Beauty and cosmetics
Opportunities

Globally, the beauty products industry is expected to grow at a rate of 6.4%1 and generate $675 billion USD by 2020.

Traditional markets, like younger consumers, increasingly rank2 ethically-sourced, environmentally-friendly, and socially-responsible production as crucial to their buying decisions. Organic products, in particular, are forecast to grow faster than the overall industry — a 96.92% increase, from $11.06 billion in 2016 to $21.78 billion in 2024.34

International growth
Emerging middle and upper classes in China and India, combined with shifts in consumer behavior in those markets, such as increased consumption5 of beauty products by Asian males, are also expected to contribute to future growth.

Technological innovation
Experimental technology like facial mapping6 via smartphones will become an industry trend, and so will AI-powered virtual cosmetics assistants that can identify skin type, ethnicity, and other key data points to match and suggest products, showing consumers exactly how the product will look on them in AR or VR.

The industry is also creating new product categories that enable customers to make real-time, data-driven decisions. Wearable technology that feels like human skin — described by some as robotic band-aids, or wearable tattoos — will one day connect with devices to reveal personal health data like temperature, stiffness, hydration, heart rate, and UV exposure.
Beauty market value growth worldwide from 2014 to 2019 by product category (in billion U.S. dollars)\(^7\)

<table>
<thead>
<tr>
<th>Product Category</th>
<th>Market Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Skin care</td>
<td>20.1</td>
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<tr>
<td>Hair care</td>
<td>7.6</td>
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<tr>
<td>Oral care</td>
<td>7.3</td>
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<tr>
<td>Baby products</td>
<td>5.8</td>
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<tr>
<td>Bath and shower</td>
<td>5.9</td>
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<tr>
<td>Color cosmetics</td>
<td>5.2</td>
</tr>
<tr>
<td>Fragrances</td>
<td>4</td>
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<tr>
<td>Men’s grooming</td>
<td>3.7</td>
</tr>
<tr>
<td>Deodorants</td>
<td>3.5</td>
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</tbody>
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Absolute sales value growth of premium and mass beauty products worldwide between 2016 and 2021 by region (in billion U.S. dollars)\(^8\)

- **Asia Pacific**: 14.9 (Premium Beauty), 8.6 (Mass Beauty)
- **Latin America**: 9.6 (Premium Beauty), 1.0 (Mass Beauty)
- **Western Europe**: 2.8 (Premium Beauty), 2.8 (Mass Beauty)
- **Middle East and Africa**: 2.7 (Premium Beauty), 1.0 (Mass Beauty)
- **North America**: 5.7 (Premium Beauty), 2.7 (Mass Beauty)
- **Eastern Europe**: 0.4 (Premium Beauty), 1.6 (Mass Beauty)
- **Australasia**: 0.4 (Premium Beauty), 0.4 (Mass Beauty)
Beauty market growth worldwide from 2014 to 2019 by country (in billion U.S. dollars)

Forcasted market size of the natural and organic beauty industry in 2016 and 2024 (in billion U.S. dollars)
“We have to price efficiently because new brands can’t always get away with charging a premium like some established brands can. But you can’t price your product too low or people might think there’s something wrong with it.”

AMAR GANDHI
Partner, My Makeup Brush Set
Threats

With the majority of cosmetics being sold outside the U.S., the beauty industry may become even more bifurcated as rising overseas incomes stimulate demand for higher-quality products that are ethically-sourced and sustainably packaged.

**Premium versus mass market**
For premium multinational brands, costs are expected to rise as consumers expect their beauty products to be socially conscious while simultaneously incorporating technology in ways that help improve health and wellness.

Conversely, mass-market manufacturers that compete primarily on price may have to cut prices even further as they offer consumers an undifferentiated collection of products.

**Margins and globalization**
Macroeconomic conditions — e.g., commodity inflation — may also impact whether mass-market makers slowly melt upward on quality and price or whether premium-beauty brands have to relax pricing to maintain share and top line growth.

The rise of an affluent middle-class in China and emerging markets in Latin America are expected to test the industry’s ability to efficiently maintain margins, manage supply chains, scale ecommerce internationally, and responsibly use data to power targeted and personal online-to-offline (O2O) experiences.
“It’s popular to say you want to change the world, but personally, I feel I’ve changed someone’s world when we help them make their skin beautiful. It’s personal for me because I know how devastating acne can be, so changing someone’s world touches me deeply.”

MADS TIMMERMANN
Founder, Danish Skin Care
Business spotlight: 100% Pure

Launched after an accidental chemical spill, organic cosmetics retailer 100% Pure goes to extremes to offer customers a compelling online experience.

In the past, this required Chris Tran, a frontend engineer at the company, to work into the wee hours of the morning preparing the company’s site for campaigns and releases.

Recently, 100% Pure began automating these events. Instead of manual preparation, 100% Pure uses innovative ecommerce automation tools to pre-plan and even roll back everything on its to-do list.

Automation helps 100% Pure:
- Save 12 hours per sale or campaign
- Eliminate hundreds of work hours per year
- Fuel 40% year-over-year growth

“The more we automate, the more money we save. Automation is going to play a big role in our future. It’ll allow us to focus on being merchants and growing the business instead of the repetitive tasks that slow us down.”

CHRIS TRAN,
100% Pure’s Frontend Engineer

Read more about 100% Pure ecommerce automation success
To blend the digital and physical worlds, My Makeup Brush Set — a Canadian-based online seller of cosmetics and accessories — routinely uses in-real-life (IRL) events coupled with influencer marketing.

More than 7,000 customers showed up to a recent pop-up shop in Ontario, which resulted in more than $150,000 in sales in a single day and yielded a tenfold return on investment.

What’s crucial for success is deploying an innovative POS (point-of-sale) system. Not only does the company’s POS position it to sell anywhere, but centralized reporting also allows it to manage orders in real-time.

My Makeup Brush Set is just one in a family of brands Amar Gandhi and his team manage. Altogether, the brands are expected to post year-over-year growth of more than 100% and generate more than $120 million in annual sales.

"The pop-up was insane. I opened the door to peek outside and saw a thousand people standing in line."

AMAR GANDHI,
Founder, AN & Associates

Learn how to successfully execute a beauty brand pop-up store
Platform checklist

While custom-built systems have historically been the norm for large brands, today such cost-prohibitive investments are unnecessary. The fastest-growing beauty brands — 100% Pure, Colour Pop, Morphe Cosmetics, Kylie Cosmetics, and My Makeup Brush Set — are increasingly turning to cloud-based platforms.

Regardless of your decision to buy or build, any enterprise software must reduce complexity, streamline selling, and connect everything from the frontend to the back.

- **Customize and scale worldwide**
  Tailoring your store to reflect your brand across multiple geographies is crucial. Likewise, so is agile global deployment and the confidence to experiment quickly. For major events, your solution should scale on demand without reliability concerns during spikes in traffic.

- **Multi-channel payment gateways**
  Bridging the billion-dollar O2O divide requires a flexible POS system that connects pop-up shops or brick-and-mortar sales with all your online channels. Likewise, any solution should host a wide variety of payment gateways that allow customers to checkout how they want.

- **One-click channel capabilities**
  No technical barriers should exist to sell natively on today’s most popular marketplaces or social media platforms. Solutions that offer one-click channel integration allow you to focus on growing that channel rather than the development work that underpins it.

- **Synchronized product information and inventory**
  Solutions should automatically sync product information — like price, description, and images — with SKU counts to ensure product data is accurate in real-time across channels. Without auto-sync functionality, manually adjusting data will likely prove overwhelming.

- **End-to-end integration**
  It’s crucial that your platform integrate both the sales and supply sides of your business. Without software that supports third-party applications, your ability to monitor data and make smarter inventory, pricing, and fulfillment decisions can be compromised, and growth can stagnate.
Resources for a beauty ecommerce strategy

The fastest-growing beauty brands with a global footprint possess something their competitors do not: a unique set of tools to help them achieve operational excellence.

To execute successfully, we’ve assembled the following collection of resources for you:

**Best Beauty Ecommerce Sites: More than “Skin Deep”**
https://www.shopify.com/enterprise/best-beauty-ecommerce-sites

Explore detailed lessons from 15 industry-leading websites in online beauty and cosmetics.

**Using Pop-Up Stores & Social Media to Power a $120 Million Business**

Discover exactly how one beauty brand identifies gaps in the market and fills them with 40% profit margins by turning existing customers into influencers.

**Accelerate International Growth with Automation and Data Synchronization**

Learn how one international beauty brand uses custom tooling to sync inventory, product information, and digital marketing assets to drive global growth.

**An Omni-Channel Commerce Solution: The What, Why, and How of Retail’s Future**
https://www.shopify.com/enterprise/omni-channel-commerce-solution

Omni-channel retail promises hope for a failing industry. Find out what omni-channel commerce looks like, why it’s necessary, and how to implement it.

**Multi-Channel Ecommerce: How to Create Anywhere Commerce**
https://www.shopify.com/enterprise/multi-channel-ecommerce-strategy

Beyond the buzzwords, unearth the five stages of multi-channel strategy that culminates in a foundational principle that’s anything but new.