

NBCUniversal

2023

Beauty & Personal Care Industry Assessment



Welcome!



Introduction

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

Our Approach

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

- Ongoing Industry Evaluation
 - Conversations with Beauty & Personal Care Advertisers and Agencies
 - Continual Marketplace Analysis
 - Examination of Consumer Attitudes towards the Beauty & Personal Care Industry
-

NBCUniversal Has a Unique Perspective

In 2023, NBCU worked with:
99+ BPC Industry Advertisers



Cosmetics



**Personal
Hygiene**



Haircare



Skincare



Fragrance



**Beauty Tech
& Devices**

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Looking Back

2023 IN REVIEW



In 2023, the Beauty & Personal Care industry **demonstrated resilience,** as consumers embraced small indulgences, self-expression, and self-care amidst a cost-conscious environment



Beauty and Personal Care Brands Evaluate & Prioritize in 2023

Shoppers Balance Saving & Splurging



Despite some trade-down behaviors and growth of 'dupes', prestige BPC products still have a place in consumer demand. Consumers are embracing a "treat" mindset within their BPC routines, especially as many cut back on bigger ticket expenses in their lives.

BPC Brands as Holistic Health Enhancers



The melding of wellness and beauty will become more pronounced as consumers use their BPC routines to support their physical, mental, & emotional wellbeing. Brands continue to consider shoppers' desire for clean, natural, multifunctional, and preventive offerings.

Definition of Diversity Continues to Evolve



Industry players are being challenged to expand beauty norms to be more inclusive. There is consumer desire to see BPC offerings that cater to evolving needs like being ethnically-inclusive, gender-neutral, and/or tailored to personal requirements (abilities, life stages etc.).

Drumming Up Demand Across Channels



Brands are re-evaluating distribution strategies to expand consumer visibility and accessibility. Preference for omnichannel shopping is expected to fuel legacy brands' shift to online and independent brands' move to brick-and-mortar presence.

BRANDS ACROSS BEAUTY & PERSONAL CARE SUB-CATEGORIES ARE

Navigating New Consumer Demands & Routines

Haircare

A growing focus on hair health is fueling a 'skinification' of the category, **positioning haircare as a bright spot within BPC**. Prestige is a growth area as consumers experiment with overall hair care routines. Exploration of supplements, oils, and natural options will likely continue to grow.

60%

of adults are paying more attention to hair health this year vs. one-year ago¹

Skincare

Skincare has **broadened to become skin health**, as many take a more **preventative and protective approach**. Offerings that contain health-inspired, clean, & recognizable ingredients continue to gain traction, as ingredients once reserved for premium skincare make their way to mass markets.

62%

of category users prefer to invest in their facial skincare routine more than in other personal care items²

Personal Hygiene

A post-pandemic growth area, personal hygiene has **evolved from a functional category to a cornerstone of self-care routines**. Brands have an opportunity to tap into consumer prioritization of health and appearance by promoting ingredients, category innovations, and multifunctional benefits.

35%

of body care users indicate they are paying more attention to the ingredients in their body care products than they were a year ago³

Cosmetics

Price increases are **prompting some category trade-down behavior, but prestige is trending upwards** as many shoppers see cosmetics as an affordable luxury. Clean, inclusive, and multi-functional offerings will likely fuel category innovation.

>40%

of lipstick and lip gloss users said that their most recent purchase of a lip product was an impulse one⁴

Fragrance

An inherently 'prestige' category, fragrance has **benefitted from some shoppers embracing an affordable luxury mindset** as well as the category's **growing association with wellness**.

\$3.5B

Projected 2023 U.S. prestige fragrance market in 2023 (+2.61% CAGR 2023-2028)⁵


MARKETPLACE PARTNERSHIP EXAMPLES

How BPC Brands Are Evolving Their Media Strategy & Storytelling



Promoting Inclusive Storytelling

Nivea launched *Skin Out Loud*, an inclusive five-episode video series featuring people from different walks of life talking about ageing, identity, confidence, and their skin care routines.

Neutrogena  TikTok



Leaning on Social Influencers

Neutrogena partnered with reality dating show contestants and social media influencers to launch its TikTok "Hydro House" Reality Dating Show, spotlighting its Hydro Boost facial cleanser.



Launching Brand Partnerships

Mielle, a Black-founded and women-led beauty brand, announced a multi-year partnership with the WNBA, kicking off at the All-Star Game in Las Vegas, that makes it the Official Textured Hair Care partner of the league.



Experimenting in the Metaverse

Urban Decay hosted its first-ever metaverse make-up launch party on gaming platform, Roblox. This Eye-Con event enabled users to try on limited edition virtual make-up looks.

Looking Ahead

KEY INDUSTRY TRENDS TO WATCH



LOOKING AHEAD

Key BPC Trends & Emerging Sub-Categories We Expect to Influence Marketing & Media Strategies



A Shift to
Conscious Consumption



“Cleanical”
to Become the Norm



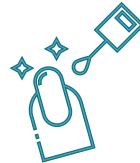
A Continuously
Reimagined BPC Experience



BPCs Pursue
“As Seen on Screen” Inspiration



Seeking Connection with
All Communities



Emerging Sub-Categories & Brands:
Beauty Devices, Clean Beauty, & Fragrances

A Shift to Conscious Consumption

Consumers become more mindful of the impact of BPC products on themselves and the environment.

More than half of BPC consumers believe sustainability trumps quality and would be willing to convert from their currently used products to an ESG-focused brand.¹

Without industry standardization, brands are exploring ways to communicate credibility around multifunctional benefits, clean offerings, reusable packaging, ingredient transparency etc.

'Value' Extends Beyond Price

✓ **74%**

of beauty consumers are trying to use fewer products to be more sustainable¹

💧 **65%**

of color cosmetics users prefer multifunctional makeup²

⬆️ **43%**

of both male and female consumers expressed interest in trying refillable containers for their BPC products³

Brands Cater to Multifunctional & Climate-Positive Demands



KÉRASTASE
PARIS

Reusable and
refillable bottles



MAC

Liquid foundation
formula with 80%
skin serum base



bluemercury®

The "Conscious
Beauty Edit" 14-piece
clean product set



codex
BEAUTY

Sustainable ingredient
sourcing & plant-
based packaging

“Cleanical” to Become the Norm

In the pursuit of clean beauty, consumers no longer take brand and product claims at face value.

Consumers are more informed and conscientious, leading to **many seeking proof before purchase.**

In response, some BPC brands are taking a science-led approach and attempting to build trust through ingredient transparency and partnerships with dermatologists & cosmetic chemists (*the new “skinfluencers”*).¹



“ ” **Cerave’s** dermatologist influencer strategy shows growth of experts as creators.²



“ ” **Paula’s Choice** launches ingredient checker to address skin care misinformation.³



“ ” **Coty** relaunches **Philosophy** brand, with a new brand formulation principle, *Dermatologic Wisdom*.⁴

>40% of BPC consumers agree that brands need to do a better job at explaining what **ingredients** they use and why.⁵

>1/3 of BPC users say they’d be willing to pay more for products that use **scientifically proven and/or medical grade** ingredients.⁵

+29% YoY sales growth in L’Oréal Group’s **dermatological skin care category**, the biggest leap across all categories.⁶

A Continuously Reimagined BPC Experience

BPC brands experiment with online and offline touchpoints and formats, in a bid to balance scale and personalization.

A preference for omnichannel shopping is fueling legacy brands' shift online and DTC brands' move into the brick-and-mortar space.

Additionally, the rise of innovative experiences like livestreaming, AR/VR, and gaming is prompting brands to consider how to best create experiences that influence discovery, engagement, and purchase.



“ ”

DTC brand, **Function of Beauty**, launches exclusive Sephora Collection in 2023 to be **available in stores**.¹

“ ”

L'Oréal partnered with Sitecore to develop a **consistent brand experience** across 400 websites.²

“ ”

Laneige debuted its **first virtual store**, with videos, gamification, and easy checkout.³

“ ”

Clinique hosted an **in-person experience** at Coachella where festivalgoers could socialize, enjoy product offerings, and immersive installations.⁴

BPCs Pursue “As Seen on Screen” Inspiration

As shoppers seek BPC inspiration, brands turn to influencers and social tactics to provide recommendations, create community, and prompt purchase.

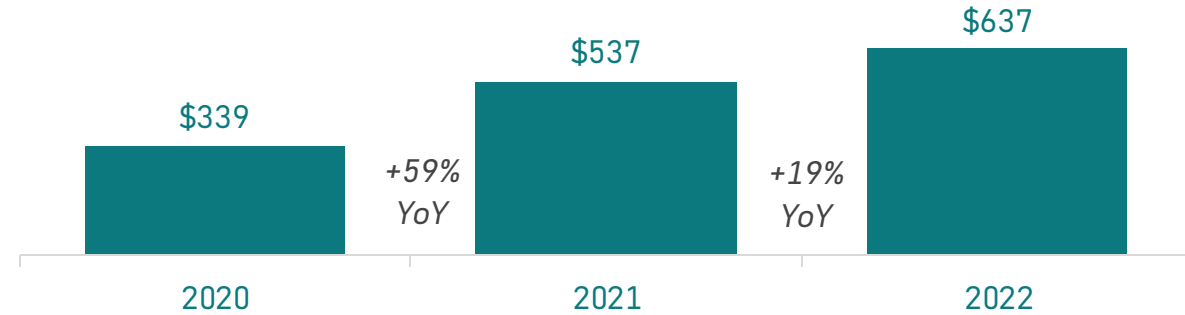
61%

of consumers trust influencer recommendations.¹

Brands are increasingly **considering influencer partnerships to build credibility and create connection.**

As brands balance the goals of driving reach but also catering to niche audiences, the definition of “influencer” may vary and include celebrities, brand ambassadors, social media stars etc.

2022 Beauty & Personal Care Social Ad Spend² US MILLIONS



While total ad spend for BPC brands has only increased +9% ('22 vs. '20), **investment in social has increased +88%** since 2020.

Reach & Influence of Social Media Creators

52%

of TikTok users use the app to discover new beauty products³

78%

of Gen-Z women say they trust creators the most, ahead of brand ads and celebrities⁴

92%

of Gen Z women said their beauty & wellness routines have been influenced by creators⁴

176i

Nearly 1 in 2 Hispanic Women have purchased a product recommended by an influencer on social media⁵

Seeking Connection with All Communities

Brands continue to explore ways to make the BPC community one where everyone feels like they belong.

Consumers are **seeking inclusive brands that go beyond traditional perceptions and ideals**, and instead, deliver on diverse BPC needs across gender, race, age, other personal care requirements.

In addition to product development, brands are prioritizing inclusive marketing and technology to champion a 'beauty for all' ethos.

Responding to Multicultural Needs



48%

of beauty product users believe a diverse beauty brand creates products for people with different skin tones/hair types¹

Connecting to Male Consumers



Over 6 in 10

men say they've bought a premium skincare product to treat themselves in the last 6 months²

Promoting Accessibility



77%

of beauty product users want to see people with physical disabilities featured in beauty/grooming advertisements¹

Highlighting Beauty at Every Age



86%

of beauty product users say they would like to see realistic signs of aging depicted in beauty advertisements¹

Supporting Gender Fluidity



47%

of Americans ages 18-34 say gender is a spectrum³

*"Naturium aligns with e.l.f. Beauty's vision to create a different kind of beauty company with brands built to disrupt norms, shape culture, and connect with communities through positivity, inclusivity and accessibility."*⁴

e.l.f.
eyes lips face

Tarang Amin

E.L.F. BEAUTY CHAIRMAN & CEO

EMERGING SUBCATEGORIES

Beauty Devices, Clean Beauty, and Fragrances are driving significant category growth

Beauty Devices



Devices that enhance skin and body appearance and health are infiltrating mass markets as consumers look for professional-grade offerings that can be used in the convenience of their home.

Why to Watch

\$99M Projected 2030 U.S. Beauty Devices Market Size (+19.6% CAGR 2021–2030)¹

\$94M Beauty Devices 2022 Ad Spend (+50% vs. 2021)²

Brands to Watch

MicroTouch

FOREO

pmd

Pure
DAILY CARE

FLAWLESS

SKIN GYM

NŪFACE

Clean Beauty



Consumers are focusing on effective and natural ingredients in their products and are taking a proactive approach to self care. Korean and Japanese products are rising in popularity as their offerings align closely with consumer demands.

Why to Watch

\$15.3B Projected 2028 Global Clean Beauty Market Size³

1 in 3 beauty products in the U.S. are now labeled as “clean”⁴

Brands to Watch

Dr.Jart+

GLOW RECIPE

SHISEIDO

Bioré

LANEIGE

SKII

Elizabeth Arden

L'OCCITANE

Fragrances



The fragrance market, particularly prestige & functional fragrance offerings formulated to evoke emotional and physiological responses, are a catalyst for category growth.

Why to Watch

\$17B Projected 2023 Global Prestige Fragrance Market in 2023 (+3.20% CAGR 2023–2028)⁵

\$371M Fragrance 2022 Ad Spend (+45% vs 2021)²

Brands to Watch

THE NUE
c o

Dior

Vyrao

Maison
Francis Kurkdjian
Paris

Abel

D&G

SUMMARY

Key BPC Trends & Emerging Sub-Categories We Expect to Influence Marketing & Media Strategies



A Shift to Conscious Consumption

Consumers become more mindful of the impact of BPC products on themselves and the environment.



“Cleanical” to Become the Norm

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A Continuously Reimagined BPC Experience

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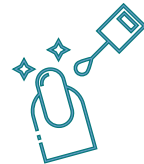
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Seeking Connection with All Communities

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Emerging Sub-Categories & Brands:

Beauty Devices, Clean Beauty & Fragrances

Media Trends to Watch

Beauty & Personal Care



BEAUTY & PERSONAL CARE Media Trends to Watch

When compared to the broader CPG category, Beauty & Personal Care remains ahead of the curve in digital adoption, as online channels dominate sales and additional targeting capabilities help to engage key audiences.

THE IMPORTANCE OF Multicultural Audiences

+12%

Increase in Multicultural-targeted ad spend in 1H '23 vs. 1H '22, as BPC brands look to unlock growth with the growing Multicultural majority.¹

Haircare DRIVES GROWTH

+38%

Increase in Haircare ad spend in 1H '23 vs. 1H '22, as the sub-category is a focus of growth and an expansion area of BPC portfolios and emerging brands.¹

CONTINUED Digital Dominance

73%

Of BPC spend is in digital channels, 112i vs total CPG.¹

As media habits have evolved, BPCs have prioritized targeted, digital channels to connect with priority audiences.

EXPERIMENTING WITH Social Commerce

85%

Of BPC online purchases are attributed to social platforms as they drive the majority of beauty e-commerce traffic.²

BPCs prioritize video due to the high consumer demand for content that can both inform and entertain.

Partnering with NBCU

CATEGORY PERFORMANCE, STRATEGIC CONSIDERATIONS
& PARTNERSHIP EXAMPLES



CPG

Proven Impact Across Client KPIs



BUSINESS OUTCOME

NBCU CPG CAMPAIGNS – Test vs. Control

Brand
(Upper Funnel)

Brand
Familiarity
+8%

Ad
Recall
+59%

Brand
Favorability
+12%

Brand
Consideration
+17%

Performance
(Lower Funnel)

Search
Engagement
+67%

Purchase
Intent
+17%

\$ / HH
Sales
+1%

Buy
Rate
+2%

Penetration
+1%

\$ / Occasion
+1%

Occasion
+1%

Source: NBCU Ad Impact Database 2017-2022, 87 Brand Impact, 41 Attribution NBCU measured CPG campaigns
Custom research, vendors vary. Average of exposed vs. control cells for NBCU. Top 2 box
Search Engagement (SER Index): EDO, Volume in five minutes following ads airing on NBCU vs. same brand competitive averages expressed as an index (167).

Campaigns Across More Than One Platform Are More Effective

CPG Category NBCU Campaigns: Multi-Platform vs. Single Platform
% LIFT



+5%

Ad
Recall



+7%

Brand
Favorability



+5%

Brand
Consideration

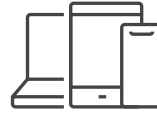


+14%

Brand
Recommendation

Strategic
Consideration for
**Driving
Growth
for BPC
Brands**

Align with Consumption to Build Awareness



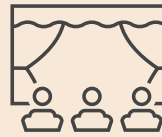
Why

As the BPC landscape becomes more crowded and disrupted, scale is a priority for many brands who want to ensure they are top of mind with key audiences.

How

Capitalize on evolving consumption patterns and build perceptions of quality and value with strategic audiences by activating across platforms.

Create an Influential Connection via High Impact Storytelling



Why

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

How

Engage audiences and influence behavior by tapping into breakthrough moments and events that shape the cultural conversation all year long.

Secure Growth by Engaging Key Audiences



Why

Changing shopping behaviors have heightened the need to reinforce brand messaging with high-value audiences to prompt trial and drive loyalty.

How

Leverage audience insights and targeting capabilities to create & distribute content that educates and resonates with key audience segments.

Create Interactive Experiences that Drive Engagement



Why

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

How

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

NBCU solutions
for delivering
**Brand &
Business
Impact
for BPC
Brands**

SCALE

**Align with
Consumption
to Build
Awareness**

REACH

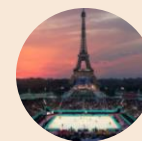
227M

NBCU viewers with
low duplication
across platforms



NBCUNIVERSAL

**Create an Influential
Connection via High
Impact Storytelling**



**Secure Growth
by Engaging Key
Audiences**



Leverage data and targeting
solutions to build meaningful
connections at scale and
drive measurable impact

PRECISION

**Create Interactive
Experiences that
Drive Engagement**



**Ad
Innovations**



**Commerce
Solutions**



**Actionable Ad
Formats**

NBCUNIVERSAL PARTNERSHIP EXAMPLES

How Our Partners Are Evolving Their Media Strategy & Storytelling



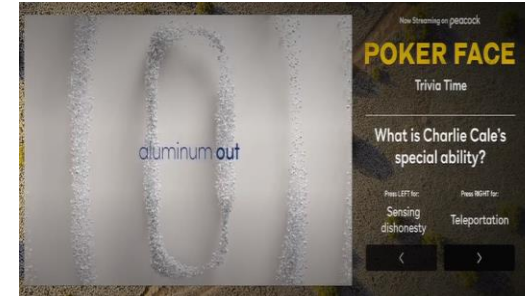
Capturing Attention via Talent & IP

Axe partnered with Peacock show “*Brother from Another*” to showcase the confidence behind the Axe brand through an in-show integration. Each week, the show featured the “Axe Effect Interview of the Week” where a guest who embodies confidence and a world of possibilities, came to banter with the Michael’s.



Prompting Discovery Through Innovation

Ollie partnered with Peacock to spotlight their stress-reducing gummies in a Pause Ad that drove consumers to discover and engage with the brand’s offerings via an actionable QR code.



Creating Interactive Experiences

Dove partnered with Peacock to drive awareness for their 0% Aluminum product by surrounding the highly anticipated release of *Poker Face*. The brand leveraged a custom trivia Engagement Ad to created a fun, interactive viewing experience.



Leaning into Cultural Moments

CeraVe partnered with *Billboard’s Latin Women in Music* & Telemundo to honor Latina women who are changing Latin music, leveraging an in-show integration, a live in-show billboard, and cross-platform promotion.

2023

Beauty & Personal Care Industry Assessment

NBCUniversal

NBCU BEAUTY & PERSONAL CLIENT STRATEGY TEAM:
Caitlin Collins, Nick Cafiero, Ben Cohen, Daniela Diaz

