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Beauty Category Overview: Add To Cart

May 2021

What we're seeing

Beauty Category (Face Care + Makeup + Hair Care) as of March 31st, 2021

- Shoppers of the Beauty category are increasingly shifting their dollars from traditional channels to online, with **online now having the 2nd largest HHs penetration (52% of HHs) after Mass**, after a 15 point increase since 2019

- **Online trips tend to be incremental to the category**, as shoppers who buy Beauty online spend significantly more on the category than those who are B&M exclusive

- **Boomers+ are accelerating their entrance into the online** channel when buying Beauty, but Gen X and Millennials continue to be the most engaged generations in the online channel

- In the online landscape, Amazon performed extremely well in terms of Beauty penetration, but **makeup-focused Retailers capture more spend overall.**

- **The digital contribution to growth for growing brands outpaced mainstream competitors.** None of the top brands analyzed saw a decline in digital sales vs. 2019.

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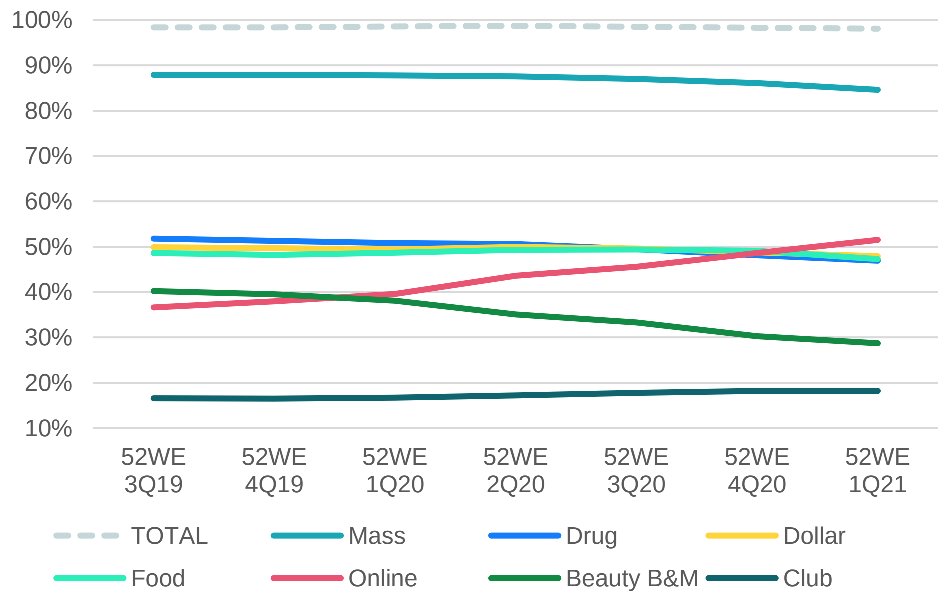
Total Beauty category penetration hasn't changed, but Online penetration jumped 15pts since 3Q19 to the **2nd most shopped channel**

HH Penetration by Channel

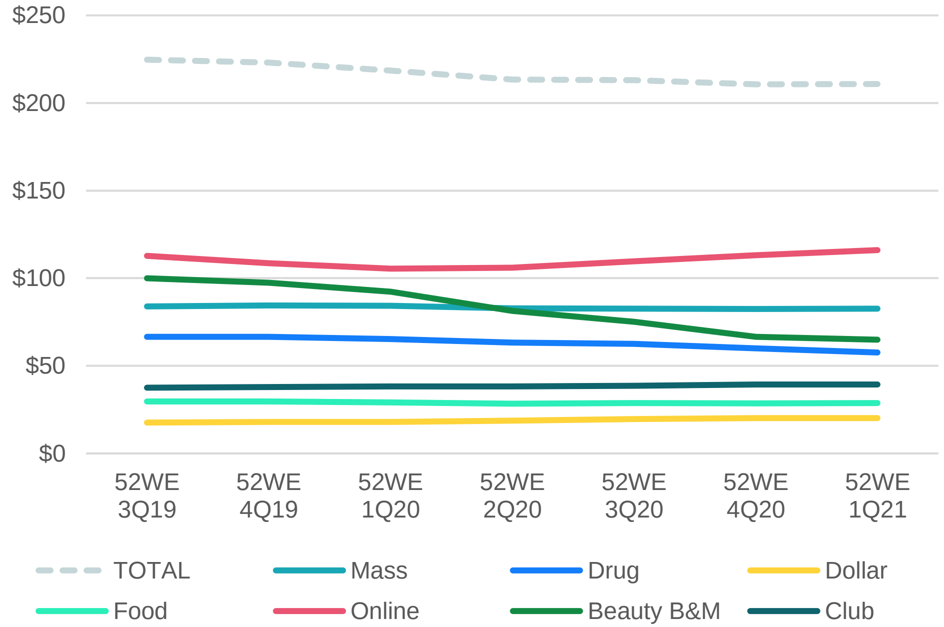
Beauty Category, Rolling 52W Periods



Beauty B&M lost the most ground, especially in 2020 as stores closed in response to the pandemic

Buy Rate (annual HH spend) by Channel

Beauty Category, Rolling 52W Periods



The buying rate for **Online** consistently outpaced the other channels

Source: Numerator Insights, Trended Metrics Scorecard
The Beauty category is defined as Makeup + Face Care + Hair Care

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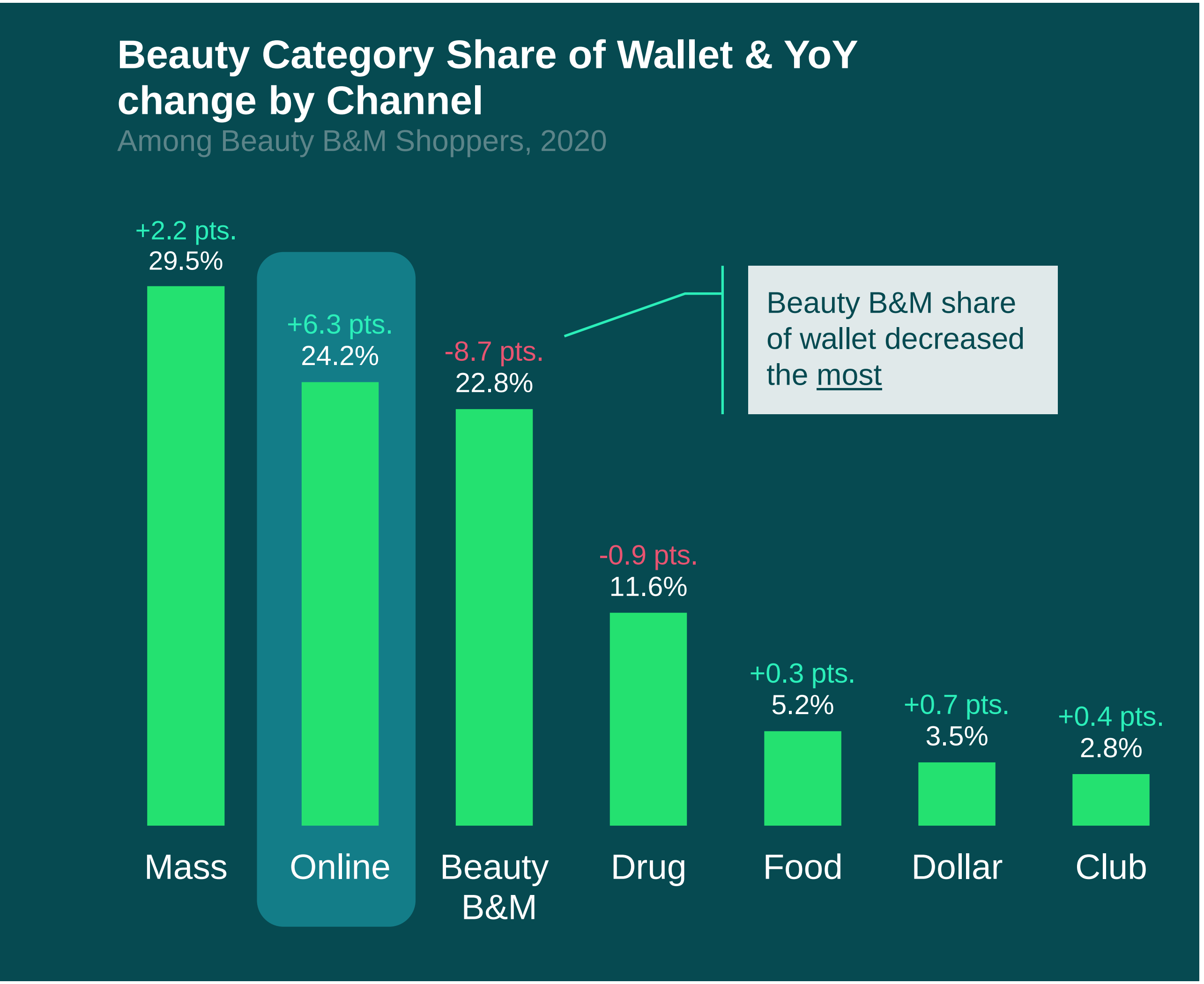
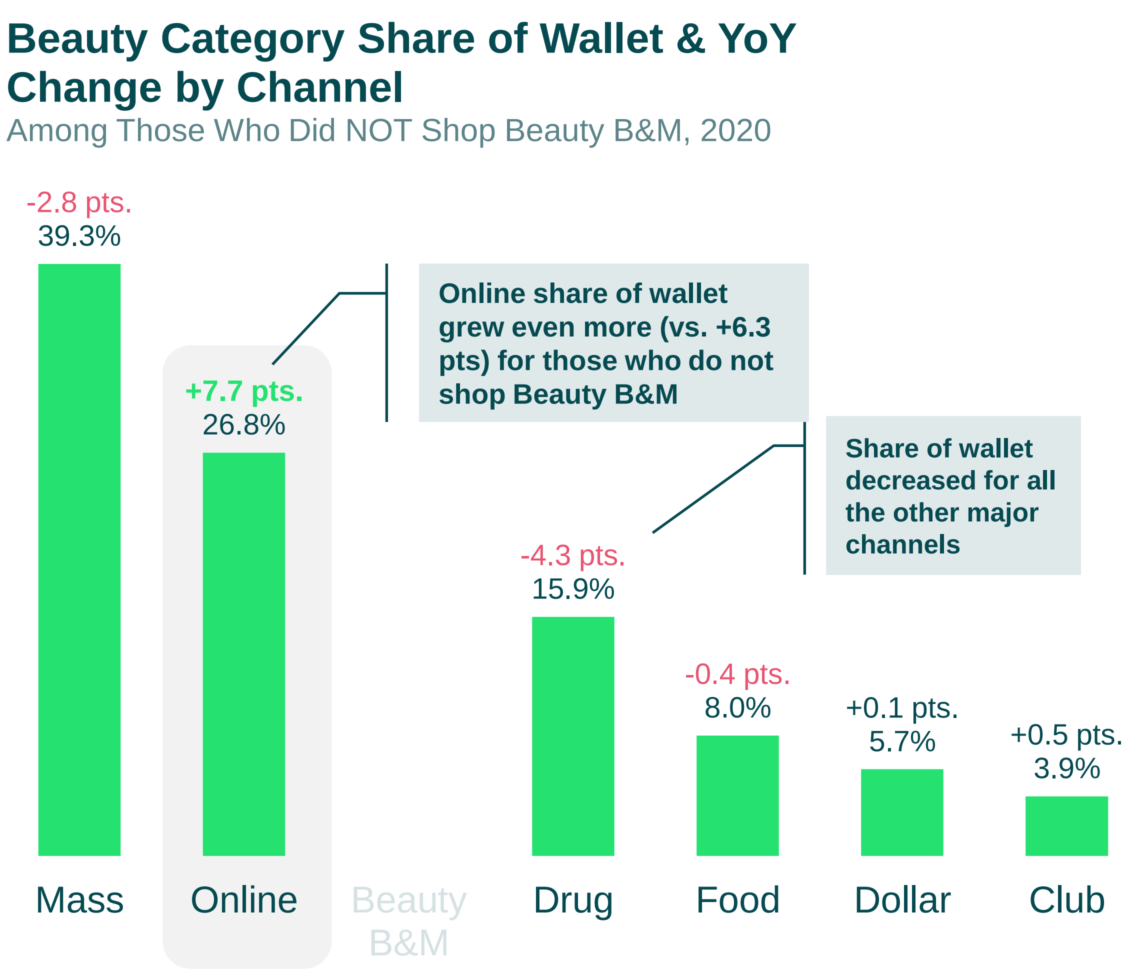
Those who shop at Beauty B&M are **increasingly shifting their dollars Online**, where the share of wallet grew 6.3 points from 2019





Source: Numerator Leakage Tree

Beauty buyers who shop online spend 2.1x more on the category, making larger, less frequent trips → heightened competition for retailers to capture trips and brands to make it in the basket

Of All Beauty Buyers in the 52WE 1Q21

48%
Did not purchase Beauty online

$135
Total Annual HH Spend

$9.68
Total Spend per Trip

14
Total Beauty Trips per Year

52%
Purchased Beauty online

$284
Total Annual HH Spend

$13.36
Total Spend per Trip

21
Total Beauty Trips per Year

$118
Online HH Spend

$20.61
Online Spend per Trip

6
Online Beauty Trips per Year

1 in 5 Online Beauty buyers in 2H20 were new to Online

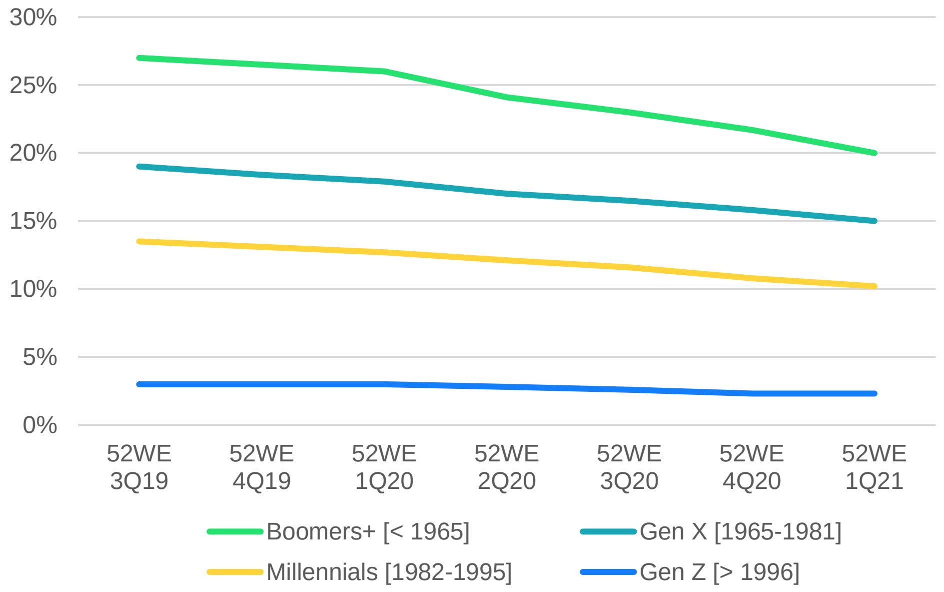
→ **10M** Households

$371M Projected spend of Beauty online

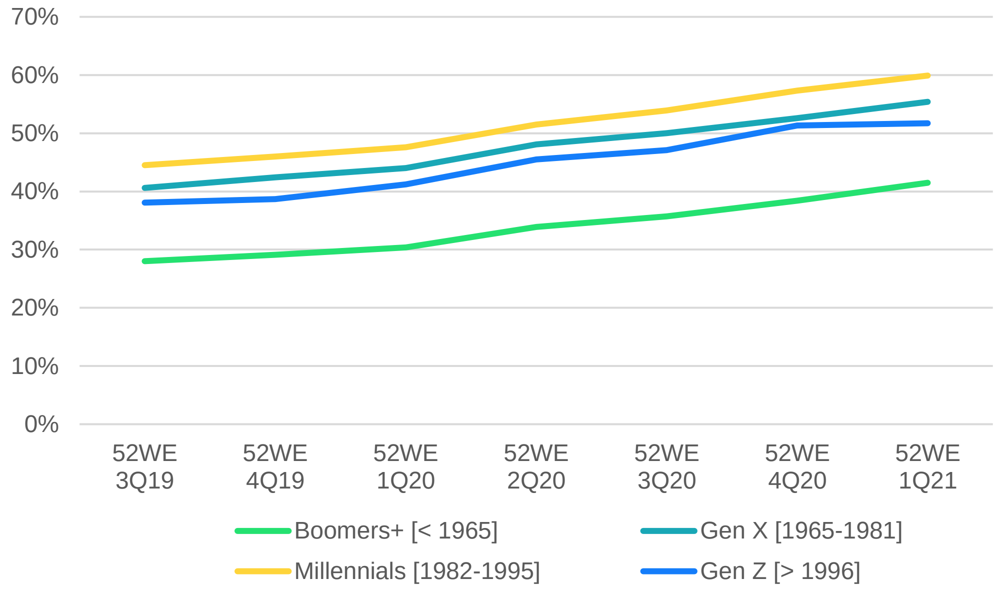
Source: Numerator, New Buyer Analysis, Bricks & Clicks
*New in L6M of 2020 compared to first 6 months

B&M-exclusivity is highest for Boomers+, but continues to **fall among all generations, with an acceleration for this older group**

B&M-Exclusive HH Penetration by Generation
Beauty Category



% of Generation buying Beauty Online
Beauty Category



Millennials and Gen X have the highest engagement online within their cohort

Source: Numerator Insights, Trended Metrics Scorecard

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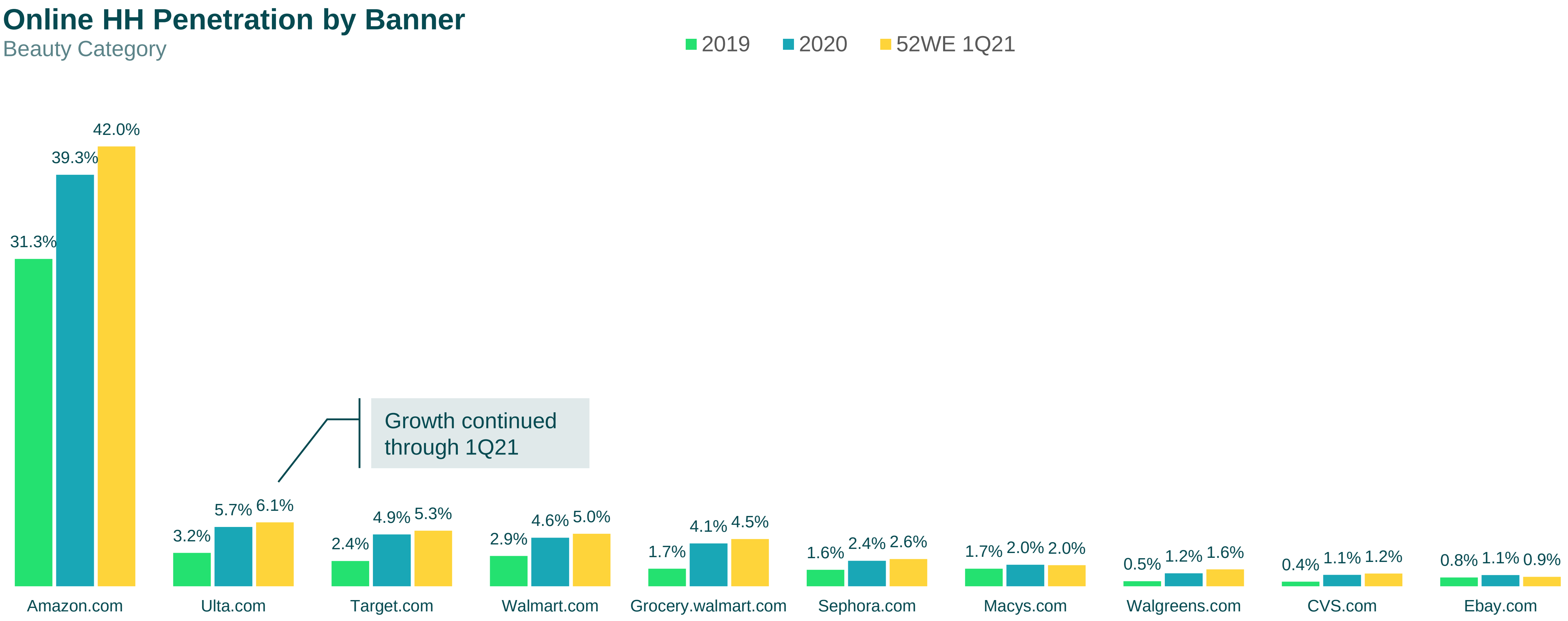
Which online retailers are winning in Beauty?

Online banners are bringing in more and more shoppers, and Amazon has **7x** the penetration of the next strongest player



Source: Numerator, Shoppers Metrics

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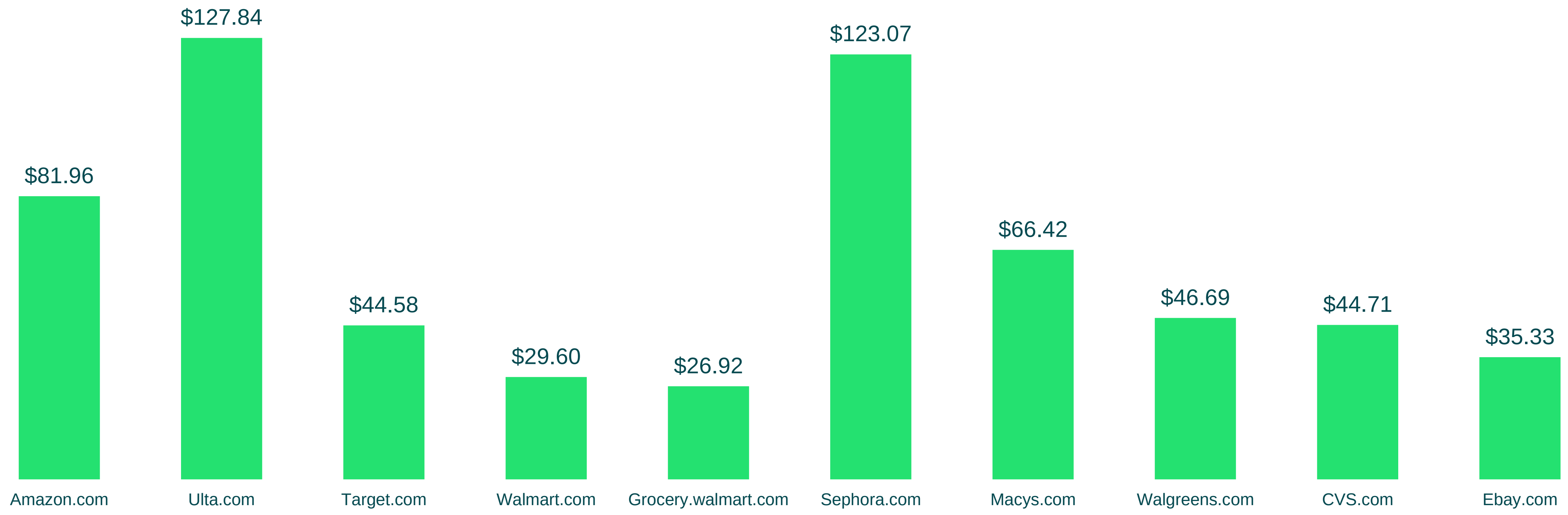
Makeup focused banners like Ulta and Sephora bring in the most spend online

Online Buy Rate (annual HH spend) by Banner
Beauty Category, 52WE 1Q21



Source: Numerator, Shopper Metrics

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How are the top and fastest growing brands performing across channels?

INDUSTRY HEAVY HITTERS

MAYBELLINE NEW YORK
wet n wild los angeles
L'ORÉAL PARIS
NYX
COVERGIRL EASY BREEZY BEAUTIFUL
REVLON
e.l.f.
Sally Hansen
CLINIQUE
Neutrogena

TOP 5 GROWTH BRANDS

Defined by top HH penetration growth 2019 to 2020

CeraVe	Grew 4.3%, ~5.5M HH
KISS	Grew 2.3%, ~2.9M HH
The Ordinary.	Grew 1.9%, ~2.4M HH
Bioré	Grew 1.8%, ~2.4M HH
Cetaphil	Grew 1.8%, ~2.4M HH

Highlighted in following slides

*Measured by top % growth in HH penetration from 2019 to 2020

The fastest growing brands are capturing more per-trip dollars online, with a higher contribution of digital to their total sales growth

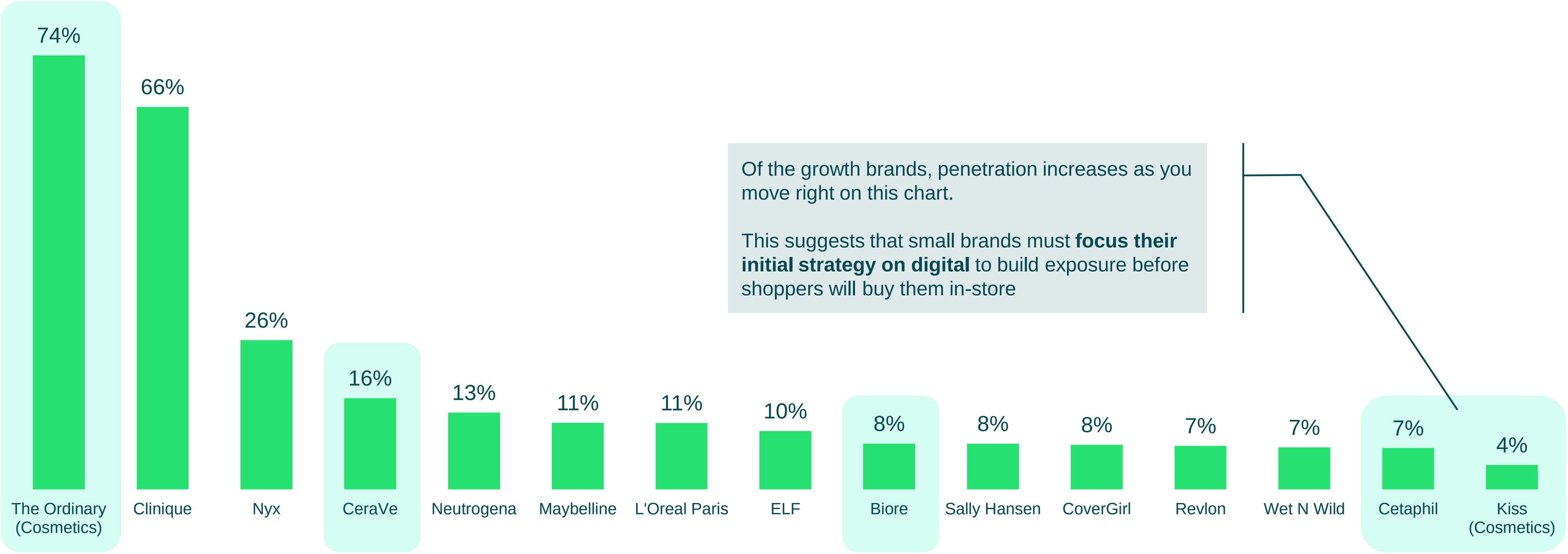
PARENT BRAND	% HH PENETRATION	BUY RATE B&M	BUY RATE ONLINE	SALES GROWTH	DIGITAL CONTRIBUTION
L'Oreal Paris	43.1%	**$28.93**	$21.36	-7%	4%
Maybelline	33.3%	**$17.15**	$14.35	-15%	3%
Neutrogena	31.5%	**$22.11**	$19.60	-5%	4%
Revlon	26.5%	**$15.78**	$11.78	-22%	2%
CoverGirl	22.7%	**$18.23**	$14.23	-23%	1%
Sally Hansen	21.7%	**$10.86**	$9.16	10%	5%
Kiss (Cosmetics)	17.7%	**$14.25**	$14.16	41%	7%
Wet N Wild	17.5%	$6.59	**$6.87**	-26%	2%
ELF	16.4%	**$10.76**	$10.11	4%	5%
NYX	10.2%	**$13.42**	$12.02	-15%	6%
Cetaphil	9.9%	$16.26	**$18.01**	19%	7%
Biore	9.7%	$10.02	**$11.08**	18%	10%
CeraVe	9.3%	$22.84	**$24.39**	76%	21%
Clinique	3.4%	$38.75	**$58.90**	-22%	11%
The Ordinary	2.6%	$15.83	**$28.61**	191%	138%

Source: Numerator Insights, Trended Metrics Scorecard

Growth brands may be growing the most online, but most still rely on B&M for a majority of their sales

% of Sales Captured Online by Parent Brand

Beauty Category, 2020



Of the growth brands, penetration increases as you move right on this chart.

This suggests that small brands must **focus their initial strategy on digital** to build exposure before shoppers will buy them in-store

Source: Numerator Insights, Trended Metrics Scorecard

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