to consumers based on their unique needs and skin conditions. Chatbots could also act as virtual assistants and automate many functions like call centers, order tracking, FAQs, etc.

**Example:** Neutrogena launched NAIA, the Neutrogena AI Assistant. It is like a skin therapist that helps consumers set goals for themselves. NAIA asks about consumer habits that might affect their skin, like stress levels, sleep patterns and other routines. The AI assistant also tracks if the consumer is taking weekly progress photos and sticking to skincare routine.

## Online marketing

Companies turned their focus to digital marketing basics like email marketing and social media connects. For example, UK based Norfolk Natural Living geared up for the online experience, sent out free samples, re-wrote product descriptions and improved imagery on their website to encourage consumers to buy online. Interestingly, the brand saw an uptick in people buying their products as “missing you” gifts for friends and family they could not meet in person during the pandemic.

Companies also turned to social media to create engaging content like IGTV videos to do skincare and makeup tutorials, do-it-yourself beauty treatments such as eyebrow “lamination”, or to increase sales via the Instagram Checkout feature.

## Chat based solutions

**Problem:** Uncertainty prompted some people to buy in bulk and plan, while for others, their uncertain economic situation required them to be wary of expenditure.

**Intent:** To enable people to access goods they needed for a comfortable home bound stay, companies integrated the flexible payment options.

**Example:** People preferred the ‘Buy Now Pay Later’ flexibility provided at checkout using products like Klarna, AfterPay etc. that allowed customers to pay for online purchases later as a single repayment or in instalments spread over 4-6 weeks. Businesses that provided such options reported a higher conversion rate and average basket sizes than usual.

In fact, as per reports, the demand for Klarna cards from new users doubled and order volumes increased by more than 250 percent. In the first half of the year 2020 alone, the value of transactions completed using Klarna jumped 44 percent as more and more customers switched to digital shopping during the pandemic.

## Conclusion:

As the saying goes, “Our greatest glory is not in never falling, but in rising every time we fall”. It doesn’t appear as a hyperbole in the context of what the world saw in the first 3-6 months of the pandemic and how everyone played their part to adapt to the “new-normal”. The beauty industry did not lag in meeting the challenges facing their business. Instead, it has shown great resilience once again by innovating in the times of the pandemic.





Some of the changes that the industry embraced were long overdue and others like BOPIS, virtual try-ons, etc. which were introduced by the “new normal” during the pandemic have seen such a high adoption rate by consumers that they may have opened a new way of doing business. The trends are here to stay, and we owe it to the pandemic to bring positive impacts to the beauty industry!

As evidenced above, even with the lack of opportunities to congregate and consult in person, the beauty industry did not let their consumers miss out on the main intent of their services/products: **to help people with their personal care routine by addressing their unique needs.** By leveraging technology, the beauty industry enabled consumers like Juana and many others to continue to benefit from the expertise of the industry and use products that suit them from the comfort of their homes even during the pandemic.

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## About Mindtree

*Mindtree [NSE: MINDTREE] is a global technology consulting and services company, helping enterprises marry scale with agility to achieve competitive advantage. "Born digital," in 1999 and now a Larsen & Toubro Group Company, Mindtree applies its deep domain knowledge to more than 260 enterprise client engagements to break down silos, make sense of digital complexity and bring new initiatives to market faster. We enable IT to move at the speed of business, leveraging emerging technologies and the efficiencies of Continuous Delivery to spur business innovation. Operating in 24 countries across the world, we're consistently regarded as one of the best places to work, embodied every day by our winning culture made up of over 29,700 entrepreneurial, collaborative and dedicated "Mindtree Minds."*