

# How the MARKETING PLAN For Beauty Products

Unlocked 20% More Profit Value During  
COVID-19 Crisis



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# Contents

<b>Intro</b>	<b>3</b>
<b>What's Changed in the Beauty Market Marketing Plan Since COVID Happened?</b>	<b>4</b>
<b>6 Factors that Changed the Marketing Plan for Beauty Products</b>	<b>5 - 6</b>
<b>What's The Marketing Plan for Beauty Products Looking Like for 2021?</b>	<b>7</b>
<b>The Future of the Beauty Industry</b>	<b>8</b>
<b>Implications</b>	<b>9</b>
<b>Conclusion</b>	<b>9</b>
<b>About us</b>	<b>10</b>

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# Intro

## About Taylor Wells Pty Ltd.

Taylor Wells is a pricing advisory firm based in York Street, Sydney CBD. Our sole focus and dedication is supporting leaders build high performance pricing teams and departments.

We partner with Giants of Industry, leaders and innovators to create and capture value using best-in-class pricing and HR strategies.

We invest heavily in our research capability so that businesses get a faster ROI on their strategy, people & operations using our proven teambuilding programme.

Our track record in pricing team excellence has helped our clients forge up to 5% additional margin in 12-18 months and less.

Our research and consulting shows that a world class pricing team can generate 5X-10X more profit than any other team when they are set up and integrated correctly.

Our mission is to maximise the power of pricing and HR to help leaders drive profitable revenue growth without the usual pain of change.

- Joanna Wells,  
Director of Taylor Wells

What's the marketing plan for beauty products since the pandemic hit? Are face makeup products and luxury perfumes really best sellers now that people don't really go out very much at all? Are there any new consumption patterns forging new pricing strategies? And, what are leading beauty businesses doing differently to adjust their businesses to an unprecedented time in history?

Since the beginning of the year, many businesses and industries worldwide have had to reshape their business strategy to the new normal. Not only that but also to changes in consumer behaviour. Now, more than ever, beauty firms (large and small) are in a race to improve e-commerce platforms and online pricing.

The current economic crisis, then, has created some pain and disruption for sure. But, there are some notable examples in the beauty industries (leading and startups) of companies using this disruption as a source of inspiration to accelerate digital transformation projects.

In fact, a recent study reveals that online profit for the beauty business players in China increased by around 20 to 30 per cent during the outbreak.

What's more, beauty globally is showing steady signs of growth and experts believe this is likely to continue. The actions of consumers clearly indicate that global consumers still find comfort in simple pleasures. Such as dabbing a little lipstick before a video conference call or a "self-care weekend."

In this article, we will continue to discuss the marketing plan for beauty products during and post-pandemic. In addition, we will share with you the impact of COVID-19 on the beauty industry. Furthermore, provide you with tips on how the beauty industry can successfully adapt to the new normal.

We will argue that smart pricing strategies can help the beauty sector to maintain an edge in a very competitive e-commerce environment.

By the end of this article, you will learn what leading businesses in the beauty industry are doing differently. How they are forging ahead and make money in one of the toughest and unusual times in social history. And how to avoid to be another closure statistic.





# What's Changed in the Beauty Market Marketing Plan Since COVID Happened?

Prior to the pandemic, beauty retail sales were growing steadily. In 2019 (prior to the COVID-19 apocalypse), for example, skincare made up 40% of the global cosmetic market across product categories. Things were looking good globally and many studies were predicting that there was likely to be continued revenue growth in cosmetics and skincare verticals of c.3.5% per year, especially in the US.

However, since the crisis, the economic downturn has disrupted the marketing plan for beauty products. For example, compared to 2019's numbers, product sales of premium beauty and makeup decreased by 55% and 75% in 2020. Even in China, the industry's sales in February 2020 declined up to 80% compared to 2019. Not only that but globally people's lives and their beauty routines were completely upturned.

The financial situation today is clearly not as favourable as the predictions stated prior to COVID-19. According to a report of a market research firm, category sales overall decreased by 7.7% in 2020. However, despite the overall slow down, there are still signs of fast-moving growth for some beauty product albeit smaller in size and different in nature.

**The really fascinating thing now is the innovation to come out of disruption.**

In fact, over the past year, beauty categories have performed quite unexpectedly. New consumer trends – most notably at-home grooming and concerns – for example, have brought about new pricing and product opportunities. This, in turn, indicates that leading beauty firms can no longer look for value in traditionally high performing beauty categories.

For example, self-care and pampering trends have risen significantly during the crisis. A recent report finds that sales of hair colour increased by 172% compared to the previous year. Also, bath products went up to 65%; underscoring, yet again, consumers' doubling down on self-care whilst being stuck working at home.

It seems then, that amidst the global crisis, 'wellness' is well and truly at the top of mind for consumers. In fact, looking good and staying healthy during a bad time is now very important to people. People want to avoid risk and stay healthy – and this means mentally healthy too. Product quality and avoiding bad products that don't work and do a bad job is something beauty shoppers want to avoid. Good products that make people feel better (inside and out) are a growing niche.

# 6 Factors that Changed the Marketing Plan for Beauty Products



## **1. Since COVID-19, there has been much less demand for face cosmetics (which just a few months ago was a huge profitably category – if not the one of the most profitable)**

Consumers it seems have fewer reasons (or maybe less interest in) to use or wear fragrances and makeup because of social distancing and mask-wearing regulations. In fact, a report on colour cosmetics last July finds that almost 50% of women are purchasing less makeup than they did before.

On the other hand, eye cosmetics have grown significantly. In China, for example, it was reported that sales for eye cosmetics rose 150% month over month, during the outbreak of COVID-19. It appears people are still keen to look good above the mask line.

## **2. There's been a mass increase in self-care products**

Demand for self-care and pampering has increased since the pandemic. NPD's report (tracking consumer spending and point-of-sale data), for example, finds that sales of luxury hand soap in France went up 800% during the time that the country went into lockdown on the week of March 16, 2020. There was a sudden rush in buying antibacterial products at the outset of the crisis. Also, governments worldwide encouraged hand-washing and sanitising to prevent the virus from spreading. These two factors accelerated sales in self-care products.

### 3. There's been a marked growth of do-it-yourself (DIY) beauty care

DIY beauty care products like hair dyes have also seen a marked increase in demand. Many beauty salons have closed since COVID-19 and people are going back to DIY beauty care like dying their hair, waxing, facials etc. For example, DIY beauty care such as nail care, hair colouring, and care in other beauty categories are finding new customers. In fact, sales of DIY hair-colouring kits of Madison Reed increased tenfold from mid-March to mid-April of 2020. Also, online sales of popular brand nail polish in the United Kingdom experienced double-digit growth per week in March during the lockdown.

### 4. The transition to e-commerce has been wide and pervasive

Another important change to the beauty industry has been the accelerated transition to e-commerce platforms across the industry. As evidence, perceptive beauty businesses have been very quick to shift their sales focus to digital platforms. It appears that retailers want to recover lost revenue and also stick to consumer loyalty and see e-commerce as a good method of doing this.

### 5. Sustainable packaging

New trends in packaging and pricing have also grown in popularity in the beauty industry. In an effort to decrease their carbon footprint, both large and small beauty brands are adopting refillable and recyclable packaging. For instance, L'Oreal-incubated Seed Phytonutrients promotes shower-friendly biodegradable paper bottles built in partnership with Ecologic, a sustainable packaging startup. Some indie brands are also creating their value propositions on their sustainable packaging and not only around their products. Just like Lerer Hippeau Ventures-backed By Humankind provides hygiene products such as deodorant in refillable bottles.

At the same time, consumers' desire for price transparency has also encouraged new models for providing quality beauty products minus markups.

### 6. New pricing strategies

The final key trend in beauty over the past 12 months is value-based pricing. Businesses seem to be revamping their pricing strategies to fit with new consumption patterns and preferences.

Businesses are looking at e-commerce as a means to price dynamically in the market and/or using market intelligence to competitively adjust their prices rather than simply reviewing prices once a year. Pricing is a hot topic for beauty now. It is now considered a key growth driver; providing firms with key insights on how to maintain margin growth in a very different and changeable market.



# What's The Marketing Plan for Beauty Products Looking Like for 2021?

The beauty industry, like other business sectors, has been greatly affected by the economic wrath of the COVID-19 crisis. During the outbreak, beauty businesses and service providers globally were forced to suspend their in-store services. And when the incidence grew rapidly, retail stores were forced to shut down due to government regulations. Now, almost all beauty businesses need to adapt to the changing needs of consumers. Change is no longer an option, but a fight for survival.

However, with adversity, comes opportunity in the beauty industry. People still need to groom themselves and looking good is still important to people. However, how people buy, what they buy and why and what they choose to spend their money on are areas creating the most disruption to the market plan for beauty products right now.

People are replacing blush with lipstick. Spending more on hair colour than hairdressers. And choosing to buy eco hand sanitisers over big brand sanitisers. Since COVID-19, more people have been buying chic stick-on nail polish, fashionable face masks, moisture products, etc. They want to pamper themselves at home and will pay a premium for doing so as long as the price premium does not cost them more than what they used to spend prior to the pandemic.

Goods and services considered before as optional beauty products have now become necessities. For example, some established premium beauty brands that were on the rise even before the pandemic (face cosmetics) are now experiencing a huge decline. And, in their place, is a new and growing market for mass and 'masstige' brands (premium but attainable products).

People want an exciting and unique proposition that builds a clear-cut area of expertise or matches the benefits that premium products offer or experiences used to perform, but at a more attainable price. To some, these new trends may seem fanciful and vain.



However, to shrewd business leaders and investors, these trends are a source of untapped profitability. And for potential customers, beauty products packaged and sold in the right way are a source of much-needed self-care and stress-relief. People are willing to pay a price premium on products sold as luxuries, 'good for you,' healthy, sustainable because it makes them feel better, both physically and mentally during a very stressful time. And successful businesses are going with these new value drivers and investing in them using better pricing, e-commerce, procurement and marketing strategies.

# The Future of the Beauty Industry

The resulting challenges for the beauty market are not going away anytime soon. Regardless of whether or not stay-at-home orders are lifted, a quarter of all consumers reveal that they still prefer to work from home even after lockdowns end.

Also, the downturn will likely speed up trends already moulding the market, like the growth of the use of e-commerce.

As beauty consumers continue to tread lockdowns and social distancing, the way they use and how they buy beauty products have also changed. While companies have had to adapt to challenges caused by both supply and demand issues during the pandemic, adapting their businesses to these changes will be vital to their long-term success.

In the long term, we believe that beauty businesses will stay attractive. People globally find a great deal of comfort in simple pleasures.





# Implications

The COVID-19 crisis destroyed the traditional marketing plan for beauty products. The days of beauty counter trials are over. Closures of retail stores have forced consumers to adapt to the online channel.

Lower discretionary income and consumers' focus on saving money during these difficult times is likely to shift consumer spending behaviour to buying lower-priced, high-value items versus their similar big named alternate. People are now keen to try new things which also give them maximum value for their money.

Marketing plan for beauty products such as bringing the interactive experience to the consumers in the comfort of their own homes (and at the power of their fingertips) can build strong consumer relationships.

# Conclusions



What the beauty industry has taught us all (regardless of our industry) over the past 12 months is that even when times get tight, consumers will continue to indulge in little luxuries. People still want products that meet their needs. However, now, more than ever, consumers will sacrifice higher-priced luxury items and buy a cheaper, but innovative alternative.

For e-commerce, dynamic pricing and innovative product featuring customer safety is a major focus. People buy good quality products that they know fix a problem without harm. Brand reputation and stories are the centres of a company's marketing plan for beauty products across channels.



## Joanna Wells

Director  
BA / MA Psychology  
University of Cambridge

“My passion is building world class pricing teams because **they can generate 5X- 10X more profit than any other team** when they are set up correctly.

My mission is to maximise and combine the power of pricing and HR to help leaders drive profitable revenue growth without the usual pain of change.”

**Joanna Wells** is the founder and director of Taylor Wells Advisory, a specialist pricing firm that advises Fortune 500, private Equity and ASX Listed companies in organisation design, talent strategy, capability building and specialist recruitment for the revenue, pricing and commercial management functions within a business.

A Cambridge University qualified psychologist with over 10 years' consulting experience and several years' experience practicing advanced pricing and revenue management across B2B and B2C markets in Australia, Joanna's sole focus and specialisation is helping business leaders build world class pricing and commercial management teams and functions.

## ACHIEVE HIGH PERFORMANCE TEAMS & CULTURE

Over the past 10 years', Joanna has studied talent and performance in the specialised field of pricing, commercial management and analytics to address and answer the following questions:

- How can we build high performance teams and culture without disrupting business as usual operations?
- How can we hire the absolute best pricing team for our business?
- Why are some teams better at getting results than others?
- Why do we often find ourselves spending so much on our teams, but see little benefit?
- How can we build a high-performance team in a relatively short time frame to drive more complex business outcomes?

Our experience and research show that building high performance teams and culture does not have to be onerous, disruptive or unsettling for the rest of the business.

How you set up and recruit your teams are key determinants of how fast you can accelerate earnings growth. With the right team and strategy implementation in place, incremental earnings gains can begin to occur in less than 12 weeks. After 6-12 months, the team is often able to find additional earnings gains as they identify more complex and previously unrealised opportunities, efficiencies and risks.

## FIND THE RIGHT PEOPLE FOR PRICING & REVENUE MANAGEMENT ROLES

Taylor Wells is a talent advisory firm that has developed a next generation search, evaluation and capability programme in the field of pricing, finance, commercial and analytics. Our business was started after identifying weaknesses in the traditional agency recruitment model.

Our purpose is to support business leaders and our HR partners to eliminate the risk of bad hires and underperforming teams. Our workshops and programmes ensure pricing or commercial management teams are highly competent and deeply engaged with the strategic objectives of the business to achieve greater levels of margin and earnings growth. We have developed our own digital assessment platform, proprietary longitudinal research and people analytics to identify, evaluate and benchmark talent quickly and objectively. We have a high calibre consulting team and extensive partnerships and networks to ensure you get the best support and outcomes.



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