



E-commerce in Beauty and Cosmetics Industry

Inveon Insights
2022

inveon





Beauty and cosmetics products have always been one of the most popular e-commerce niches. It has been around for many decades, and throughout the years it has seen tremendous growth in terms of innovations, technologies, and products. As the rest of the world continues to move towards online shopping, the beauty and cosmetics industry is also achieving higher online sales growth rates. To put it into perspective, in 2022, the beauty & personal care market is expected to generate **\$564,438 million in revenue**. According to Statista, the market will increase at a **4.7% annual rate (CAGR 2022-2026)** and by 2022, online sales will account for **25.4% of the total revenue** within the industry.

Challenges in the Beauty and Cosmetics Industry



The world of e-commerce has opened new opportunities for many industries, including the beauty and cosmetics industry. Yet creating an all-digital experience for a product segment that is usually associated with physical experience presents its own challenges.

Due to the increase in digitalization, all brands started selling online and e-commerce in this field has become very competitive. Since owning a beauty and cosmetics brand has also become popular among celebrities and influencers in recent years, competition has fueled. In such a contentious environment, it is difficult to differentiate as a brand. Not only may the quality of the products be sufficient to attract the target audience, but also a **strong brand image** that consumers can adopt is necessary. The brand identity needs to be reinforced by **consistent marketing activities** and supported by an **efficient e-commerce strategy**. It's crucial that the brand messaging is consistent across all communication channels and your brand offer availability at every touchpoint. At this point, a comprehensive digital strategy is essential to **sustainable digital growth**.



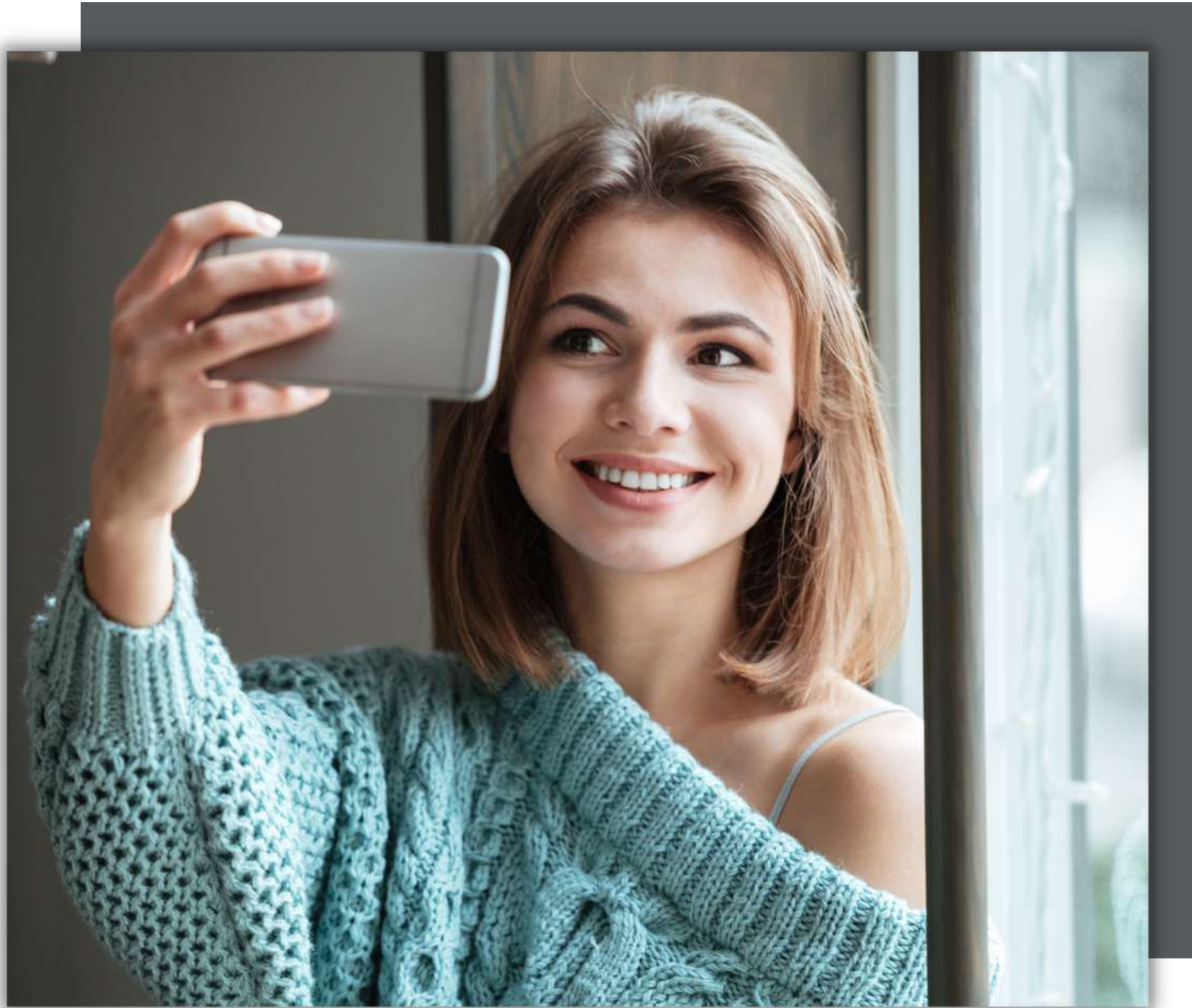


Each individual's appearance and way of self-expression to the outside world is unique, as their shopping preferences and buying habits. So beauty brands must ensure that their experiences are hyper-personal and user-centered. With the capable e-commerce platform that can provide this experience through utilizing consumer data, such as product searches, time spent shopping, wish lists, and purchasing processes, beauty & cosmetics brands can deliver more personalized experiences. Brands with an online store receive valuable insights by learning more about their customers than they might in a physical store.

Personalizing experiences also requires consumers to be able to communicate with the brand through any channel. With the flexibility provided by e-commerce; shopping can be done from anywhere at any time. It is essential for brands to be accessible to their consumers whenever needed while providing a seamless omnichannel experience and consistent communication. With the opportunities offered by the e-commerce world and valuable data that is difficult to obtain from offline sales, brands can create more personal, reliable, and omnichannel strategies.



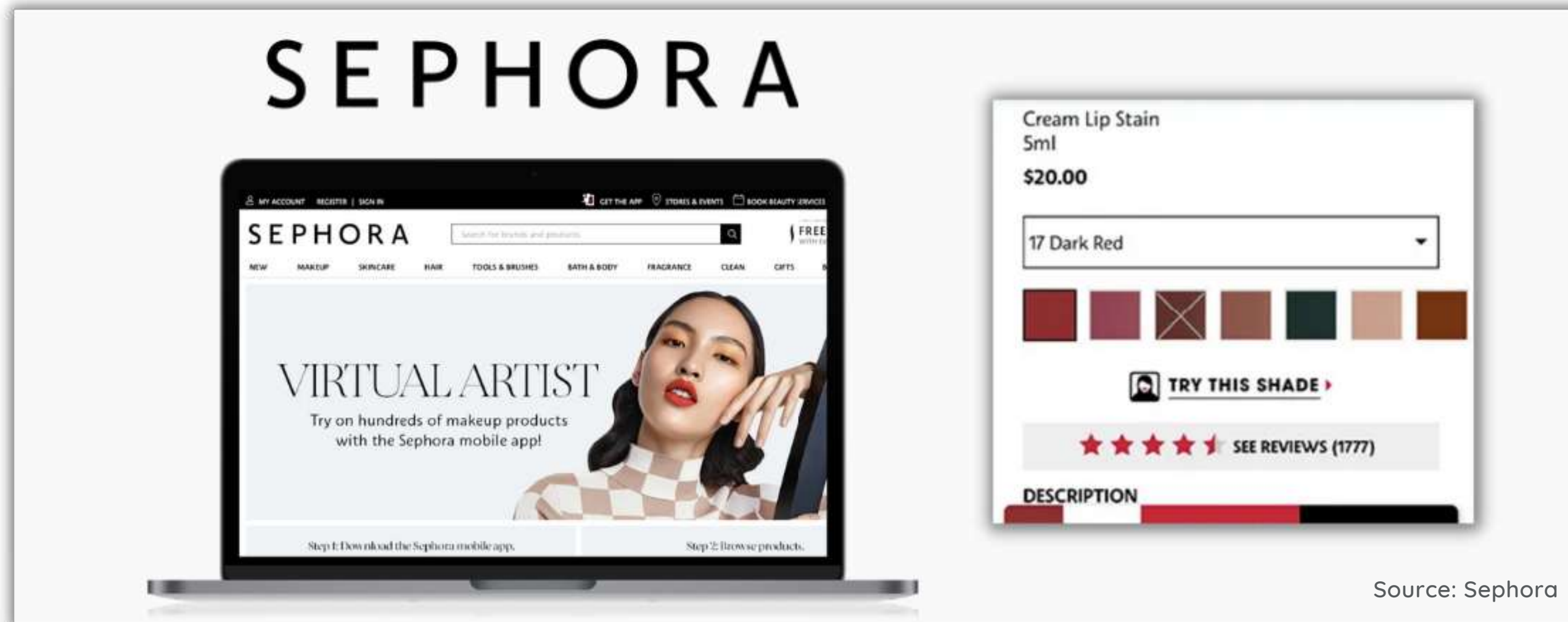
The Future of the Beauty and Cosmetics Industry



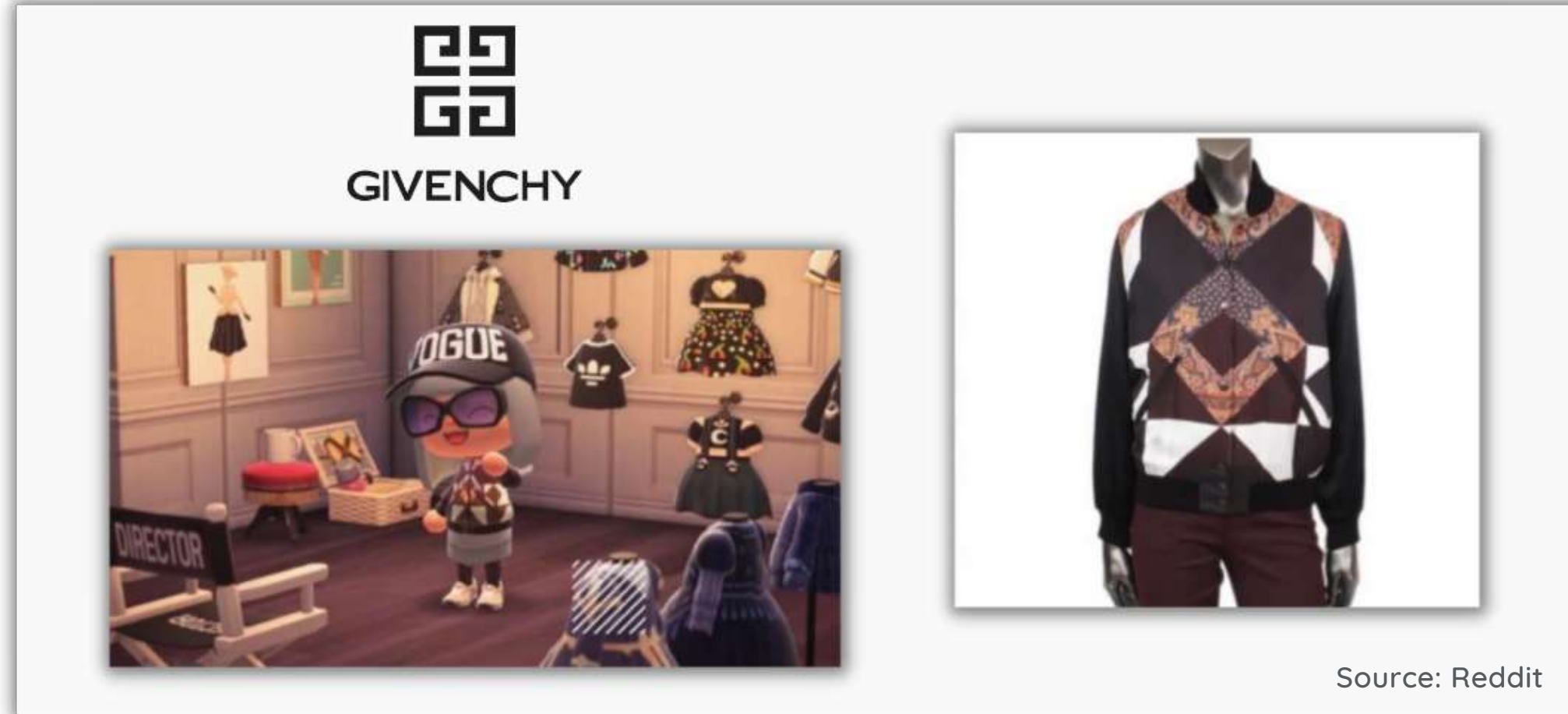
The cosmetics industry is ever-evolving. This is a world where trends shift constantly, and where mass media and social media have created highly educated, discerning consumers. As a result of high digitalization, there have been changes in many operational aspects such as product functions, perception, diversity, and purchasing experience. Understanding these innovations in order to be able to stand out in the market and offer better experiences is a key to success in this field. Below are the latest trends that are likely to rule the future of beauty and cosmetics.

>> Benefiting Technology

As we all know, the beauty and cosmetics industry has been infiltrating technology with the acceleration of demand. Technologies like augmented reality, virtual reality, and artificial intelligence, that are used to support special cosmetic experiences attract great attention from users. Advances in image recognition and face tracking technology are paving the way for delivering creative experiences. Many successful brands have stepped up their initiatives in this area. Sephora's virtual makeup artist allows customers to virtually try thousands of lipstick and eyeshadow shades via their smartphones or in-store kiosks.

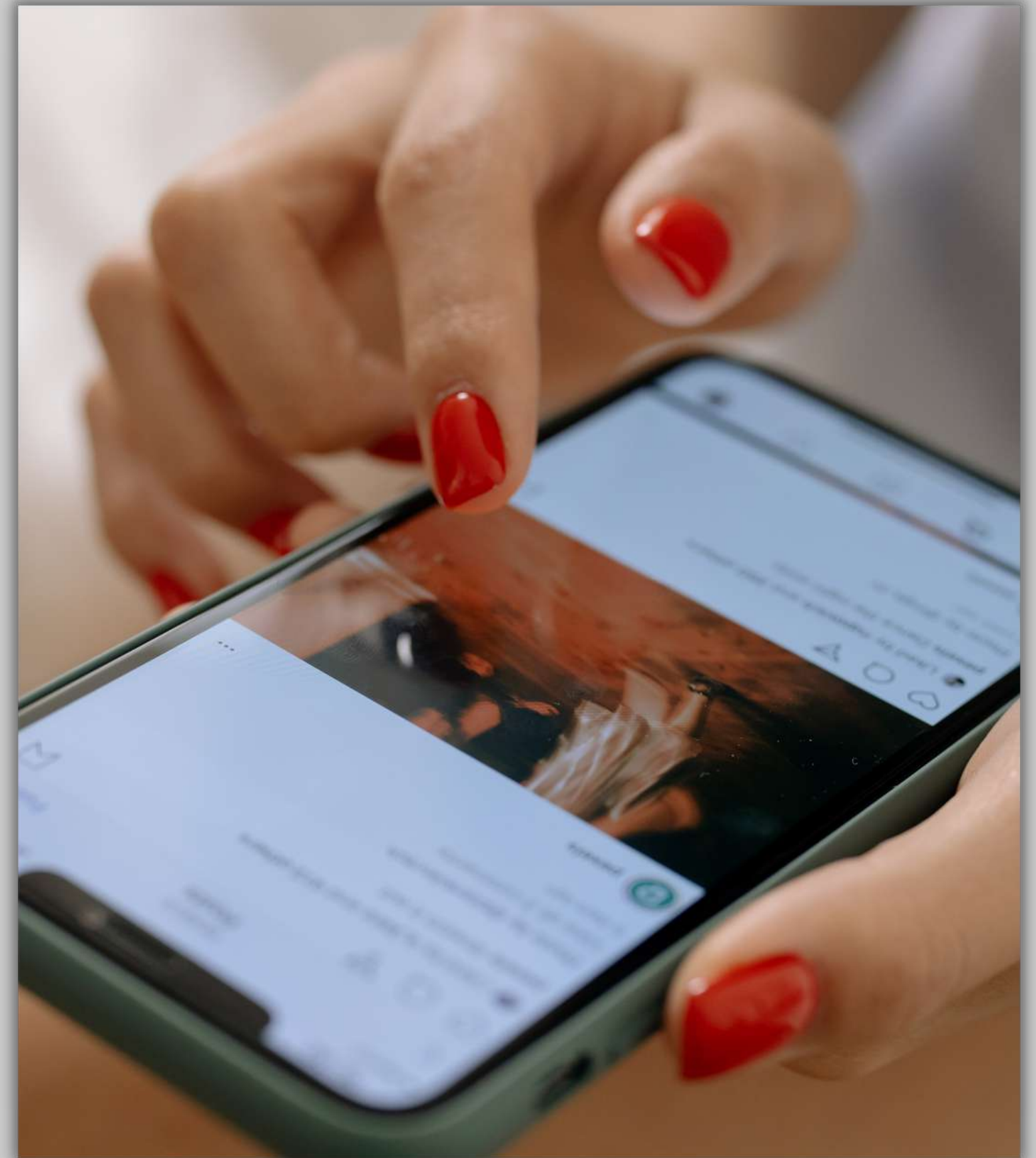


Source: Sephora



Today, thanks to the developing technology, it is possible to analyze the skin types of the users, control their skincare routines, and offer appropriate solutions. It is obvious that such a personalized service will **strengthen the bond between the brand and its users**. Another use of beauty technology is quite new and exciting. As women are becoming more active than ever in video gaming and esports it brought new opportunities for beauty brands. Givenchy, one of the world's leading beauty brands, has included itself in Nintendo's Animal Crossing: New Horizons game by offering tattoos inspired by its iconic lines. A great example of using advanced tech for a makeup brand. 13 million players worldwide can now personalize the look of their characters with their branding.

Virtual experiences and personalized product recommendations not only encourage the consumer when making purchasing decisions but also provide brands and online retailers with an opportunity to develop innovative consumer experiences and increase loyalty.





>> Social Media as a Channel

It is an obvious fact that influencer marketing has led to changes in many industries, but it was particularly revolutionary for the beauty industry. Social media channels have become the primary sources of referral traffic for leading cosmetics and beauty brands, prompting many major brands to **create content to stay current**. The effects of influencers on the purchasing preferences of large masses have also been adopted by brands and become a marketing channel. Even a special term “skinfluencer” started to be used for influencers who have established their content on beauty and skincare products.

However, brands should be aware of the recently changing consumer perception when they are partnering with an influencer. Because nowadays, the effect of each influencer on the consumer may not be processed the same as it's the first time. Micro-influencers with fewer followers, informative and organic interactions are preferred, rather than influencers that are very popular and have a large number of sponsored content. Influencers adopted by certain audiences on social platforms are a powerful way to reach your target audience and increase trust in your brand. While social channels have a vast effect on purchasing decisions in the industry, utilizing social commerce functions adequately is ceasing to be an option and becomes a necessity. Creating social commerce strategies for both sponsored and organic content and more brand visibility will be indispensable for brands in the long run.





>> Advanced Personalization

Brands strengthen their communications with customers while empowering the 'personal' in the beauty business by supporting diversity, inclusiveness, and equality, as well as concentrating on self-expression. It's no wonder that, with a more consumer-focused approach, personalization has placed the beauty business at its core. Delivering one-of-a-kind experiences and products for everyone while exceeding traditional beauty standards is at the top of the to-do list for beauty companies. Consumers' increased need for beauty solutions suited to their own individual demands is leading companies in the direction of hyper-personalization. It is essential to boost the value of your brand in the eyes of your customers by **leveraging the hyper-personalization capabilities provided by a robust e-commerce platform.**

>> Changing Customer Landscape



The changing perception of beauty and new sensitivities in purchasing affect the market. The new generations, who have become one of the decision-making age groups in purchasing, and their understanding of life different from their predecessors, leading brands to define new perspectives.

Generation Z is an age group that sets trends in many industries, from fashion to music, so their opinions and ideas are important for brands. The sensitive attitude of this generation, has important agendas such as equality, trust, and sustainability, leading them to demand natural, transparent, clean processes and products. Gen Z cares about the emotional bond they form with brands and cares about what a brand stands for. In this regard, it will be beneficial for permanent growth for brands to create products, content, and services in accordance with the changing consumer profile in order to stay up to date. The beauty and cosmetics industry's initiatives on environmental and social issues will generate an appealing factor for the new generation of customers. The implementation of services based on equality, environment, diversity, and a caring attitude has a beneficial impact on the brand image.

>> Sustainable Beauty

We mentioned in our **Featured E-commerce Trends to Follow in 2022** content that sustainability is one of the highlights of this year. Of course, we cannot think that such a comprehensive and worldwide issue will pass without touching giant industries such as beauty and cosmetics. For industries built on responding to changing consumer needs, sustainability can be an important game-changer. According to a Businesswire survey, 85% of individuals worldwide have changed their purchasing habits to be more environmentally friendly recently. Younger generations are also more conscious about the future of the planet than their predecessors. Considering the changing purchasing preferences of consumers, beauty and cosmetics brands should adopt sustainable and environmentally friendly policies at all points of their e-commerce operations in order to create a sincere perception.



Closing Remarks



The purchase patterns of consumers have been permanently altered by the shift toward e-commerce. People are getting more comfortable with buying beauty products online. It is easier than ever for customers to reach their desired product and services and challenging ever for businesses to stand out from the competition. But it's survivable and manageable.

While e-commerce creates convenience for customers, it offers not only challenges but also various benefits to businesses. When performed correctly, e-commerce can not only be a **cost-effective** method for the industry but can also provide a significant **return on investment**. It allows easy access to a larger market by **expanding the client base** thereby reducing time and cost. The increased exposure to a broader audience can make it easier to compete in the market while potentially increasing profits. It enables you to increase the customer-brand bond with the utilization of new trends such as advanced personalization and the use of new technologies.

Inveon's robust and scalable omnichannel infrastructure, inCommerce, allows your company to establish a strong digital commerce presence and thrive on the e-commerce market!

Contact one of Inveon's specialists now to see how you can benefit from our platform and expertise!

in**C**ommerce



Inveon helps you to stay one step ahead of the competition.

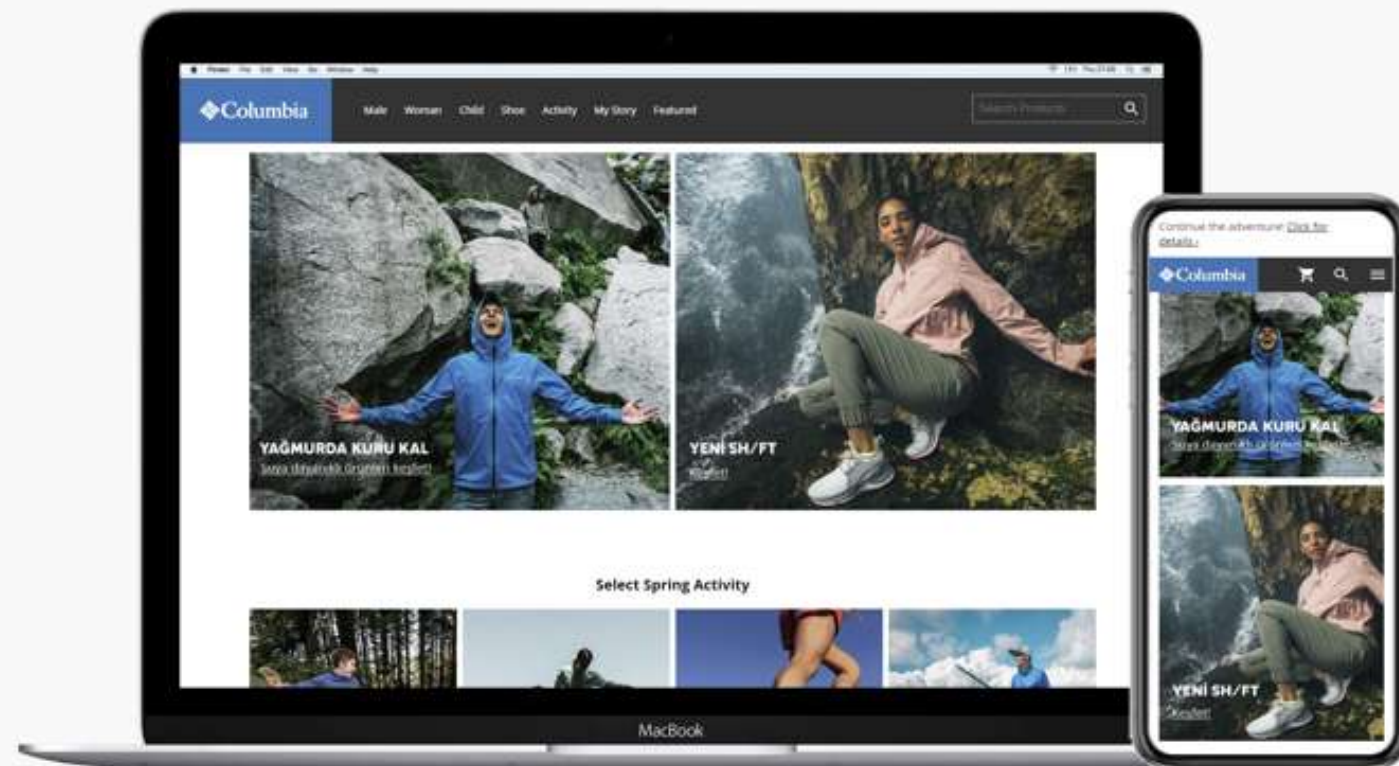
Schedule a call with one of our e-commerce experts today.

Get in touch!

A fulfilling digital commerce platform to deliver an exceptional customer experience

Inveon inCommerce is the agile way to build, launch and expand your e-commerce business across channels, marketplaces and partners.

inCommerce



 Columbia

Let's take your business to the next level!

Microservice Architecture

Enjoy highly performed operations, ease of integrations and maximum speed through microservice architecture

Omnichannel Promotion Management

Take a deep-dive into the world of promotion and discount management with an advanced promotion management module

Headless Structure, Supreme Flexibility

Through inCommerce's headless structure, easily customize your platform and provide a seamless experience to your customers

Advanced OMS

Effectively manage your omnichannel operations and eliminate operational complexity with inCommerce's strong order fulfillment algorithms

Real-time Tracking & Insights

Master your data by tracking brand-specific consumer journeys and detailed data dashboards of the reporting module

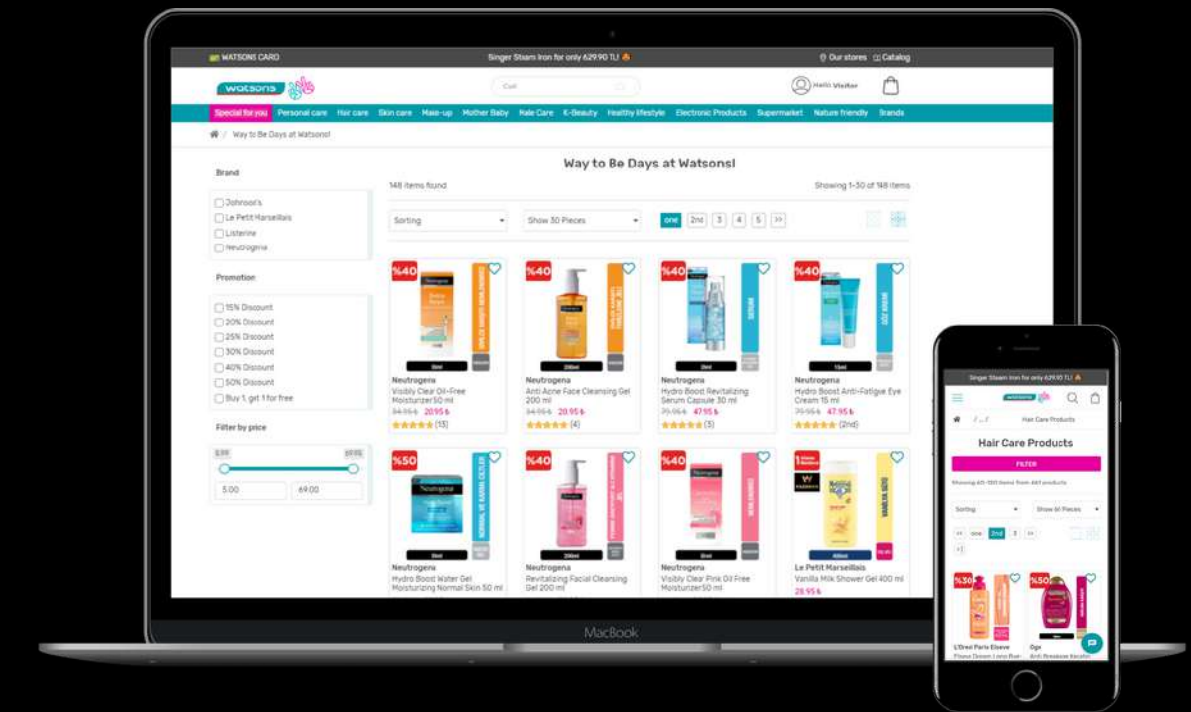
Mobile-first Operational Management

Utilize a comprehensive range of tools to excellently control your operations wherever you are with inCommerce's fully responsive and mobile-compatible admin panel

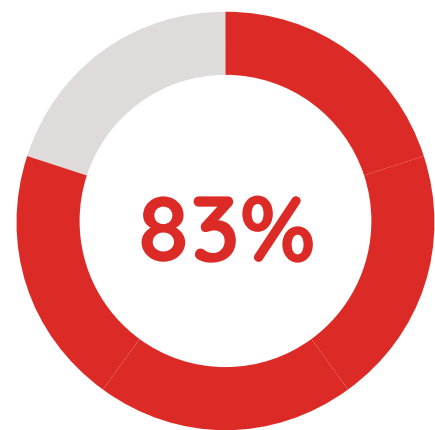
inveon

Unlock growth potential & empower your brand: GrowthLab

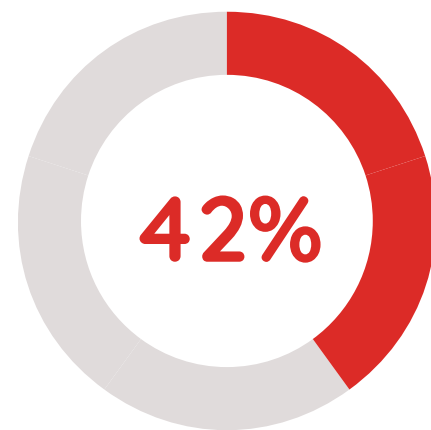
- Keep the pulse on your store with inCommerce's real-time data stream
- Uncover growth opportunities using behavioral segments
- Take the guesswork out of growth with our proprietary next-best-action methodology



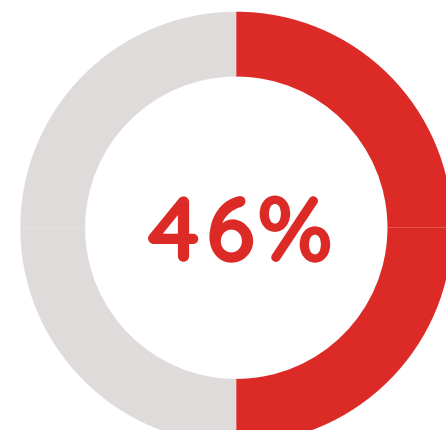
After 12 months of working with Inveon, our clients achieved:



An average increase in revenue



An average increase in traffic



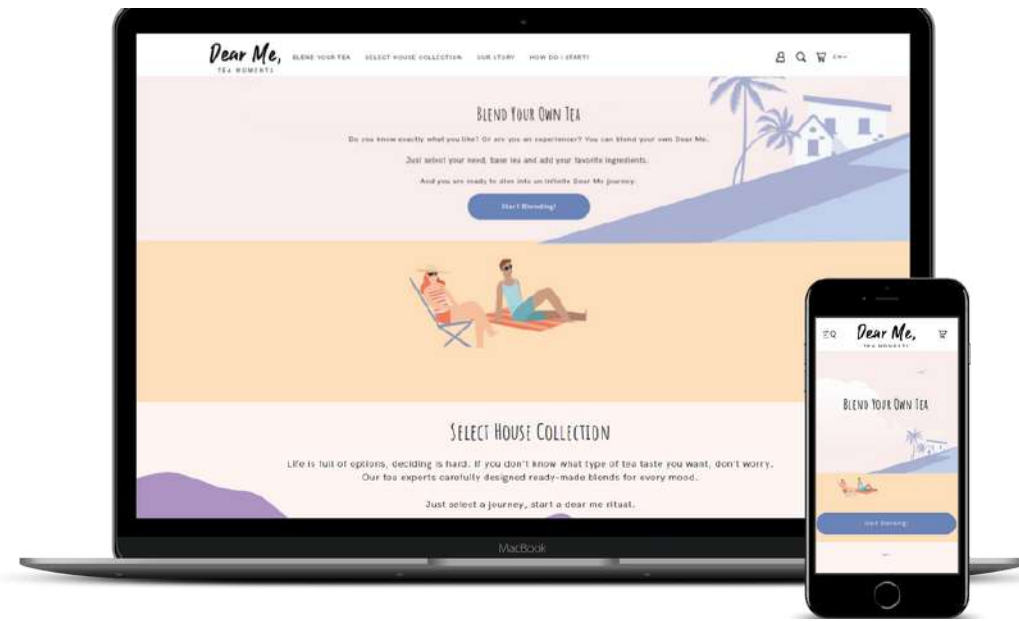
An average increase in conversion rates



Highlights from our clients

- Offering products in 90 countries under a single platform and increasing global revenue by 400%.
- 5x increase in the number of visitors during the Singles Day Campaign. (Gold Stevie Winner for Online Marketing Campaign of the Year)
- Omnichannel revenue reached 1.5 times higher than e-commerce site revenue within 6 months.

About Inveon



Inveon provides enterprise companies a unified & scalable digital commerce platform that enables sustainable growth.



Our Offices

- Istanbul, Turkey
- London, UK
- Geneva, Switzerland
- Dubai, UAE



\$1B

annual e-commerce volume



60+

global customers



70M

online shoppers



15+

countries

For more information, get in touch with us

info@inveon.com



inveon