

Beauty industry to be Rs 1.11 trillion by 2024: Connected Consumer Beauty Report

The Connected Consumer Beauty Report by Kantar, WPP and Google gives an overview of the state of the online beauty industry and explains how brands can get ahead of the competition...

By Urvi Malvania and Chloe Chou

The mask is off the beauty business. A report by WPP, Kantar, and Google - The Connected Consumer Beauty Report, suggests that the beauty and personal care industry is expected to grow faster than homecare among consumer packaged goods from ₹73,000 crores in 2019 to ₹1,11,000 crores by 2024. The growth will be facilitated by online commerce and the accelerated shift to digital due to the Covid-19 pandemic. The pandemic has had multiple effects on consumer behaviour such as a heightened focus on hygiene, the demand for DIY or 'at home' solutions and increased online purchasing due to lockdowns.

Kaushik Dasgupta, group head, insights and partnerships, Google India, says, "Internet penetration has increased and is no longer a metro phenomena. Additionally, data prices have decreased significantly, and the work force largely consists of millennials. As a result, FMCG spends per capita have increased. These three trends have impacted all categories including beauty."

The industry finds favour in video - with about 500 million video content consumers in India. Vernacular language plays a key role as the most preferred language for video content is Hindi, with 54 percent of the sampled population choosing the language, followed by only 16 per cent choosing English. Hindi is also the second most used language on Google Assistant.

Sushmita Balasubramaniam, domain lead for commerce, South Asia, Kantar's Insights Division adds, "Over the past few years online has been the port of call because of the connected consumer. This came across strongly in the report. The purchase journey is no longer sequential and there is a lot of crisscrossing throughout the journey."

One out of three online shoppers have purchased beauty products online. The top 5 beauty categories online are skin creams, shampoo, deodorant, bar soap and face wash - which account for three-fourth of the total volume share.

It's all about me

Consumers decide what they want to purchase largely in the upper funnel touchpoints - where they discover new products and understand their needs, and then compare benefits and prices, and look at recommendations as compared to after buying the product or using it. Thus new brands could enter the market by placing themselves in the context of trends. Tier 1 cities show similar levels of engagement as metros across the multiple stages of the consumer journey.

Interestingly, there is no gender divide in the beauty industry. Both male and female consumers purchase about the same amount of haircare and skincare products. Male consumers continue to showcase interest in beauty categories online.

Balasubramaniam says that while it is interesting, the closing of the gender gap in beauty is a trend that has been some time in the making. "It started when modern retail opened up in the country. In recent years, it has become more prominent and the gap is very small now," she says.

Dasgupta adds that the beauty ecosystem has already woken up to this phenomenon in time. "New brands have come in and focussed on men's grooming. The trend of male creators in beauty is also picking up (in India), but not at the pace it has at the international level. Brands have adopted bit of digitisation, for example L'Oreal. The younger nimble brands have been more active and the pandemic has made a lot more brands very nimble (in digitisation). The important thing is to sustain this agility," he says.

Be online or be overlooked

Beauty consumers are highly engaged with content online - with 93 per cent engaging more than once a month, 50 per cent engaging weekly and 33 per cent consumers engaging with online content daily. Youtube videos with product reviews, advice and tutorials have grown in popularity. 81 per cent consumers engage with beauty creators on YouTube. There has been a growth of 80 per cent in watch time of beauty tips 'for men'.

Search engines are used to find information about trends, products, brands; connect to retailers; and even check out recommendations. 58 per cent of consumers use the Google search engine to look for information on beauty. There was a surge in 'at home' content due to the restrictions brought about by the pandemic. A rise in demand for DIY products (such as face scrubs and hair dye) and natural ingredients was recorded.

Make it easy or get off the shortlist

The basket size online is forty per cent higher compared to offline consumer baskets, but when it comes to customer loyalty, 66 per cent consumers are not loyal to just one brand. Consumers in metros (26 per cent) are less loyal than non metros (40 per cent). Consumers turn to online video, social media and search to help them narrow their brand choices, thus brands can leverage online video by being present on the video platform of choice and reinforce with a quality website.

Balasubramaniam says that the low loyalty is a function of consumers being value conscious, and having a lot more choice now.

Deliver offline experience online

The top three challenges for online beauty consumers according to the report are: difficulty to choose the right product or brand, difficulty to decide without prior brand experience and the difficulty to envision if the product will suit one's needs. Brands that make it easy for consumers to find this content by building multiple content platforms are likely to be preferred as consumers turn to online resources for information searches and reviews.

Tech is the future of beauty

Technology can also add value to the industry by providing customers with a real experience and to envision products live. The report suggests investing in technology such as virtual reality, voice assistant and augmented reality early on to be ahead of the competition.