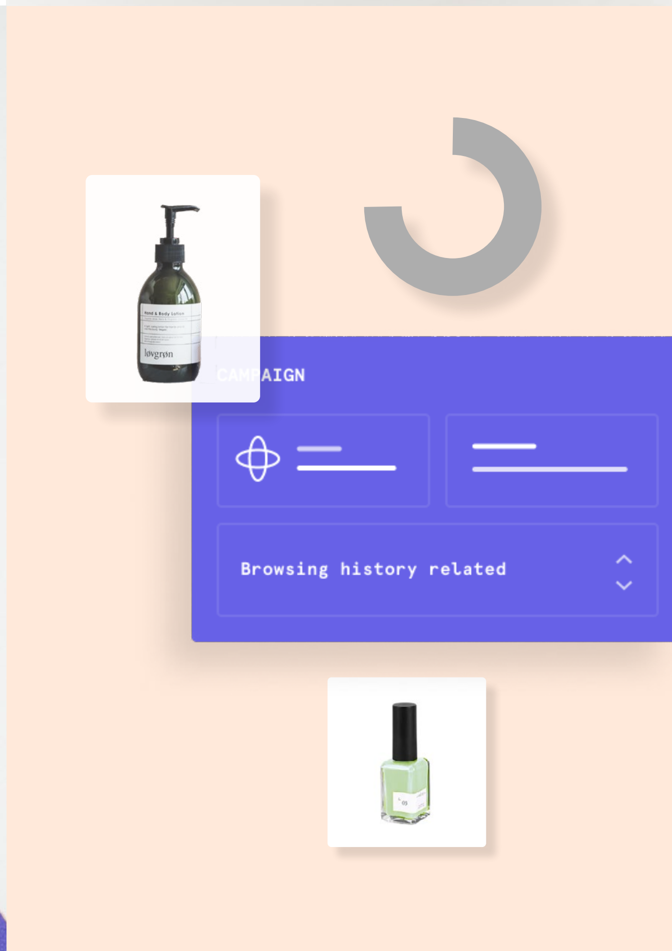
The Future of Beauty and Skincare Ecommerce:

EMERGING TRENDS
TO WATCH IN 2021



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Introduction

Beauty and Skincare, like many other verticals impacted by the COVID-19 pandemic, saw a significant shift in ecommerce performance throughout 2020: from dramatic increases in traffic, conversion rate, and sales beginning in March to slight dips in these same KPIs by the end of August.[1]

With most consumers either hesitant or unable to shop in physical stores due to closures and social distancing measures, the dependence on ecommerce is more important than ever. And in an industry that prides itself on face-to-face interactions—from personalized consultations to in-store product sampling—the shift to digital experiences could signal growth challenges for Beauty and Skincare brands.

However, there are ways for these brands to rise above the challenge. In order to uncover new growth opportunities for the verticaql, we surveyed consumers to learn exactly what they're looking for in Beauty and Skincare ecommerce experiences.

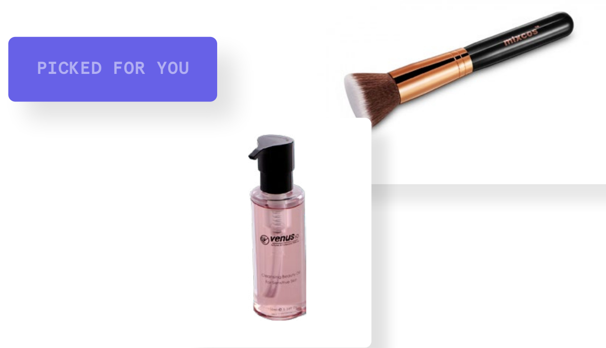
Survey Methodology

To better understand shopper affinities and trends in the Beauty and Skincare industry, Nosto commissioned a survey of 2,000 consumers (1,000 in the United States and 1,000 in the United Kingdom). The survey was conducted through online survey company Censuswide between October 21 and 27, 2020. In some questions, respondents were presented with a list of statements and asked whether they 'strongly agree', "somewhat agree', 'somewhat disagree', or 'strongly disagree'. In the data overview, "Strongly agree" and "somewhat agree" have been combined to get an estimate of the percentage that agreed. The same applies to questions where consumers responded with "very likely" and "somewhat likely".

In addition to providing overall results, the data is broken down into the following sub-categories:

- **Age group** (16-20, 21-25, 26-30, 31-35)
- **Gender identity** (Male, Female, Non-binary, Trans*Male, Trans*Female, Agender, Prefer Not to Answer)
- **Location of consumers** (United States, United Kingdom)

1. The State of Ecommerce: Q3 2020 Report



Analysis of Consumer Shopping Behavior

Much like the **52%** of consumers who have turned to home decor and garden projects during lockdown[2], many of them have also turned to shopping beauty and skincare products from the comfort of their homes and still find value in purchasing these products. Research showed that **44%** of consumers have purchased more beauty and skincare products online vs. in-store over the last six months than they did before lockdowns began. When looking at how this trend varies between age groups, **47%** consumers between the ages of 31-35 have purchased online, followed by **46%** of consumers ages 21-25 and **42%** of consumers ages 26-30.

While many are going online to make their purchases, openness to product discovery remains a question. **56%** of consumers agreed that they tend to stick with brands or products they've bought before when shopping online rather than trying anything new.

When looking specifically at how people are interacting with beauty and skincare products, factors like remote work and mask wearing have had an impact on behavior. While **50%** of consumers are more likely to use beauty and skincare products when working in an office vs. working remotely/at home, nearly **40%** of them said that they usually put on makeup if they know they're attending a remote video call. Meanwhile, **32%** spend more time applying eye makeup when wearing a mask that covers the rest of their face, and **34%** spend more time styling their hair and on their skincare routine.

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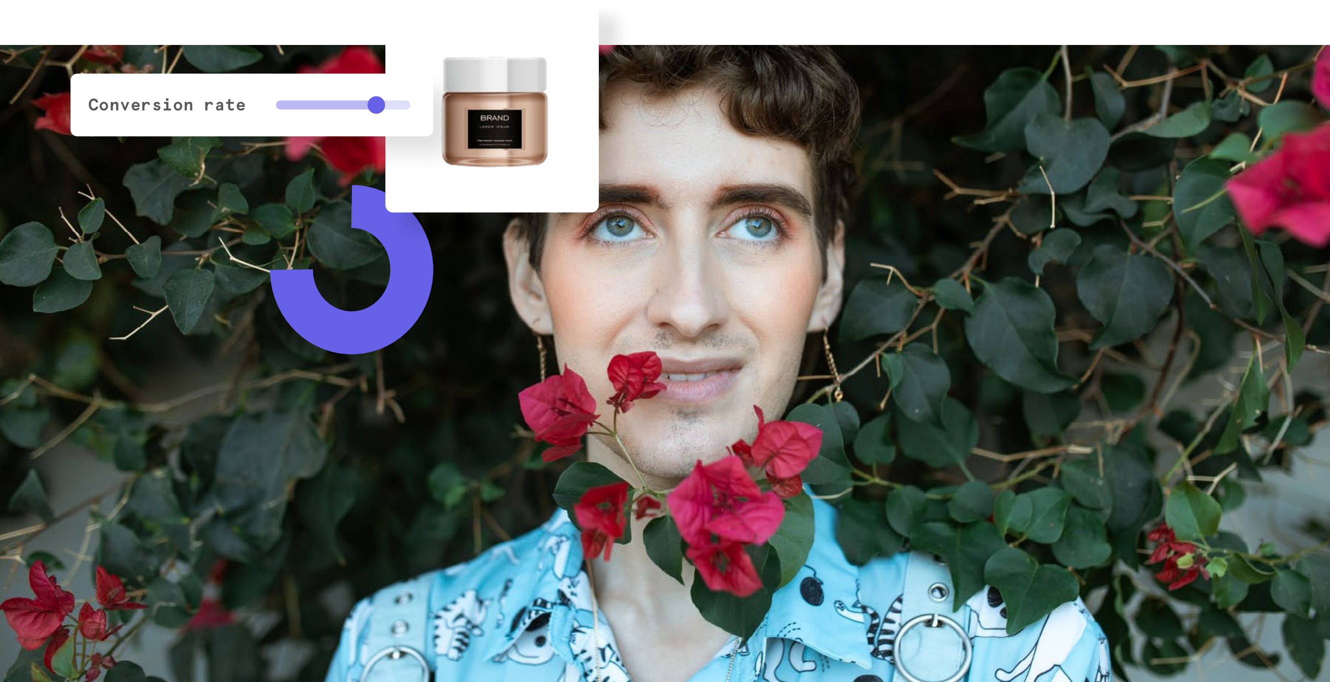
2. Consumer Survey: Home and Garden Goes Virtual



Results by gender identity

	Male	Female	Non-binary	Trans* male	Trans* female	Agender	Prefer not to answer
I have bought more beauty and skincare products over the last six months than I did previously	32%	37%	38%	33%	75%	33%	18%
I have bought more beauty and skincare products online (rather than in-store) over the last six months than I did previously	39%	48%	38%	50%	0%	67%	36%
When shopping for beauty and skincare products online, I am more likely to buy brands/products I have used before (as opposed to trying something new) than I am when I am shopping in-store	48%	62%	38%	33%	50%	67%	27%
When shopping for beauty and skincare products online, I spend more time researching before buying than I would if I was shopping in-store	44%	60%	38%	42%	0%	67%	36%
I am more likely to use beauty and skincare products when working in an office than I am when working remotely/at home	44%	57%	50%	17%	25%	33%	18%
I spend more time styling my hair when I know I am going to be wearing a mask that covers most of my face	36%	33%	25%	25%	50%	33%	9%
I spend more time applying eye make-up when I know I am going to be wearing a mask that covers the rest of my face	27%	37%	25%	17%	50%	33%	18%
I spend more time on my skincare routine when I know I am going to be wearing a mask that covers most of my face	31%	36%	19%	42%	25%	33%	9%
I usually put on make-up if I know I am going on video calls	28%	50%	19%	25%	0%	33%	18%

Percentages based on a subset of survey correspondents who strongly agree' and 'somewhat agree' with the statements presented.

Breakdown by age and country

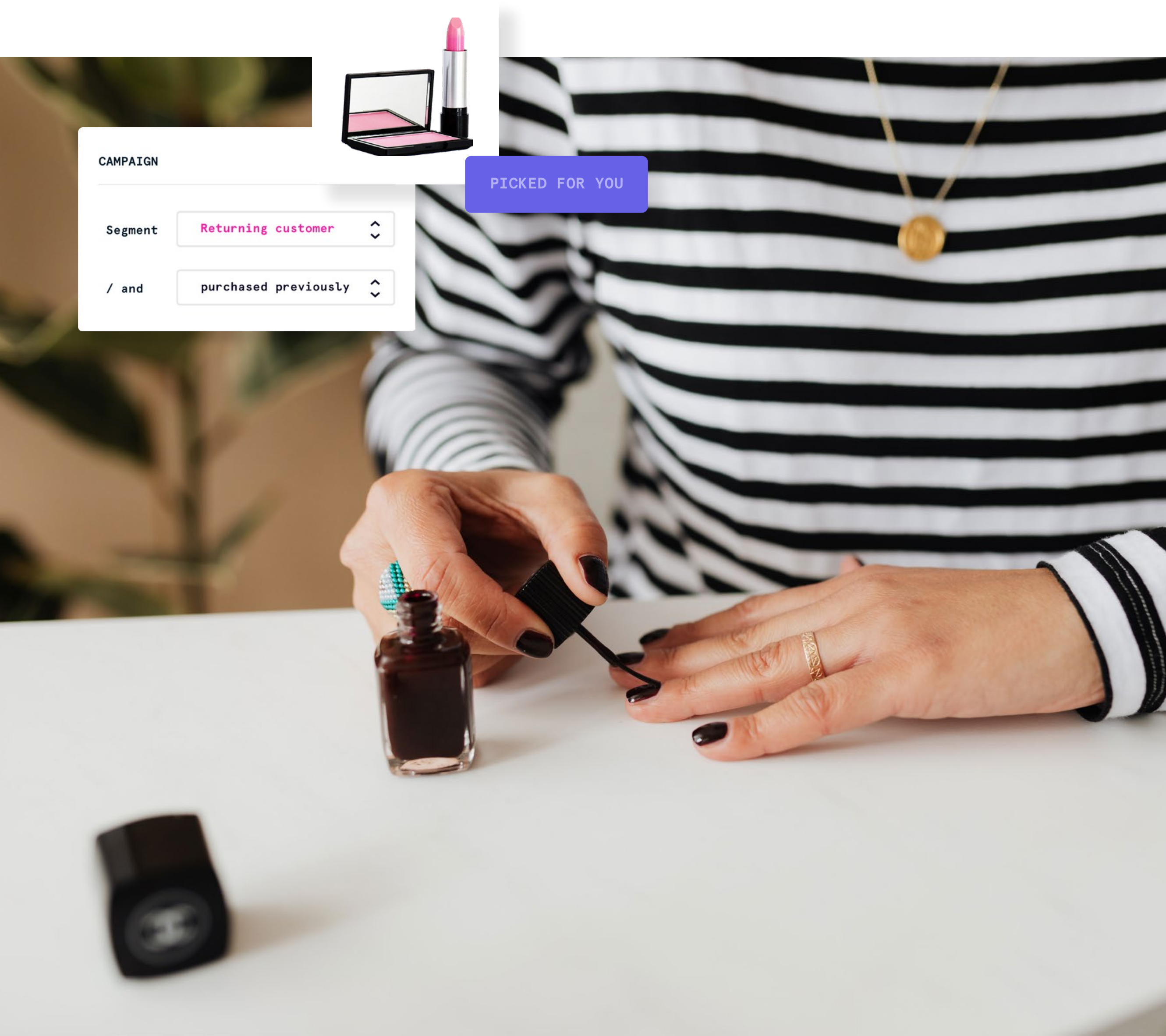
	16-20	21-25	26-30	31-35	US	UK
I have bought more beauty and skincare products over the last six months than I did previously	25%	40%	37%	34%	34%	36%
I have bought more beauty and skincare products online (rather than in-store) over the last six months than I did previously	34%	47%	43%	48%	44%	45%
When shopping for beauty and skincare products online, I am more likely to buy brands/products I have used before (as opposed to trying something new) than I am when I am shopping in-store	47%	60%	57%	55%	58%	53%
When shopping for beauty and skincare products online, I spend more time researching before buying than I would if I was shopping in-store	40%	56%	54%	55%	54%	51%
I am more likely to use beauty and skincare products when working in an office than I am when working remotely/at home	39%	53%	51%	54%	52%	49%
I spend more time styling my hair when I know I am going to be wearing a mask that covers most of my face	30%	39%	33%	34%	34%	34%
I spend more time applying eye make-up when I know I am going to be wearing a mask that covers the rest of my face	26%	40%	33%	31%	33%	32%
I spend more time on my skincare routine when I know I am going to be wearing a mask that covers most of my face	26%	41%	35%	33%	35%	33%
I usually put on make-up if I know I am going on video calls	27%	39%	41%	44%	41%	39%

Percentages based on a subset of survey correspondents who strongly agree' and 'somewhat agree' with the statements presented.

Factors that Drive Brand Loyalty

While the shift to online shopping has led consumers to either take their time before committing to a purchase or exclusively buy products they're familiar with, others are motivated by factors such as product transparency, personalized complementary recommendations and free samples.

HERE ARE THE TOP 5 FACTORS WE UNCOVERED →



Top 5 factors we uncovered

74%

of consumers are likely to purchase from a store or brand that includes customer reviews throughout their website.

Shoppers who identify as female make up 80% of these consumers.

72%

are motivated by free samples to try products before purchasing

This scored the highest among consumers ages 31-35 (75%).

66%

are driven to purchase if the brand's website recommends new or relevant products that are similar to what they're shopping for.

Shoppers who identify as female make up 71% of these consumers.

63%

are loyal to brands who remember shopping preferences and customize the online experience accordingly.

62%

like brands who have user-generated content (like photos of real consumers using the products).

Shoppers who identify as female make up 80% of these consumers.

ADDITIONAL FACTORS INCLUDE BRANDS THAT:

- Offer an online quiz-like experience to recommend the right products for my needs (58% overall)
- Use VR/AI to allow me to try out a product online (45% overall)
- Are recommended by relevant influencers and/or celebrities that I care about (44% overall)
- Offer virtual/online beauty consultations with real person (41% overall)

Results by gender identity

	Male	Female	Non-binary	Trans* male	Trans* female	Agender	Prefer not to answer
Offers virtual/online beauty consultations with a real person	41%	41%	31%	25%	75%	33%	9%
Offers an online, quiz-like experience that recommends the right products for my needs	48%	66%	56%	50%	50%	33%	28%
Recommends new or relevant products to me that are similar to what I am shopping for	60%	71%	37%	25%	50%	100%	18%
Sends me free samples so that I can try the products prior to purchase	63%	80%	43%	58%	50%	67%	18%
Is recommended by relevant influencers and/or celebrities that I care about	43%	45%	50%	33%	0%	67%	0%
Has user-generated content (like photos of real consumers using the products)	57%	67%	56%	58%	50%	33%	27%
Includes customer reviews throughout the website	67%	80%	62%	50%	50%	100%	27%
Uses virtual reality and/or artificial intelligence to allow me to try out a product online	43%	47%	62%	58%	25%	67%	18%
Remembers my shopping preferences and customizes my online experience accordingly	61%	66%	31%	50%	50%	33%	18%

Breakdown by age and country

	16-20	21-25	26-30	31-35	US	UK
Offers virtual/online beauty consultations with a real person	34%	46%	42%	40%	43%	39%
Offers an online, quiz-like experience that recommends the right products for my needs	54%	63%	59%	56%	61%	55%
Recommends new or relevant products to me that are similar to what I am shopping for	57%	66%	69%	67%	71%	61%
Sends me free samples so that I can try the products prior to purchase	60%	71%	72%	75%	77%	67%
Is recommended by relevant influencers and/or celebrities that I care about	50%	51%	43%	39%	44%	43%
Has user-generated content (like photos of real consumers using the products)	59%	63%	63%	63%	66%	58%
Includes customer reviews throughout the website	64%	76%	75%	76%	78%	69%
Uses virtual reality and/or artificial intelligence to allow me to try out a product online	45%	47%	43%	47%	48%	43%
Remembers my shopping preferences and customizes my online experience accordingly	57%	63%	63%	65%	67%	59%

66%

of consumers will purchase if the brand's website recommends new or relevant products that are similar to what they're shopping for.

74%

of consumers are likely to purchase from a store/brand that includes customer reviews throughout their website.

Top Ethical Factors that Influence Beauty and Skincare Purchases

Nosto's 2019 research on Fashion ecommerce[3] revealed consumers are now more focused on the ethical impacts of the brands they purchase from. The Beauty and Skincare industry has shown to be no exception, and we uncovered the specific ethical factors that are influencing shoppers to buy from brands in this vertical.

Out of various ethical labels that beauty brands use to describe their products, 'clean' (**68%**) and 'cruelty-free' (**65%**) are the most likely to drive online purchases. **75%** of 31-35 year-old shoppers are influenced by products labeled as 'clean', while **71%** of female shoppers are drawn to 'cruelty free' products.

Third on the list of influential factors is sustainability. **59%** of overall respondents look for products advertised as having 'sustainable packaging' and those promoted as 'natural and organic'.

Regarded lowest on the list of influential factors are skincare products described as 'vegan (only 41% overall).

3. Consumer Survey: Sustainability in Fashion Retail

Results by gender identity

	All	Male	Female	Non-binary	Trans* male	Trans* female	Agender	Prefer not to answer
Advertises sustainable packaging (e.g. recyclable, refillable containers, etc.)	59%	55%	62%	38%	58%	50%	67%	27%
Advertises that it is a vegan product	41%	38%	44%	38%	25%	0%	33%	27%
Uses clean ingredients	68%	64%	72%	44%	58%	25%	100%	27%
Advertises that it is natural and organic	59%	55%	63%	31%	42%	0%	67%	27%
Advertises cruelty-free testing/no testing on animals	65%	56%	63%	50%	75%	50%	100%	27%
Emphasizes inclusivity, and has products/shades that appeal to a wide variety of skin types, complexions, races, ages, and genders	58%	50%	65%	38%	58%	25%	67%	36%
Emphasizes diversity in its marketing and advertising (e.g. uses models with different skin types, complexions, races, ages, and genders)	54%	47%	60%	63%	58%	25%	67%	27%

Percentages based on a subset of survey correspondents who are 'very likely' and 'somewhat likely' to purchase based on the factors presented.

Additional purchase factors (unrelated to ethical messaging) include:

	Male	Female	Non-binary	Trans* male	Trans* female	Agender	Prefer not to answer
Is the least expensive	54%	59%	50%	58%	0%	67%	27%
Offers a sale, discount, deal	68%	79%	44%	75%	25%	33%	37%
Offers free shipping	69%	81%	69%	75%	50%	67%	36%
You have bought the brand/ product before	66%	79%	63%	58%	25%	67%	45%

Percentages based on a subset of survey correspondents who are 'very likely' and 'somewhat likely' to purchase based on the factors presented.

Results by age and country

	16-20	21-25	26-30	31-35	US	UK
Advertises sustainable packaging (e.g. recyclable, refillable containers, etc.)	52%	60%	59%	60%	60%	57%
Advertises that it is a vegan product	33%	49%	41%	40%	40%	42%
Uses clean ingredients	62%	68%	67%	71%	74%	62%
Advertises that it is natural and organic	50%	62%	58%	61%	63%	55%
Advertises cruelty-free testing/no testing on animals	58%	66%	66%	65%	66%	63%
Emphasizes inclusivity, and has products/shades that appeal to a wide variety of skin types, complexions, races, ages, and genders	52%	62%	58%	58%	60%	55%
Emphasizes diversity in its marketing and advertising (e.g. uses models with different skin types, complexions, races, ages, and genders)	51%	60%	53%	53%	56%	52%

Percentages based on a subset of survey correspondents who are 'very likely' and 'somewhat likely' to purchase based on the factors presented.

Additional purchase factors (unrelated to ethical messaging) include:

	16-20	21-25	26-30	31-35	US	UK
Is the least expensive	57%	60%	54%	56%	60%	53%
Offers a sale, discount, deal	66%	74%	72%	77%	81%	66%
Offers free shipping	68%	76%	74%	80%	82%	69%
You have bought the brand/product before	67%	69%	75%	76%	80%	66%

Percentages based on a subset of survey correspondents who are 'very likely' and 'somewhat likely' to purchase based on the factors presented.

75%

of 31-35 year-old shoppers are influenced by products labeled as 'clean'.

71%

of shoppers who identify as female are drawn to 'cruelty free' products.

About Nosto

Nosto enables retailers to deliver fully personalized, integrated commerce experiences with fine-tuned control of merchandising rules. An AI-Powered Commerce Experience Platform designed for ease of use, Nosto empowers retailers to build, launch and optimize 1:1 omnichannel marketing campaigns and digital experiences without the need for dedicated IT resources or a lengthy implementation process. Leading commerce brands in over 100 countries use Nosto to grow their business and delight their customers. Nosto supports its clients from its offices in New York, Los Angeles, London, Paris, Berlin, Stockholm and Helsinki. To learn more, visit www.nosto.com.

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