

Bond COVID-19 Industry POV.

Retail: Beauty



Snapshot POV

As consumers acclimatize to the new normal of retail, we anticipate a rise in consumers gravitating towards the small luxuries that beauty retail affords.

Consumer budgets previously reserved for vacations, amusement parks, or sporting events and concerts may now be redirected towards purchases like self-care and wellness. **Reviving what used be ritual—skin, hair, and makeup routines will become welcomed practices of renewed normalcy in consumers' lives.**

How brands stepped up

Beauty continued to be top of mind with many consumers during COVID-19.

Routine products were still being purchased, simply re-directed to e-commerce channels as consumers looked to makeup and skin care as a small solace of self-care and escape.

Sephora stepped into the new reality by acknowledging the stark new norm and invited their customers to share what they felt was appropriate to hear from the brand in the early days. They were transparent in communicating their presence in different channels, and in how their content would show up in different ways.

Several brands stepped up to help with front-line needs and diverted manufacturing to essential products, or accelerated cause donation.

Lush began producing scent-free soap to donate to hospitals, medical clinics, and in-need community groups; **Estée Lauder's** manufacturing facility began production of hand sanitizer; **M.A.C** with its well-established charitable line, Viva Glam, developed three lipstick shades with 100% of proceeds going to vulnerable communities.

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Glossier.

DECIEM

CLINIQUE



SEPHORA



Other brands embraced new ways of bringing product knowledge and exploration to consumers. **Kiehl's** began Instagram live events to showcase new product, allowing customers to connect with associates in real time for product support and questions; **Glossier**, **Deciem** and **Clinique** enabled virtual chats that connected customers to associates for one-to-one personalized support; **Saje** offered customers wellness appointments with associates to help answer product questions or build home routines.

Brands also looked to their loyalty programs, rewards and return policies to **ease customer experience**. **Sephora** allowed customers the ability to postpone picking up their birthday reward; **Bath & Body Works** re-issued expired rewards with 60-day extensions for use.

We also saw consumers looking to retailers for self-care products to replace spa, salon, and grooming centres. Masks, nail kits, root colour touch-ups and easy hair removal products became popular purchases, and hair clippers were a much-coveted commodity that quickly sold out across many retailers.

Stumbling blocks

While Beauty retailers didn't really take huge missteps in advancing their brand relevancy and customer support during the pandemic, **the sector still found some consumers turning away**. Anxious about delays in shipping time and financial concerns, some turned to drugstore or grocery-branded skincare and makeup, which were more readily available and price-conscious. Consumers also limited their use of skin and makeup products, lengthening their supply and requiring fewer replenishment cycles.

Predictions

In our post-COVID reality, e-commerce will continue to rise, and we expect it to be a core channel for sales revenue growth. Brands will likely continue to offer more self-exploration tools, virtual services, and social content geared towards discovery, experimentation, and product knowledge.

Bricks and mortar spaces will likely go through an extended re-opening phase facilitating social distancing, capacity limitations, and hygienic practices like mandating face masks, making hand sanitizer available, enhanced cleaning, and plexiglass barriers at cash.

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Retailers will continue to consider new ways of managing product returns. We've already seen some brands like **Sephora** indicating that all returned products will be destroyed. **Try-on-at-home was a differentiator for consumers against drug stores.** It created ease for customers to validate the product wear time, appearance, and skin allergen reactions. Brands may seek increased product costs to compensate for the resale value, or some may weave it in as a loyalty benefit, limiting at-home trials to best customers. Another area that will be hit hard is product testing. **Beauty retailers will need to explore new ways to offer sampling and beauty services,** which are all coveted hands-on customer experiences, which allow brands to stand apart. These offerings are also the ones that lead to product upsells and promote basket lift within static transactions.

Beauty manufacturers will look to capitalize on building out their direct-to-customer relationships by expanding on their own e-commerce and social channels. Brands like **Fenty Beauty, Huda, Bobbi Brown, M.A.C and Charlotte Tilbury** are just a few who offer AI tools, shade finders, and social tutorials. They also have an advantage on manufacturing product sampling and starter kits. Other brands like **Benefit, Caudalie, and Urban Decay** are leaning into their propitiatory loyalty programs to grow their own customer database outside of beauty retailers.

Implications and Recommendations

Brands that continue to ease their way into this new normal with the same transparency with which they entered are the ones that **will continue to see consumers lean in to a deeper level of trust and loyalty.**

Brands will need to continue to support customers as they seek to explore what luxury beauty has to offer. By amplifying the wellness and care benefits of the products and providing new ways for people to explore and discover, they will see customers pay that back with social currencies of love, and of course, monetary return through product purchases.

Brands that find a way to go beyond the product transaction and recreate the next wave of experiential retail will be the ones who elevate how consumers engage with beauty and truly innovate our new normal.

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Michelle is a proven loyalty digital marketer with over 15 years of experience across Retail, CPG, Grocery, QSR, and Energy sectors. She partners with her clients to provide strategic loyalty counsel, helping them strengthen their value propositions and build deeper emotional customer engagement.

Prior to joining Bond, Michelle held senior roles at top-tier Canadian Retailers and Advertising Agencies, overseeing their digital and loyalty strategies.