

It's Personal

GadflyZone's Personal Care Insights Blog
by Ashly Koshy

The Corona Effect - Part 1 of 2

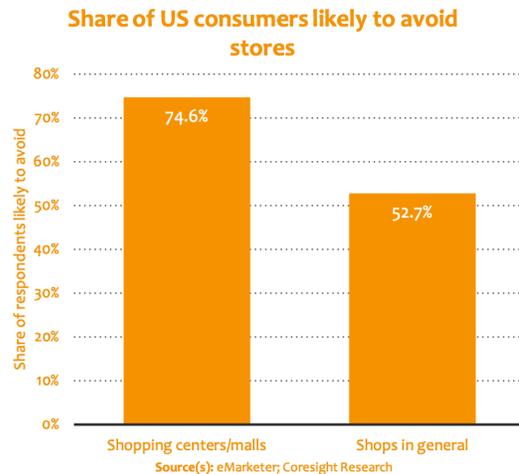
Pandemic. Lockdown. Quarantine. Unprecedented. These words are slowly being replaced with the much anticipated magic words such as recovery, new normal, and bounce back. As parts of the world return to their new normal, the time is right to dissect the present status and analyze the future of personal care to comprehend the changing market dynamics. In this two-part series, GadflyZone looks into the different aspects of the market to understand the key drivers and evolving trends. Part 1 focuses on *The Indisputable*, *The Unexpected* & *The Disruptive* elements of The Corona Effect on Personal Care.

THE INDISPUTABLE



Several facts on how the market has reacted over the last couple of months are logical and expected. For example, during this pandemic sales of hand sanitizers, soaps, and essentials such as shampoo and toothpaste have soared. Sales of prestige hand soap in the UK grew 102% in the week beginning March 8 compared to the same period the year prior, according to The NPD Group. Most of these sales come from online or e-commerce channels. In-store and travel retail sales have been impacted drastically due to movement restrictions. Combined, \$12.3 billion has been wiped from the market caps of J.C. Penney, Macy's, Nordstrom, and Kohl's since the start of 2020.

As shown in the chart, around 75% of US consumers avoid shopping centers and malls due to the outbreak and around 50% avoid shops in general. Direct-to-consumer brands might see a lesser impact on sales owing to their strong online customer base and delivery network. Disruption in the supply chain along with product development and formulation testing capabilities have delayed the milestones set by brands. Companies,



especially luxury beauty brands, are rethinking their dependency on off-shore manufacturing facilities.

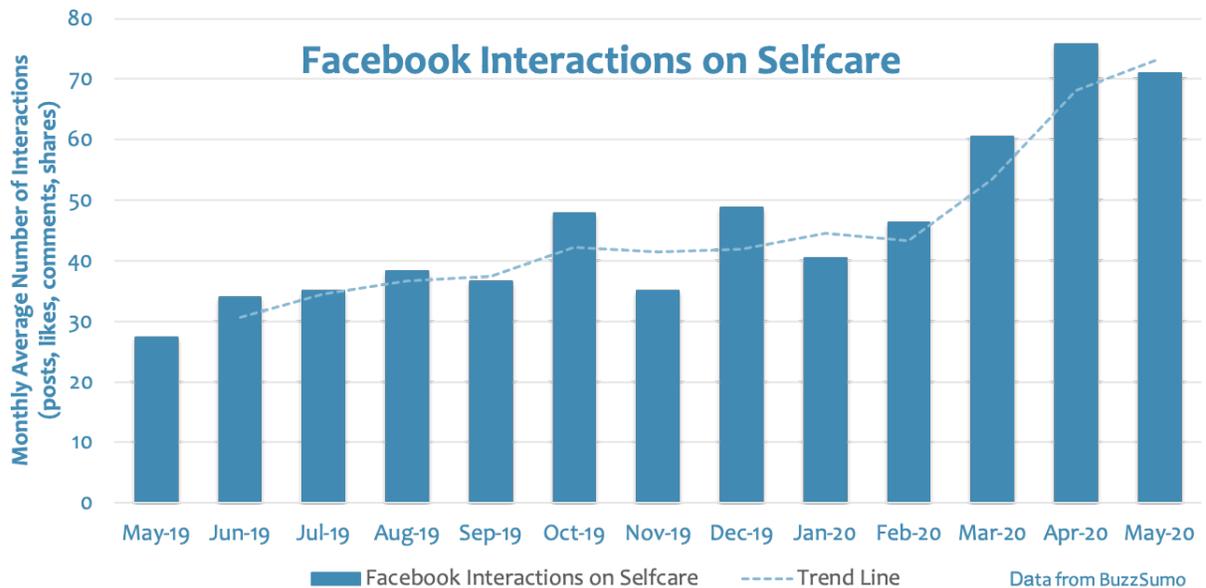
Quarantine has unsettled the professional salons market as well. As these restrictions are being lifted, industry giants such as L’Oreal are finding ways to support their salon partners across the globe by renewing salon safety and sanitary measures. In-store consultations will also be reformed as no-touch policies are put into practice. Brands have turned to social media and technology to reach out to their customers. They are injecting more “feel good” and informational content online by effectively using beauty influencers.

THE UNEXPECTED

As customers become less willing to visit multiple stores to shop for their beauty products, specialty retail stores might also be hit hard. Lack of private investments as investors get more cautious could affect indie brands. During these times, seeing significant product launches is unexpected. However, despite various concerns regarding the market, certain brands have gone ahead with product launches encouraging consumers to spruce up their beauty routines. Some of the new products that have hit Sephora stores in May 2020 include serums and masks from indie brands such as Wishful by Huda Beauty, Milk Makeup and Glow Recipe to dependent brands such as LVMH-owned Fresh and Estee Lauder-owned Dr. Jart+. As the consumer demand for self-care products and routines rise, social media is being used to drive home the brand message of self-care, wellness, and holistic wellbeing.



Going forward, there can be an astonishing rise in the need for skincare products with secondary benefits that are hygiene-related such as stopping germs, eliminating viruses, and inhibiting the growth of harmful microbes. Personal care products making these antimicrobial and disinfectant claims would be the new standard.



Additionally, brands will explore microbiome trends related to virus protection rather than just bacterial protection. While unexpected, it will not be shocking if consumers would be willing to shift focus from mild, natural ingredients to strong, synthetic chemicals that can ensure their safety.

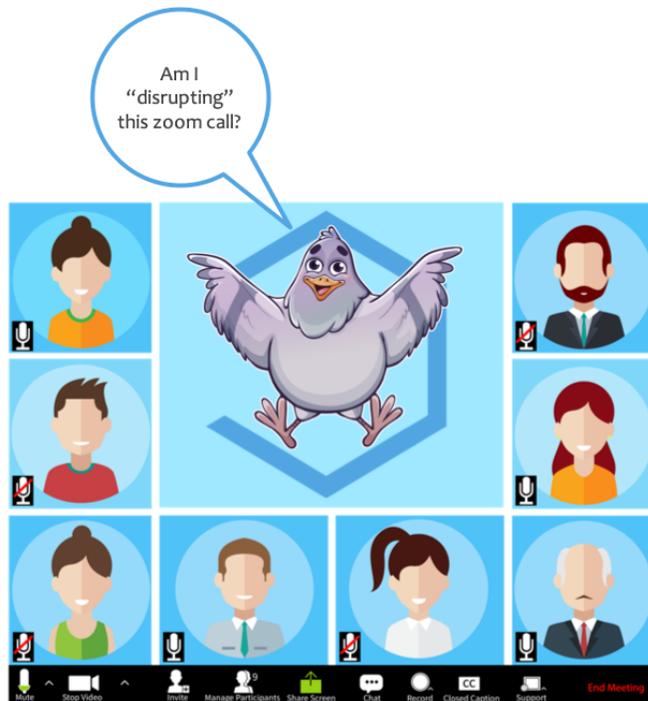
THE DISRUPTIVE

Increased reliance on AR and VR technologies for virtual try-ons and dermatological consultations via chatbots can be expected to rise. As product testers in beauty stores become unavailable, in-store sampling solutions that are hygienic will be the new trend. These solutions can include virtual try-ons and pre-dosed product samples from brands or via automated dispensers. It might be wise for brands to sell product samples online putting consumer safety at the forefront.

With trade shows around the world canceled, companies such as Landing International are providing a platform to help brands overcome barriers to getting their products into retail by creating virtual trade shows. Online beauty events via webinars also help brands connect with other players in the value chain.

The aftermath of this pandemic on the trends that govern personal care is far-reaching. The key market drivers are

-  Safety
-  Hygiene
-  Longevity
-  Holistic Wellness
-  Sustainability



direct and factual - safety, hygiene, longevity, holistic wellness, and sustainability. Consumers will be more likely to accept preservatives in their products and might question whether reusable packaging is medically safe and sterile. They will demand more product transparency in labeling. Cosmeceuticals containing bioactive ingredients with medical benefits and products containing immunity boosters such as Vitamin C and beetroot which are currently popular in the food industry can see an uptick in sales.

The number of trends definitely creates a significant amount of noise. This blog's mission is to help you decipher the signals from the noise so that you

can capitalize on the trends.

In part 2 of this blog, we will go through the various changes in market trends that are led by these market drivers and can potentially shape the future of personal care.

Stay tuned to *It's Personal* for more insights. Stay safe!