

NBCUniversal

2022

Beauty & Personal Care Industry Assessment



Welcome!



Introduction

Explore NBCUniversal's latest perspectives and insights into the Beauty & Personal Care (BPC) industry. This report provides an overview of recent marketplace dynamics, our prediction of key future trends impacting the industry, and strategic recommendations for BPC brands and marketers as they navigate what's next.

Our Approach

At NBCUniversal, we have a legacy of working with a diverse range of BPC partners to build their brands. This report has been created based on NBCU's:

- Ongoing Industry Evaluation
 - Conversations with BPC Advertisers and Agencies
 - Continual Marketplace Analysis
 - Examination of Consumer Attitudes towards the BPC Industry
-

NBCUniversal Has a Unique Perspective

In 2022, NBCU worked with:

140+ BPC Industry Advertisers



Cosmetics



**Personal
Hygiene**



Haircare



Skincare



Fragrance



**Beauty Tech
& Devices**

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2022 Landscape

BPC Forward-Looking Trends

NBCU BPC Strategic Considerations

NBCU Relevant Materials



2022 Landscape

Overview of Key Beauty & Personal Care
Marketplace Dynamics



In 2022, we are seeing
Beauty & Personal Care brands

Rebound & Respond

to changing consumer routines
and evolving areas of demand



Beauty & Personal Care Brands Rebound and Respond in 2022



Beauty Spending is a Bright Spot

In 2022, beauty has been a rare bright spot for the retail industry despite soaring inflation. While beauty is often seen as an affordable luxury during economic downturns, brands will likely continue to evaluate strategies to maintain share and prevent trade down.



Wellness Remains a Priority

The pandemic heightened a self-care mindset, and consumers are increasingly using their BPC routines to support and manage their physical, mental, emotional wellbeing. Brands must consider shoppers' desire for clean, natural, and preventive offerings.



Omnichannel Becomes the Norm

Brands are adapting to omnichannel shopping journeys and considering strategies to reach consumers whose shopping habits remain fluid across channels. Many brands are experimenting with actionable content as well as social commerce channels.



Brands Cater to All Dimensions of Diversity

Consumers are seeking out brands that align with their values and offer products that demonstrate authentic commitments to diversity and inclusivity. Brands are considering their role in building a more inclusive future.

BRANDS ACROSS BEAUTY & PERSONAL CARE SUB-CATEGORIES ARE Adapting to Evolving Lifestyles & Mindsets

Haircare

A **heightened focus on self-care and hair health has given this sub-category a boost**. Clean and sustainable options are top of mind for many shoppers. Multicultural consumers are also seeking offerings that allow them to tap into natural and self-expression trends.

90%

of U.S. consumers continue to show strong purchase interest for hair-related products and are even taking their routines to another level¹

Skincare

Viewed as an essential, skincare has experienced steady growth in recent years. As 55% of consumers look at skincare ingredients before buying², many are embracing offerings that are natural, clean, and tailored to personal skin conditions.

51%

of Hispanic consumers say they have stopped using a product due to ingredient safety concerns³

Personal Hygiene

While heightened sensitivities have relaxed, **the pandemic forever elevated engagement with the personal hygiene category**. Self-care, sustainability, and skin health will likely be purchase motivators in the future.

79%

of U.S. adults almost always bring hand sanitizer with them when they leave their home⁴

Cosmetics

Benefitting from the return of events and less usage of masks, **cosmetics have returned to the spotlight in 2022**. Inclusivity, self-expression, clean, and new virtual experiences will likely fuel continued category innovation.

70%

of U.S. makeup users are reverting to previous routines or wearing more makeup than they did earlier in the pandemic⁵

Fragrance

Fragrances benefitted from association with wellness and self-care over the last two years. Future growth may be fueled by association with wellness, blending of beauty and home care, and the embracement of fragrance as a more constant, less seasonal consideration.

62%

of U.S. adults who use fragrances/scented personal care products do so to boost their mood⁶

BPC Forward- looking Trends

Key Trends We Expect to Influence BPC
Marketing & Media Strategies



LOOKING AHEAD,
**Key BPC Trends
We Expect to
Influence
Marketing &
Media Strategies**



Beauty
on Your Terms



Clean Becomes a
Key Consideration



Digital Adoption
Remains Top of Mind



An Embracing
of Entertainment



Beauty
Experiments in the Beyond

Beauty on Your Terms

Many brands champion a 'beauty for all' ethos in a bid to be more inclusive and respond to evolving consumer needs and mindsets.

Consumers are welcoming offerings that embrace modern beauty and personal care needs like being ethnically-inclusive, gender-neutral or tailored to unique personal care requirements.

Brands are considering how best to deliver on the needs of their evolving consumer base.

As a result, many beauty & personal care brands are prioritizing inclusive product and marketing approaches.

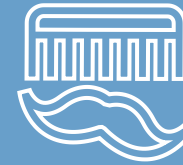
RESPONDING TO Multicultural Needs



75%

of Black Beauty Consumers say they are persuaded to purchase products if they feature a diversity of skin tones¹

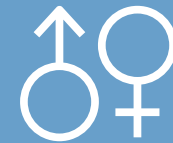
CONNECTING WITH Male Consumers



36%

of Men aged 18-34 are using skincare products in their routine more often than they were a year ago²

SUPPORTING Zillennial Gender Fluidity



63%

of Gen Z and Millennials feel that masculinity and femininity are styles that any gender can try on and take off at will³



Rihanna and her Fenty Beauty and Fenty Savage ranges are a perfect example of representing mixed race and diversity in all aspects (religion, age, ethnicity, disabilities, size, etc.). She uses models that are mixed-race and of all kinds of backgrounds for everything she does.

OLIVIA, WOMAN, MIXED RACE⁴

Clean Becomes a Key Consideration

As consumers become more conscious of the effects of BPC ingredients, brands respond to growing expectations for safety and transparency.

68%

of U.S. skincare users seek brands that use clean ingredients.¹

When our routines were put on hold, consumers started evaluating their lifestyle choices. People became more conscious about what they were putting on their bodies.

Without industry standardization, many brands are exploring how best to communicate credibility on clean beauty practices and product offerings.

Sources: 1. NPD; 2. Glossy; 3. WWD; 4. Forbes



“ ”

G L O S S Y

Johnson & Johnson leans on **clean beauty trends to create Vivvi & Bloom baby care brand.**¹



“ ”

WWD

Ashley Tisdale Launches **Clean Wellness Line,** Being Frenshe.²



“ ”

Forbes

Confused By Clean, Natural Beauty? How Korres Clears Up the Confusion.³

Digital Adoption Remains Top of Mind

Brands consider new touchpoints and experiences to influence discovery and purchase behaviors.

65%

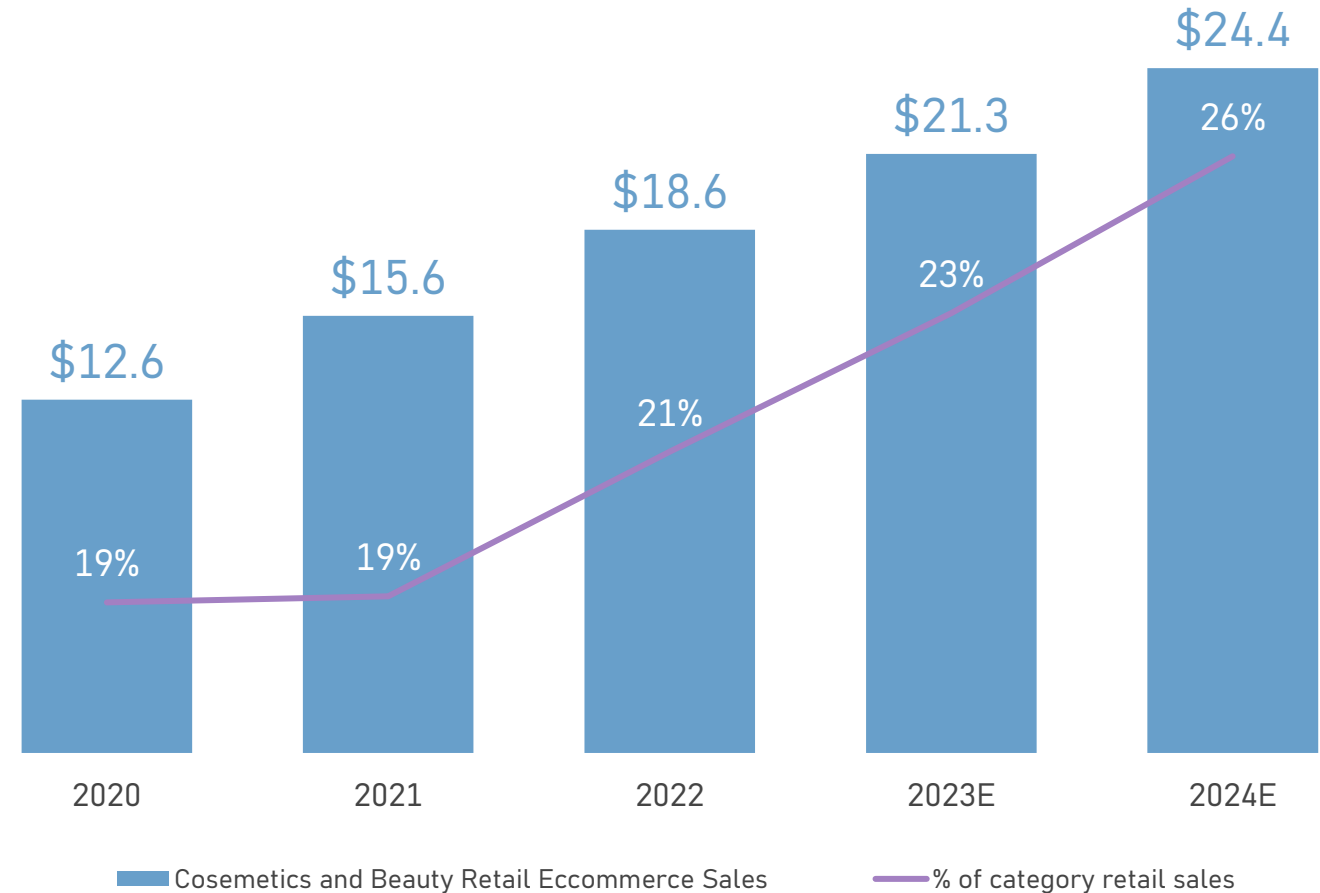
of consumers have ordered beauty products online, vs. 51% pre-pandemic.¹

Increased ecommerce adoption paired with the rise of innovative experiences like social commerce, livestreaming, and AR/VR has increased the number of BPC digital touchpoints, enabling brands to drive trial and engagement beyond in-store experiences.

As a result, brands have steadily **increased investment in digital channels by 20% YoY through 1H 2022.**²

Sources: 1. Nielsen IQ (2022 State of Beauty Industry); 2. SMI Personal Care; 3. eMarketer

U.S. Cosmetics and Beauty Retail Ecommerce Sales³ (\$ Billions)



An Embracing of Entertainment

BPC brands consider entertainment tactics like talent and content in a bid to build connection and community.

Many shoppers seek out sources of inspiration and education when making decisions about their BPC products and routines.

For example, 74% of Gen-Z buy beauty products based on influencers.¹

As a result, we expect brands to continue to experiment with entertainment tactics to drive engagement. This may come to life in the form of content-led product collaborations, celebrity and influencer partnerships, or the launching of or partnering with content studios.

“ ”

Glossier.

Our focus is on **continuing to build authentic talent partnerships** grounded in real-life connections and shared values, and an extension of our people-first approach to beauty.

KLEO MACK, SVP MARKETING

“ ”

SEPHORA

One of our goals is not to find the biggest influencer, but to **find someone with a unique perspective**. We want to have a **diversity of voices** and make sure the [Sephora] squad looks like our customers.

ABIGAIL JACOBS, SVP BRAND MARKETING

“ ”

Neutrogena

Everything we put out at Neutrogena Studios is entertainment, not advertising. We've seen the data and **the ability to lead people to action with long-form entertainment is just bar none**. You just see it having just an emotional and inspiring impact on consumers.

TYLER ROCHWERG, DIGITAL MARKETING & INNOVATION MANAGER

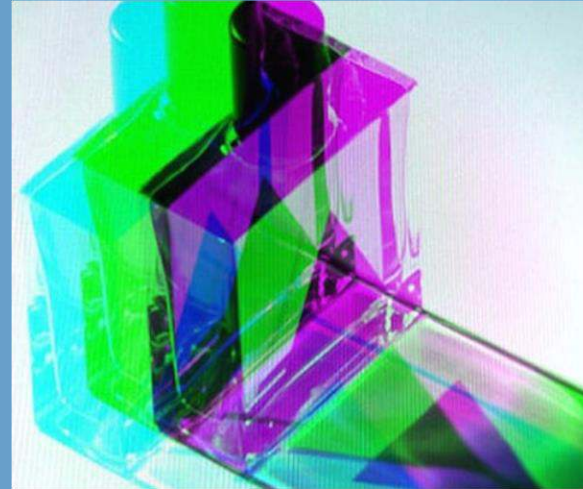
Beauty Experiments in the Beyond

Known for being early tech adopters, BPC brands consider their role and authentic brand experience in virtual and gaming worlds.

Although rooted in sensory experiences, beauty lends itself well to virtual experiences because of the playfulness and sense of expression inherent in the category.

38% of consumers have purchased make-up or hairstyling that can be applied to an avatar or virtually to themselves via a digital filter.¹

Brands are evaluating how to capture attention, deliver the right value exchange, and authentically connect with key audiences in these environments.



Rook Perfume NFT



Estée Lauder Metaverse



Prada Candy Virtual Muse



L'Oréal NYX Metaverse

SUMMARY

Key BPC Trends We Expect to Influence Marketing & Media Strategies



Beauty on Your Terms

Many brands champion a 'beauty for all' ethos in a bid to be more inclusive and respond to evolving consumer needs and mindsets.



Clean Becomes a Key Consideration

As consumers become more conscious of the effects of BPC ingredients, brands respond to growing expectations for safety and transparency.



Digital Adoption Remains Top of Mind

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Beauty Experiments in the Beyond

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NBCU BPC Strategic Considerations

Key Considerations for Driving Growth for
Beauty & Personal Care Brands



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BPC Strategic Considerations



01. Align Your Approach with Consumption

Capitalize on evolving consumption patterns and maximize reach with strategic audiences by activating across platforms.

02. Create an Influential Connection

Capture attention and influence behavior by aligning with passion point content, talent, cultural moments, and emerging platforms.

03. Communicate Consciously

Leverage high impact storytelling approaches to educate and authentically demonstrate your brand's role or commitment to an issue that matters.

04. Let Data Lead You

Leverage data to relevantly reach audiences across platforms and reinforce brand messaging with existing or prospective customers.

05. Prompt (Inter)action

Get closer to point of purchase through actionable content and commerce opportunities that fuel discovery and trigger consumer behavior.

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BPC Strategic Considerations



01. Align Your Approach with Consumption

Why: Brands should modernize their video approach to include all screens in order to maximize reach potential and capture elusive audiences.

Good For: Awareness | Consideration | Salience | Incremental Reach | Targeted Reach

02. Create an Influential Connection

Why: Cultural relevance enables brands to capture attention and build deeper consumer connections.

Good For: Awareness | Consideration | Familiarity | Brand Perception | Trial | Purchase Intent

03. Communicate Consciously

Why: Brand commitments and benefits need to be clear, as the communities they serve are calling for responsibility and transparency.

Good For: Brand Perception | Consideration | Loyalty | Ad Recall

04. Let Data Lead You

Why: Data-driven approaches can help identify sources of growth, improve targeting, and tailor messaging.

Good For: Awareness | Targeted Reach | Incremental Reach | Conversion

05. Prompt (Inter)action

Why: As the beauty shopper journey continues to evolve, brands must align with content experiences that both create and convert demand.

Good For: Consideration | Discovery | Engagement | Conversion | CRM/Lead Generation

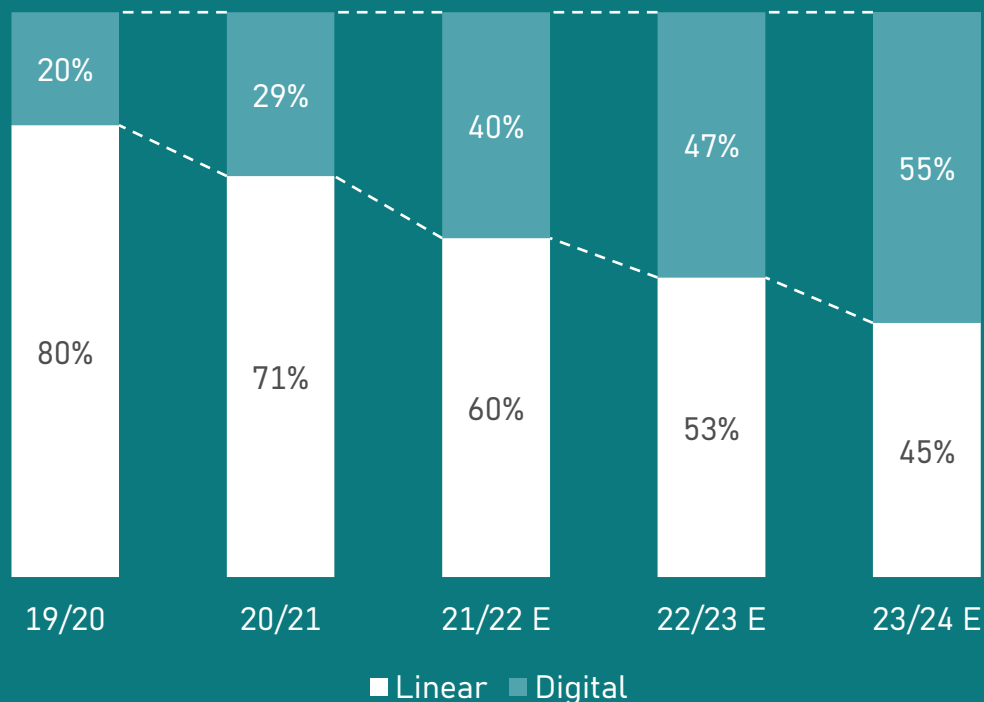
01. Align Your Approach with Consumption

Capitalize on evolving consumption patterns and maximize reach with strategic audiences by activating across platforms

The way content is being consumed continues to evolve.

NBCU One Platform – Share Of Minutes

W18-49, reflects aggregate viewership across NBCU portfolio



Expand your brand's message and relevantly reach audiences by adopting a cross-platform approach.



02. Create an Influential Connection

Capture attention and influence behavior by aligning with passion point content, talent, cultural moments, and emerging platforms.



Alignment with IP

Align your brand with NBCU's premium, brand-safe, passion point content via sponsorship and integration opportunities.



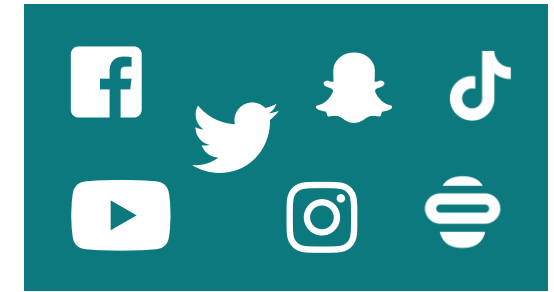
Premier Live Events & Cultural Heritage Celebrations

Tap into the breakthrough moments and events that shape today's cultural conversation, and drive impact by aligning with moments that matter year-round.



Talent Room

Explore NBCU's influencer hub, a standalone website that connects brands with the right talent to authentically share their brand story.



Social & Gaming

Meet audiences where they are and capture attention through lean-in experiences across screens.

03. Communicate Consciously

Leverage high impact storytelling approaches to educate and authentically demonstrate your brand's role or commitment to an issue that matters.

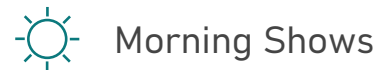
Educate Audiences Through Branded Content

Communicate your efforts or educate consumers on your brand benefits on key issues like wellness, sustainability, inclusivity etc. Partner with NBCU to tell your story through branded content that resonates with your target audience.



Align with Contextually-Themed Programming

PROGRAMMING EXAMPLES



Morning Shows



Lifestyle Entertainment



Multicultural



Sports & Fitness

Engage Consumers Using Behavioral Signals

BEHAVIORAL SIGNAL TARGETING EXAMPLES



Beauty Habits



Nutrition & Diet



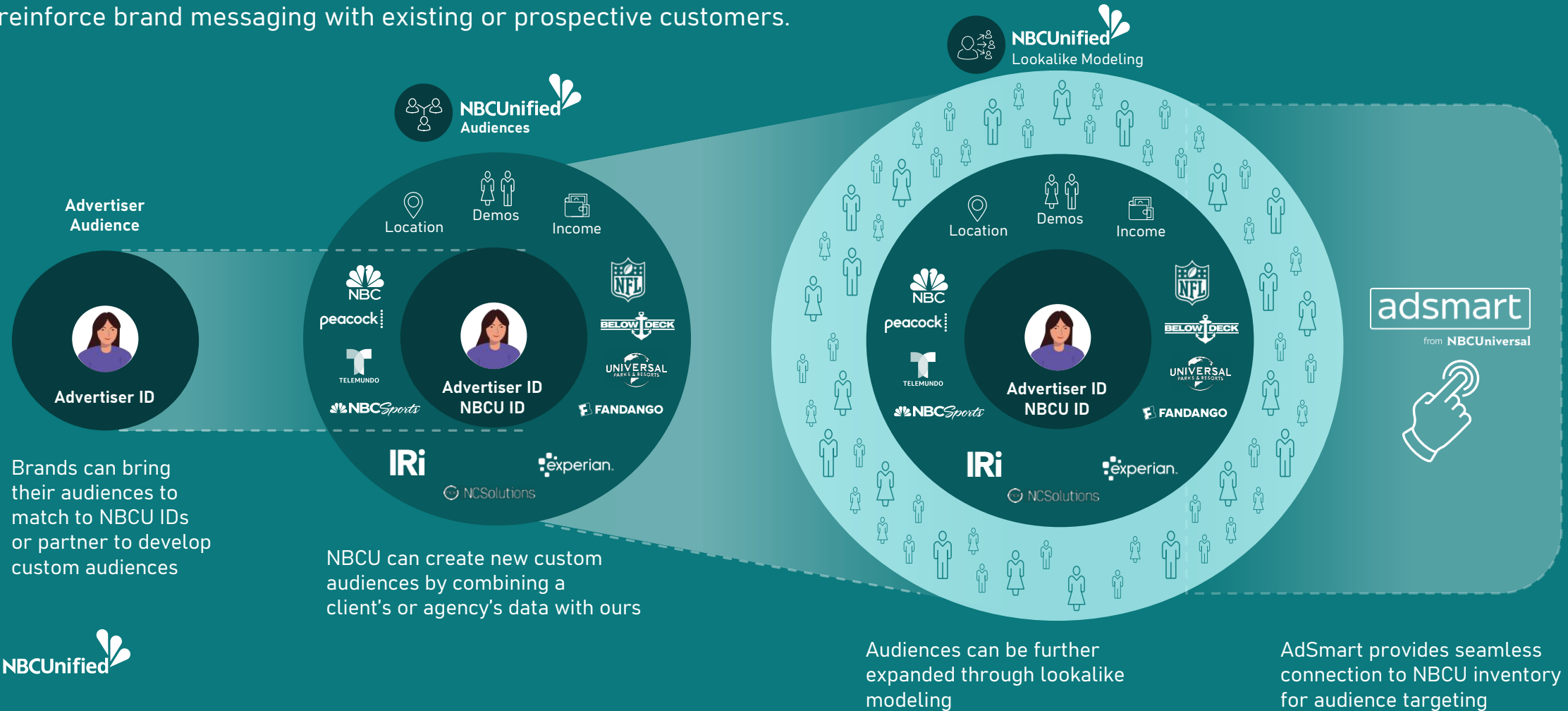
Sleep



Mindfulness

04. Let Data Lead You

Leverage data to relevantly reach audiences across platforms and reinforce brand messaging with existing or prospective customers.



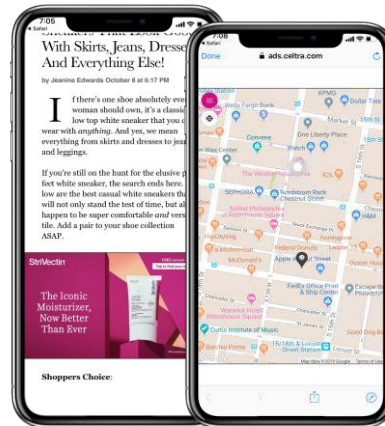
05. Prompt (Inter)action

Get closer to point of purchase through actionable content and commerce opportunities that fuel discovery and trigger consumer behavior.



Create a Lean-in Experience with Commercial Innovation

- Seamlessly blend advertising and content to better engage the consumer and create interactive viewing experiences.
- Formats include but are not limited to PIP, Interactive Countdown Clock, Pause Ads, Engagement Ads, In-Scene Ads etc.



Influence Behavior via Apple News Actionable Ad Formats

- Reinforce messaging and generate quality leads via Apple News engaging ad solutions.
- Tap-to capabilities can drive users to site, app download, deep link within app, email, chat, map, wallet etc.



Collapse the Funnel via NBCU Commerce

- Create seamless and meaningful shopping experiences for consumers.
- NBCU commerce opportunities include but are not limited to experiential, social commerce, ShoppableTV, and Interactive web.

NBCU Relevant Materials

Example BPC Industry Partnerships



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Beauty & Personal Care Partnership Examples

MAYBELLINE
NEW YORK

bravo

project
RUNWAY

Dove

peacock

BEL AIR

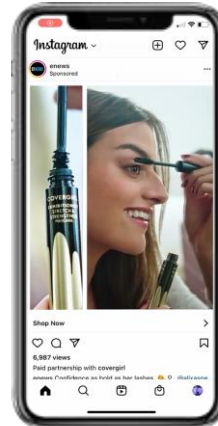


P&G

NBC
Sports

OLAY

Walmart

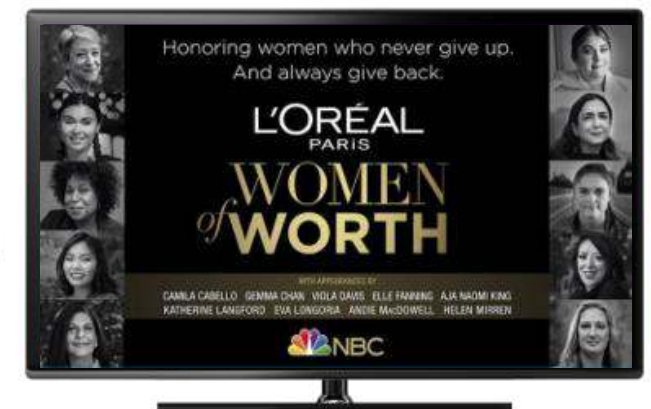
THE KELLY
CLARKSON
SHOW

COVERGIRL



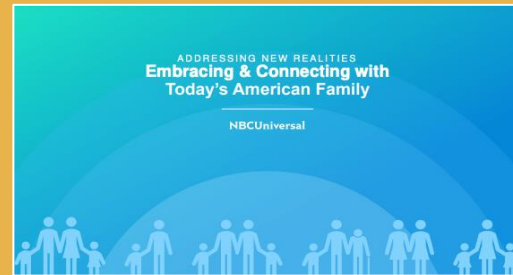
E! NEWS

TELEMUNDO

L'ORÉAL
PARIS

NBC

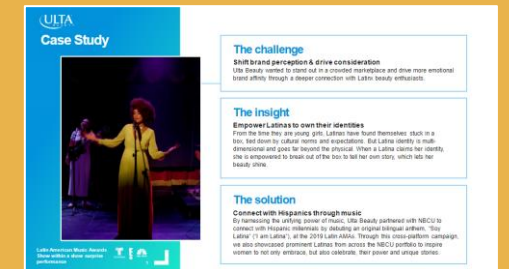
BPC Case Studies



Embracing & Connecting with Today's American Family



A Marketer's Guide to the Metaverse

PCAs +
Neutrogena

NBCU Portfolio +
Ultra Beauty

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