Connected beauty consumer report

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Google India Private Limited is a wholly owned subsidiary of Google. It is engaged in the business of marketing, selling advertisement space and rendering Information Technology Enabled Services (ITES).

About WPP

WPP is a creative transformation company. We use the power of creativity to build better futures for our people, clients and communities.

About KANTAR

Kantar is the world's leading evidence-based insights and consulting company. We have a complete, unique and rounded understanding of how people think, feel and act; globally and locally in over 90 markets.

Foreword

Sanjay Gupta

Vice President,
Google India

With more than 500M internet users and growing base of online shoppers, businesses need to think beyond media and accelerate their efforts to truly become digital first. The Beauty and Personal care industry in India has taken early steps towards digital adoption but unlocking the full potential is easier said than done. Today the consumer journeys have become more complex and buyers have access to an infinite aisle of products online.

With this report, our attempt is to unpack the dramatic changes in consumer behavior and the growing influence of digital platforms on the overall beauty industry. With 9 out of 10 buyers getting influenced by digital touchpoints, it is time for the industry to relook at the full value chain from identifying early trends, creating engaging content and personalizing their offerings to assist the buyers and closing the sale.

We hope this report will help Brands consider how they can reduce friction along the full purchase journey with technology and drive the Industry to its next phase of growth.

Foreword

CVL Srinivas

India Country Manager, WPP

One of the fastest growing markets globally, India's beauty retail scene continues to be redefined by an ever-evolving landscape of consumer preferences and trends, coupled with intense industry competition and innovation.

Today's beauty counter is no longer limited to the in-store advisor but driven on the tech front. A dazzling myriad of channels, all offering bolder, better options and even personalisation, provides an opportunity for brand engagement like never before. What this also means, is that brands are constantly having to reinvent the wheel, in order to keep up and stay connected with a consumer at every touchpoint of their purchase journey.

Our Connected Beauty Consumer study offers insights into the buying experience and mindset of the Indian consumer. The aim is to help brands navigate through omni-channel complexities to create and deliver a more meaningful and effective brand experience to consumers.

Foreword

Preeti Reddy

CEO Kantar Insights, South Asia

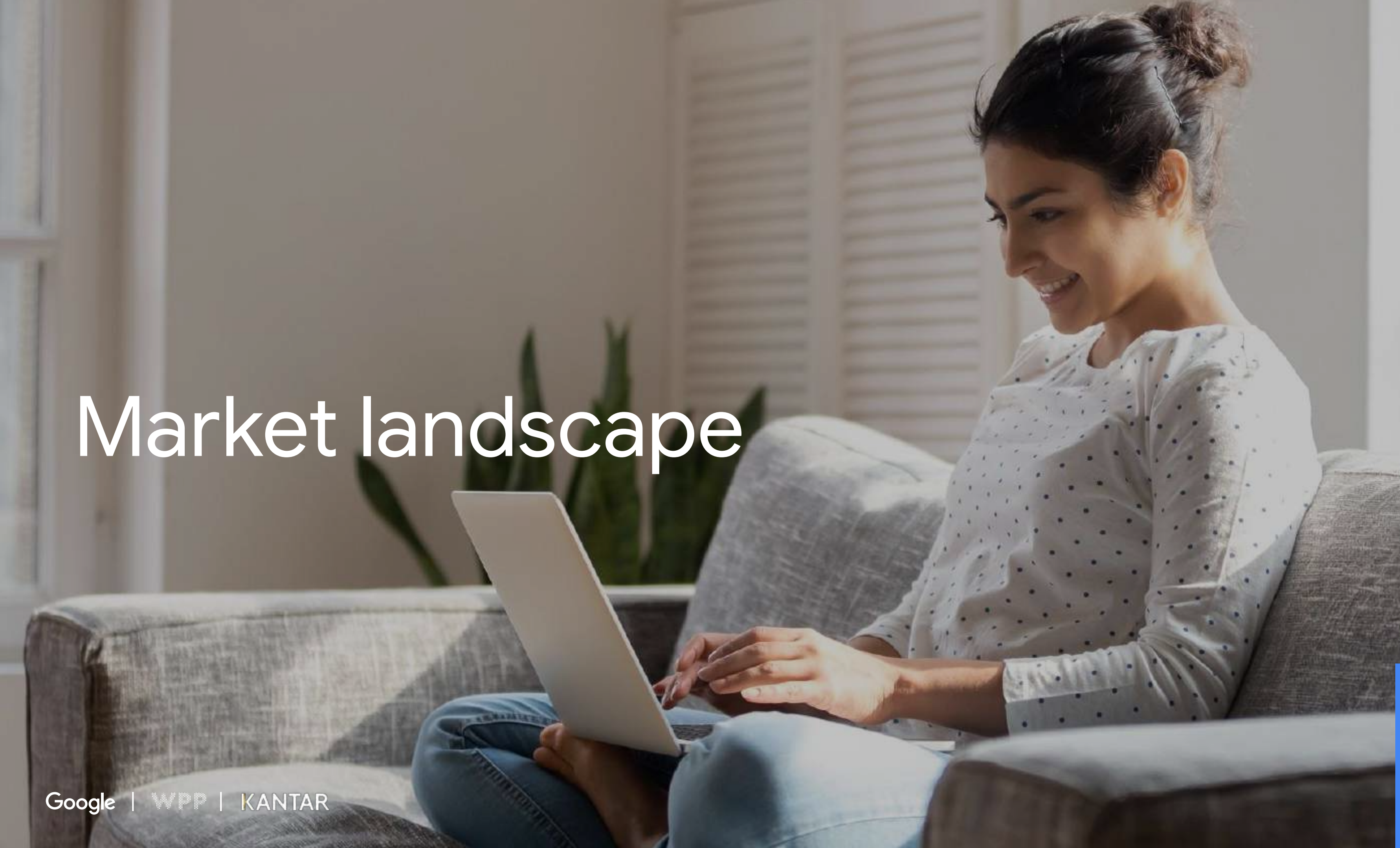
Kantar's ICUBE indicates a CAGR of 25% for internet access via mobile, with penetration changing from 27% (urban+rural) in 2017 to 41% in 2019. This exponential growth in connectivity has increased consumer access to products across the length and breadth of our country with many consumers having the first access to them digitally. The marketing playbook, the media playbook and the research playbook need to adapt to this changing consumer context.

Our Connected Beauty Consumer report is a step in this direction. The report is a synthesis by experts using data from multiple sources, addressing key gaps in our data on the consumer purchase process for beauty products. The understanding is built through an in-depth primary research layered with information from Kantar's syndicated data like World Panel; Emarket Pulse among others.

This report will help in decisions on personalization, in choosing the right channel mix to influence consumers at various stages of the purchase pathway, in understanding consumers from beyond the Tier 1 markets and more. We learnt a lot putting together this report and are sure you will find it useful.

Contents

Market landscape



India’s digital potential & the ambition for beauty brands

India is changing, driven by its population’s unabashed adoption of digital technology.

Digital influence has caused a sea-change in the INR 73k[1] crore Beauty & Personal care industry, across Skincare, Personal Wash, Haircare and Makeup categories. Online sales of beauty products are at an all time high and consumer expectations from brands have seen a massive shift.

A large population of connected consumers and a dynamic content & creator ecosystem has created an unprecedented opportunity for brands.

In order to understand what the Indian beauty shopper wants, needs and expects from the industry - Google, WPP & Kantar have partnered to conduct a comprehensive research leveraging Google trends, online content viewership data, syndicated data from Kantar’s e-commerce & household panels.

In this report, we shall share insights and recommendations to help beauty businesses develop a granular understanding of their consumers and their paths to purchase, while identifying opportunities for growth

Beauty industry

Makeup	Skincare
Haircare	Personal wash

India offers the [2] **2nd highest internet user base globally** with significant room for growth.

With 500+[3] million active internet subscribers in 2020.

Digital influence is driving choices.

Source : 1- Euromonitor estimates, 2020, 2- Statista.com, 3 - Google estimates

Beauty & Personal care industry expected to grow to INR 111k cr with online commerce emerging as a breakout channel

Industry size [1] (INR cr.)

2019

73k → 102 - 111k

by 2024

Incorporating Covid Impact

Profitability [2]

25%+

EBIT margin

Online commerce contribution [3]

4X

of industry contribution

Beauty industry expected to grow faster than the homecare in CPG.

One of the most profitable categories in CPG.

Internet commerce contribution for Beauty is 4X of the CPG industry.

Source : 1- Euromonitor estimates, 2020. The estimates used are updated post Covid. Beauty & personal care industry consists of hair care, skin care, colour cosmetics, bath & shower & sun care as defined by Euromonitor for establishing market size, 2- Expert interviews & CPG company annual reports 3- Euromonitor data, 2019

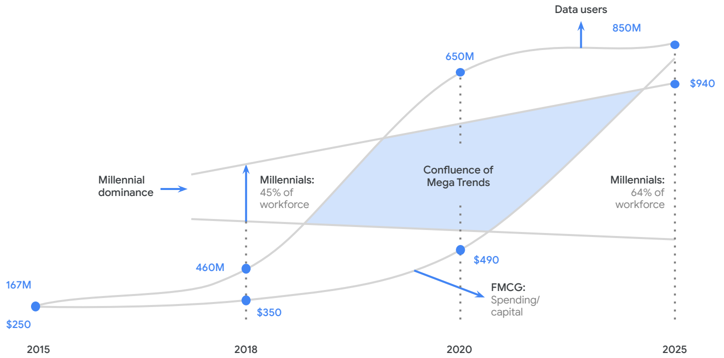
Driven by confluence of megatrends & change in channel mix ,with Covid-19 expected to accelerate shift to digital

Confluence of mega trends to spur growth [1]

Millennial workforce

Rise of Internet penetration

Rising per capita consumption



Online commerce for beauty

Change in channel mix [2]

4% of business 2019 -> **10%** of business 2024

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Covid-19 impact on consumer behaviour [3]

"Stay at home" mandates have driven growth in share of online sales across categories.

Search interest in a personal wash product like soap is at a 3 year high.

Consumers are looking for "at home" solutions, DIY products & natural ingredients.

Source : 1- Uniquely India Digital Opportunity, Kalaari Capital,
2 - Euromonitor estimates on Beauty and Personal care, 2020
3- Expert interviews & Google Trends analysis

3V's continue to be the gateway to most new **consumers**

Voice

Video

Vernacular

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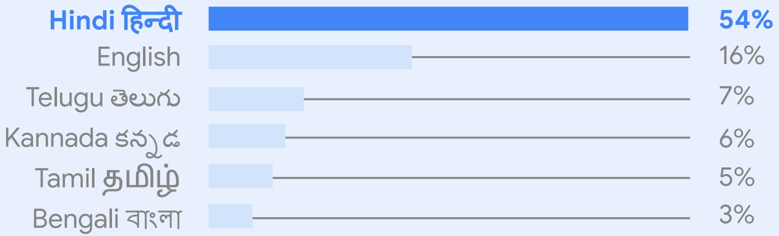
Video

~500M[1]

India's expected internet video viewing population in 2020.

Vernacular

Local languages preferred while watching videos[2].



Voice

Voice[3] continues to be the gateway to the internet for consumers. Hindi is now the second-most used Google Assistant language globally (after English)

Source : 1 & 2- Understanding India's online video viewer, Think with Google article
3- Google internal analysis

This is already getting reflected in **purchase patterns & ad spends**

40%[1] India digital AdEx to grow at a CAGR of 25% to reach ~40% share of the advertising pie by 2024.

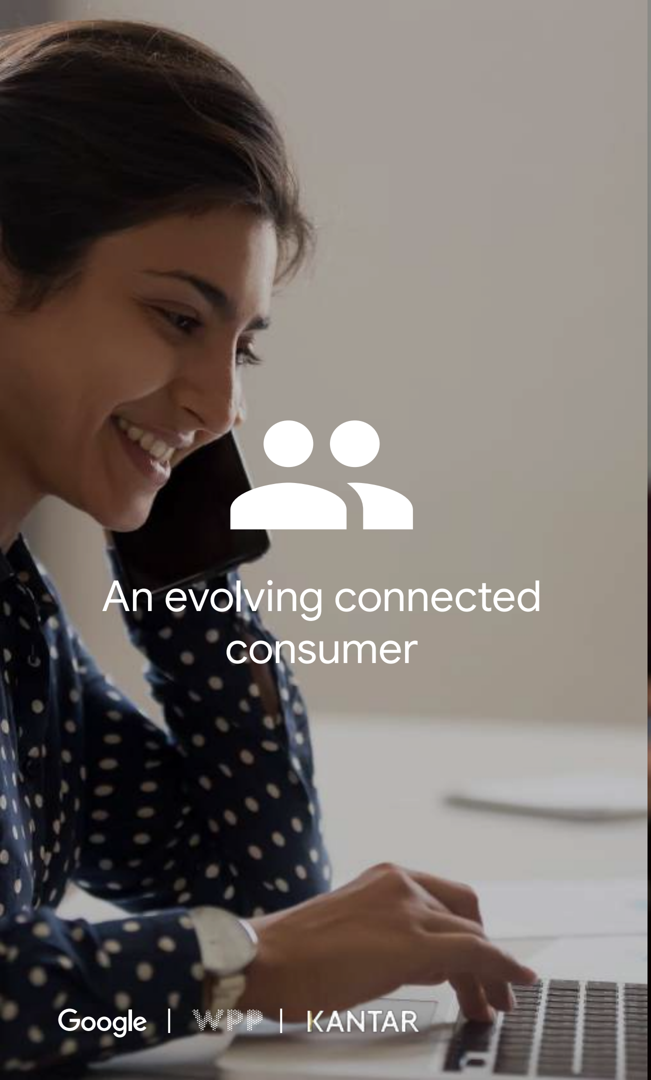
92M[2] E-commerce shoppers in 2019 ; Growth rate of 50% YoY

1 / 3[2] of online shoppers have bought beauty products online

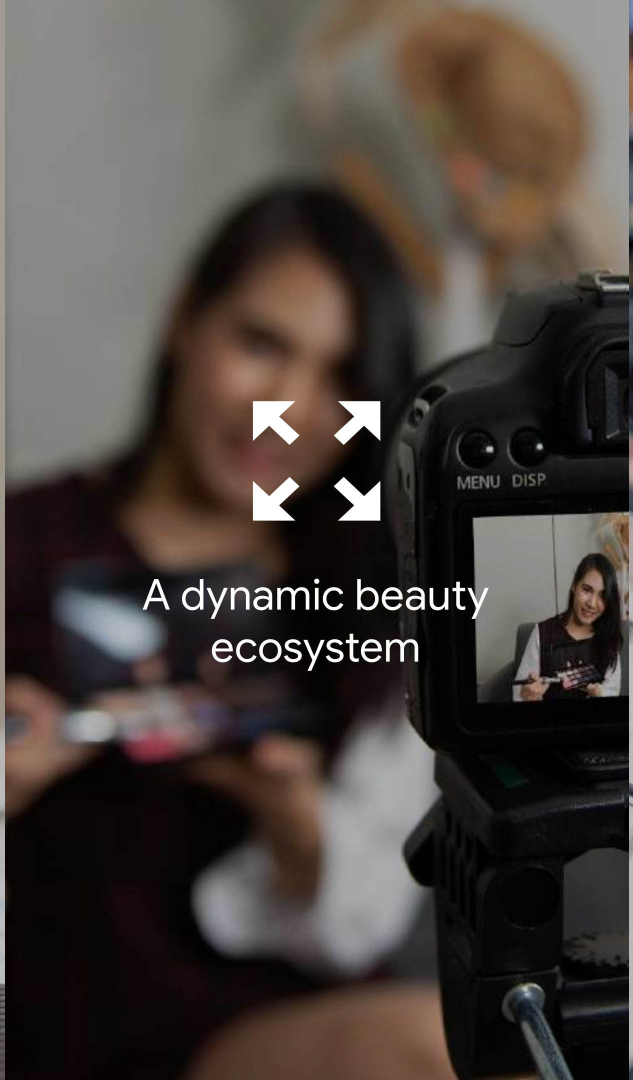
The top 5 beauty categories online are skin creams, shampoo, deodorant, bar soap and face wash - account for 3/4th of the total volume share.

	Volume share [2]	Volume share [2]
Skin creams	15%	19%
Shampoo	12%	17%
Bar soap	22%	11%
Deodorants	14%	17%
Face wash	12%	10%

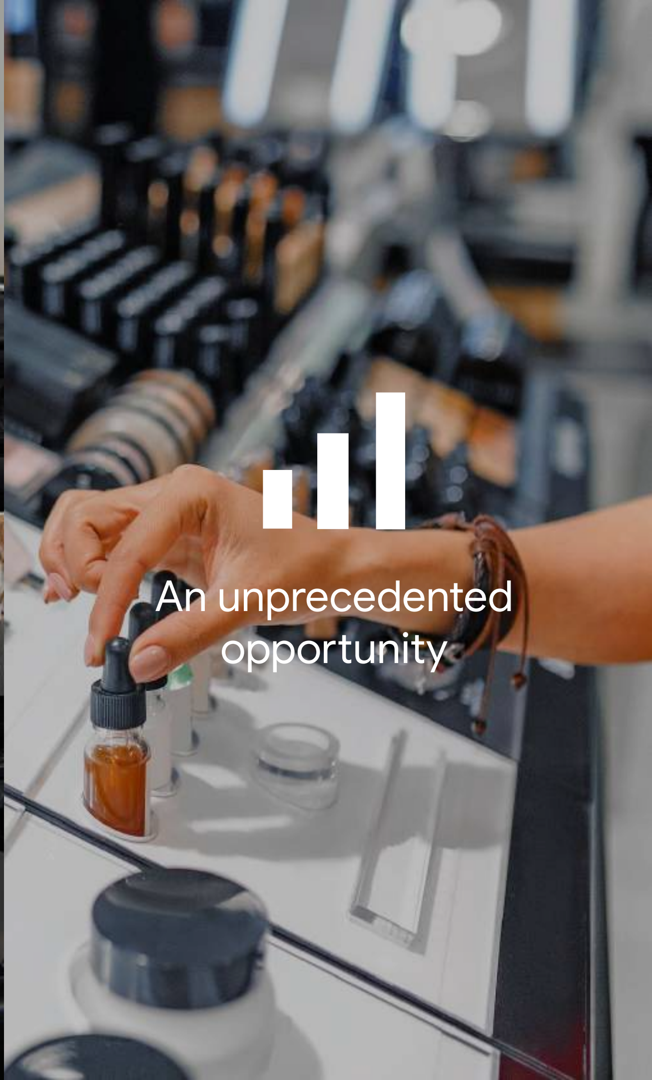
Source: 1-Worldwide Media forecasts, groupM Dec 2019, 2-Kantar eMarketPulse



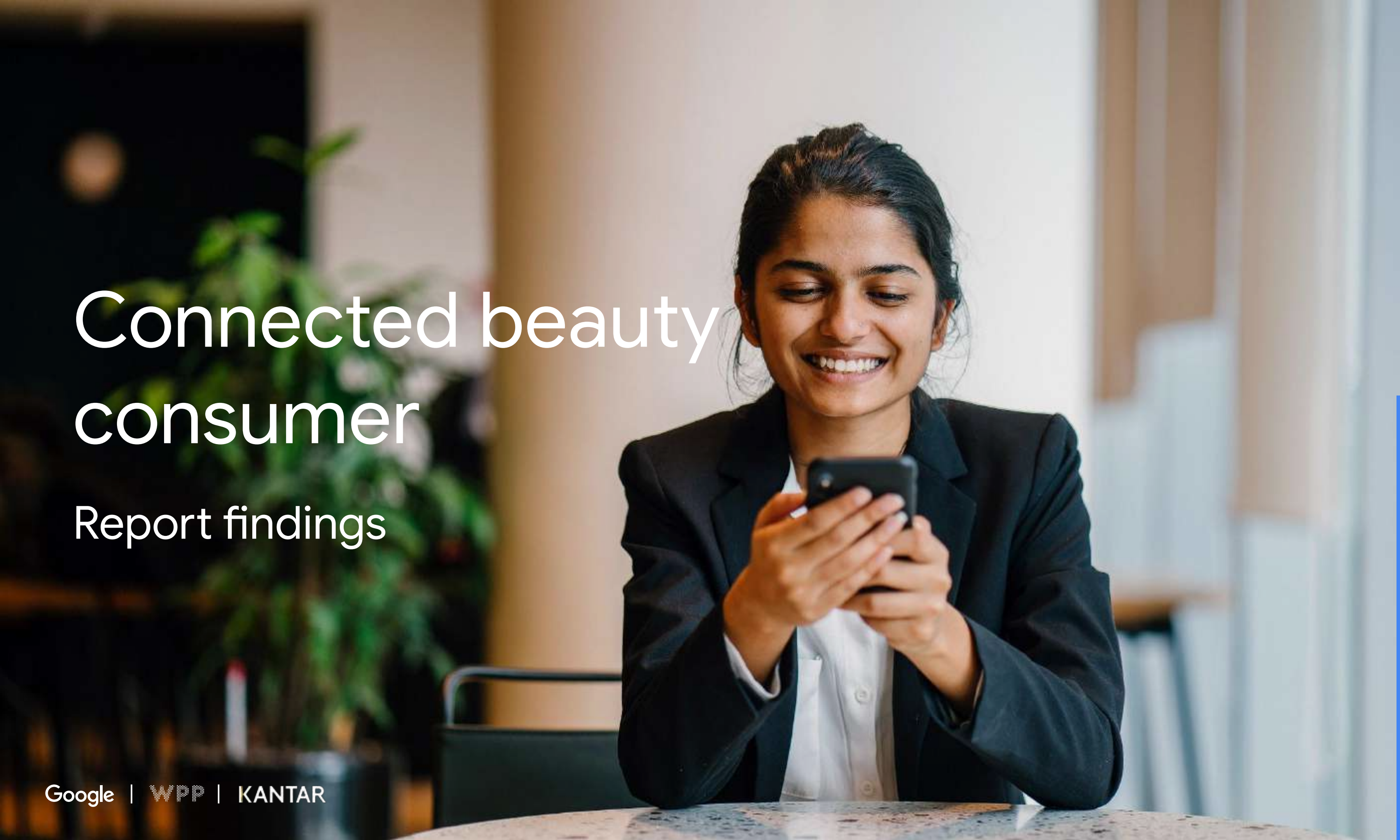
An evolving connected consumer



A dynamic beauty ecosystem



An unprecedented opportunity



Connected beauty consumer

Report findings

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Research

Consumer Survey across Metro, Tier 1 and Tier 2 cities among internet users

Syndicated databases like Kantar eMarketPulse, GroupM media forecasts & Euromonitor

Google Search and YouTube data analysis

Interviews with YouTube creators, industry experts and creative leads

Research Methodology - Survey

We interviewed **1740 consumers** in the age group **18-45** years in NCCS A and B across the **three beauty categories.**

(Each respondent was interviewed for one category only.)

Online interviews using CAWI (Computer Aided Web Interview) methodology were conducted by Kantar amongst the target group in large towns – Delhi & Bangalore.

Offline interviews using CAPI (Computer Aided Personal Interview) methodology were conducted by Kantar amongst the target group in smaller cities – Patna, Indore, Jalandhar, Mangalore.

(All qualitative interviews were conducted in person.)

Proficient user of internet (uses at least once a week).

We will refer to different audiences throughout the report.

- **Metros**
- **Tier 1**
- **Tier 2**

We surveyed recent buyers of makeup, skincare or hair care products who made their purchase within the month before the survey has been launched.

Survey was **mobile-friendly** and took about **15-20 minutes.**

Interviews took place **Q3 2019** and were administered online via *Kantar* panels and through in person interviews.

Bases for the numbers shown on charts are highlighted in the footnotes as well as the country, the product category and the question the figures are based on.

Key findings

01.

It's all about "Me"

The purchase decision is made largely in the upper funnel touchpoints.

Tier 1 cities have caught up with metros in category engagement.

"For me" goes beyond gender to include season, time of day, occasions etc.

Gender divide in beauty is a myth

02.

Be online or be overlooked

9/10 consumer journeys having a digital touchpoint.

YouTube has emerged as the online beauty advisor with Google Search being the gateway to discovery.

03.

Make it easy or be off the shortlist

2/3 consumers are not loyal to one brand

Brands with easy to find information on digital platforms are more likely to make it to the consumer shortlist.

Leverage online video by being present on the video platform of choice & reinforce with a great quality website.

04.

Deliver offline experience online

Online has moved beyond its traditional role as a research medium to being an important purchase platform.

Solve for consumer pain points by investing in the right platforms, creators & technology.

05.

Tech is the Future of Beauty

Consumer friction to rise further as they try to complete the traditional offline activities online e.g. lipstick try-on.

Opportunity for brands to own these moments & alleviate them with technology.

Note: 1 - Tier 1 cities -- Cities with population between 10-40 lakhs
Tier 2 cities have population less than 10 lakh

01.

It's all about "Me"

Consumer journey is more personal, with trends influencing purchase decisions, Tier 1 cities have caught up with metros in category engagement & men are as engaged as women

The beauty consumer journey used to be simple

The beauty consumer journey used to be simple with TV being the primary medium for driving awareness and consideration.

Over the past few years with the digital revolution in India, consumers now have multiple sources for discovery and information research.

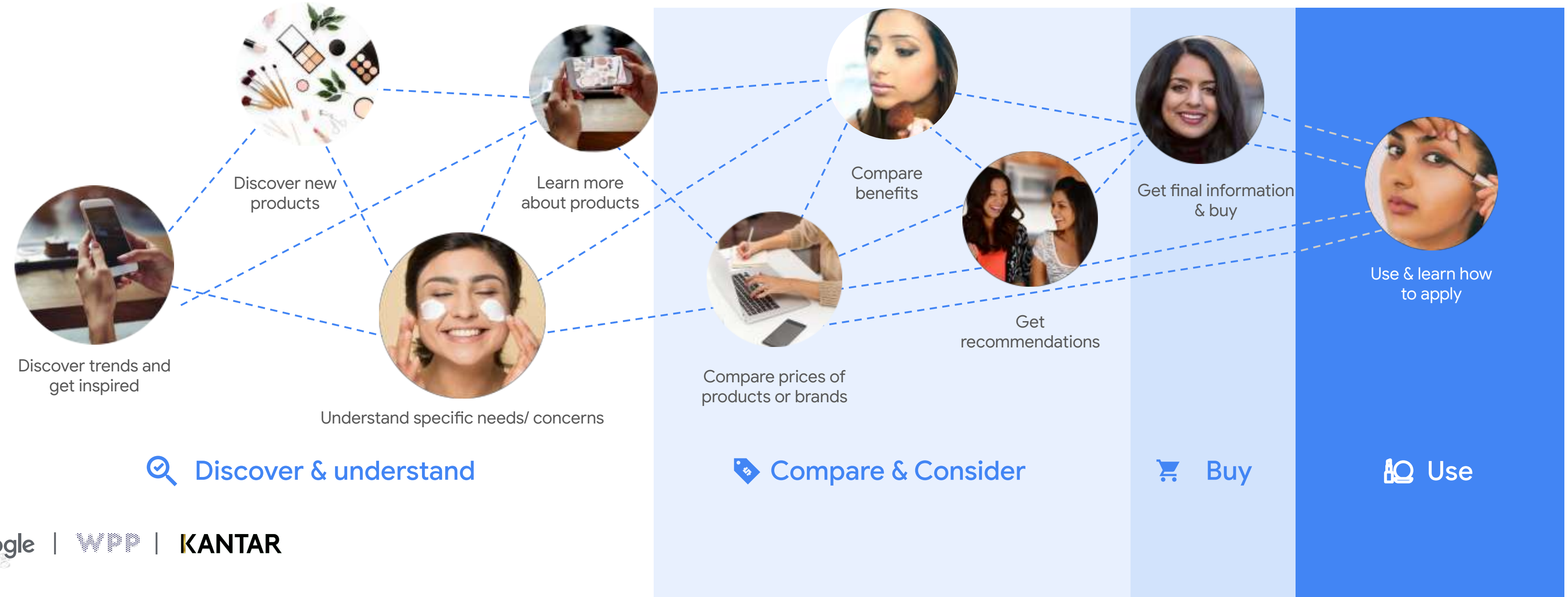



Initial consideration → Active evaluation → Moment of purchase → Post purchase experience

Today, it consists of highly connected, non-linear moments

The new customer journey is more personal & fragmented than ever. The current omnichannel world encompasses physical and digital shopping experiences and a multitude of touchpoints that shoppers navigate at various stages, thus causing shoppers to move back and forth between the stages.

Consumers do not necessarily go through all stages of the journey to make their buying decisions. They are also divided on what constitutes their critical moments in the journey. As shopping becomes more focused, activities relating to knowing more about specific products or brands, addressing individual needs become more critical.



With 9/10 consumer journeys now influenced by digital

Consumer quotes

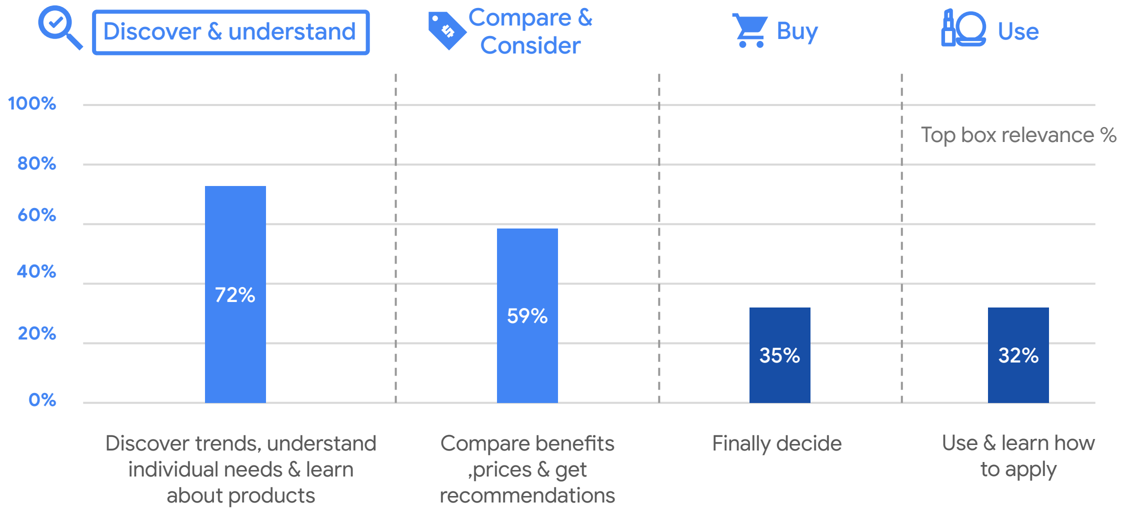
"I searched about the Himalaya product on Google and also saw some YouTube videos. But I did not find in-depth information. Then I went to brand website of Himalaya where I got details around ingredients and packaging etc."

"I sought advice in my friend circle about what should I use, and looked at YouTube videos as well."

"I also looked at reviews on Amazon for some suggestions."

Source: Which of these resources do you use to find information to_______?Base:1690
Google/Kantar, Path to purchase of beauty products, India, Q3 2019. n=1740 people in NCCS A & B, age group 18-45, who use internet at least once a week & have purchased a beauty product in the last 1 month, Qualitative consumer interviews

The purchase decision is made largely in the upper funnel touchpoints i.e. Discover & understand phase

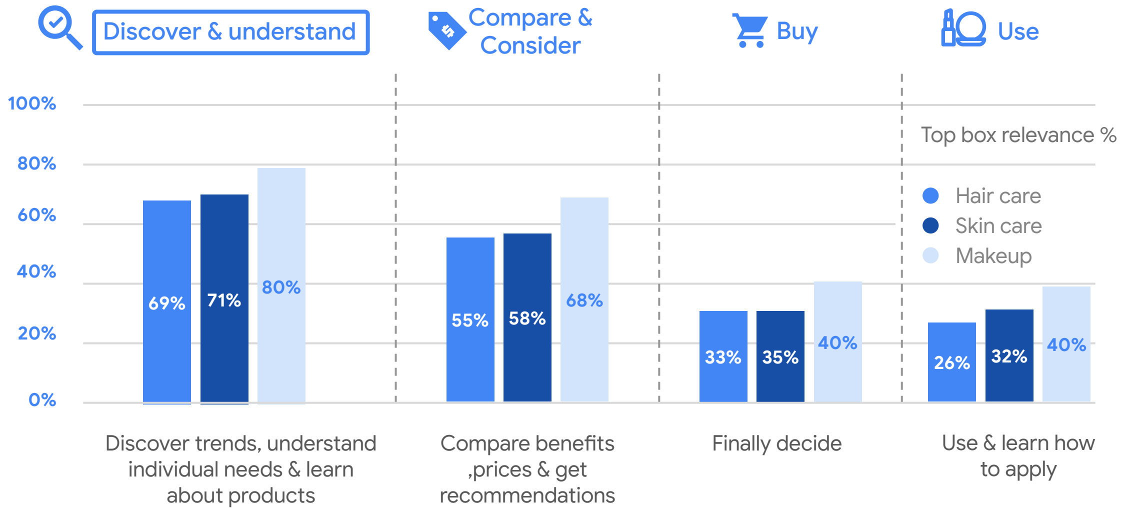


It is clear that consumers want to stay updated with the latest trends.

Discovering and following latest trends is a critical moment in the journey. Given this context, new brands could enter the market by placing themselves in the context of trends.

Source: Q23: Please indicate how relevant each of these steps is for making the best purchasing decision for these products Base: 1740.
Google/Kantar, Path to purchase of beauty products, India, Q3 2019. n=1740 people in NCCS A & B, age group 18-45, who use internet at least once a week & have purchased a beauty product in the last 1 month

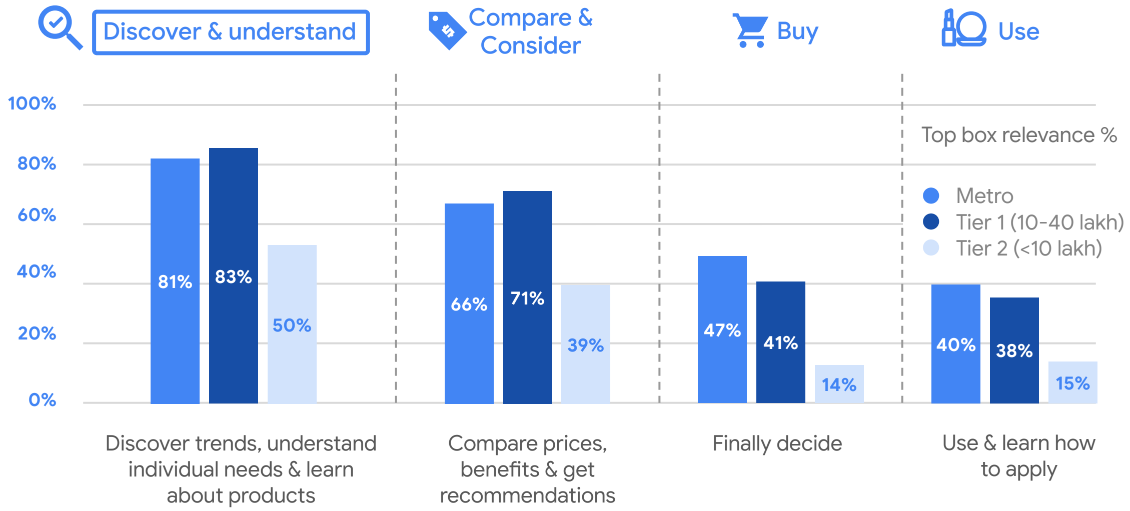
Winning in Discover & Understand could be make or break for brands across beauty categories



Discovering trends and understanding individual needs remains important across the three beauty categories with Makeup having the highest engagement across the consumer journey followed by Skincare.

Source: Q23: Please indicate how relevant each of these steps is for making the best purchasing decision for these products Base: 1740, Hair care: 671, Skin Care: 641, Make Up: 428
Google/Kantar, Path to purchase of beauty products, India, Q3 2019. n=1740 people in NCCS A & B, age group 18-45, who use internet at least once a week & have purchased a beauty product in the last 1 month

Tier 1 is the standout, matching Metros step for step across different stages of the consumer journey



Tier 1 cities show similar levels of engagement as Metros across the multiple stages of the consumer journey.

Brand should explore ways to leverage the significant level of engagement from tier 1 cities.

Possible solutions to drive consumer engagement are ramping up advertising investment, improving distribution focus & partnering with relevant creators.

Source: Q23: Please indicate how relevant each of these steps is for making the best purchasing decision for these products Base: 1690, Metro: 717, 10-40: 452, <10: 521
Google/Kantar, Path to purchase of beauty products, India, Q3 2019. n=1740 people in NCCS A & B, age group 18-45, who use internet at least once a week & have purchased a beauty product in the last 1 month

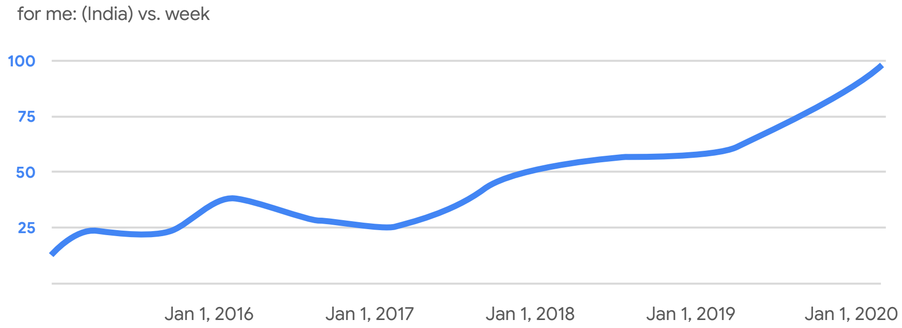
The consumer journey is more personalised

Today's beauty shopper seeks personalization at every stage of the purchase journey. These diverse and unique journeys no longer follow a linear map - they can start with a simple online test about dry skin, trickle down to a video on YouTube where a brand may be mentioned, move on to a website visit and conclude with a mobile search on Maps to find the nearest store. This exact (and hypothetical) journey might not happen again.

What might happen and therefore be relevant to marketers is the wish to understand individual needs and to iterate between touch points. Brands that catch up to these individual needs and focus on creating an integrated journey including the most relevant touch points are likely to be well placed.

As consumers seek unified buying experiences across online and physical platforms, personalization around brand propositions such as organic, natural, occasion and chemical-free could help enhance the consumer experience. There are many beauty tech firms that now offer personalised solutions which leverage the user's location, lifestyle, climate, fragrance and colour preferences to come up with the correct formula with specific ingredients.

Consumer journeys have "I/Me" squarely at the centre



"for me"

queries have grown ~3X[2] in past four years.

"for me" is today defined across multiple axes[1] like...

Type of Skin

best primer for dry skin

Time

night cream for glowing skin

Lifestage

makeup kit for girls

Gender

body wash for men

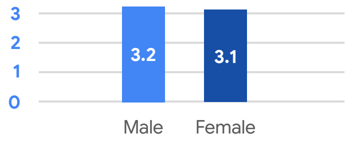
Consumer expectations for personalization have become more complex over time & are now defined around multiple axes like gender, skin type, lifestage, time etc. From appointment booking apps to skin matching technology, beauty businesses are becoming more innovative with the products and services that help deliver personalized experiences.

Source: 1 - Google Trends data, IN, Beauty & Fitness, 2018 - 2019
2 - Google Trends data, IN, Beauty & Fitness, 2015-2020

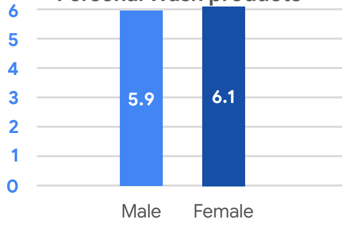
Gender divide in Beauty is a myth

Products purchased in last 1 Month

Avg. # **Hair care products**

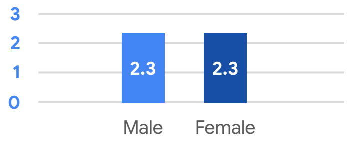


Avg. # **Skincare & Personal Wash products**

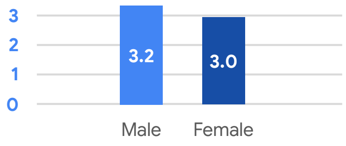


Touchpoints generally used

Avg. # **Offline touch points used**



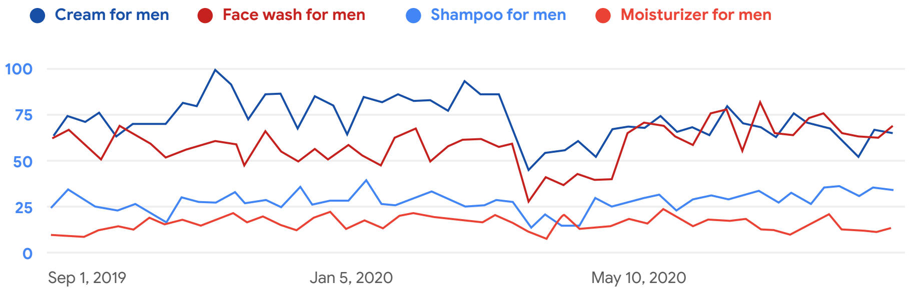
Avg. # **Online touch points used**



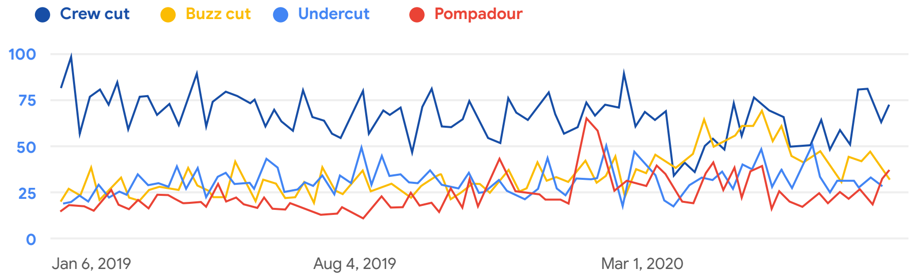
Q6: Which of the following hair care products have you bought within the last one month ? Q7: Which of the following skin care products have you bought within the last one month ? Q8: Which of the following make up products have you bought within the last one month ? Q26: Do you use any of the online information sources below to find information about beauty products, trends and news for______
Q35: And do you generally look for information about products, trends or news about this topic at any of these information sources?

Male consumers continue to showcase interest in Beauty categories online

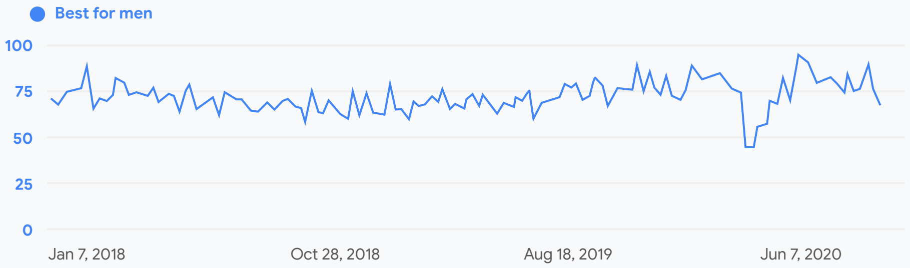
Consumer interest is back post Covid-19 led drops in March [1]



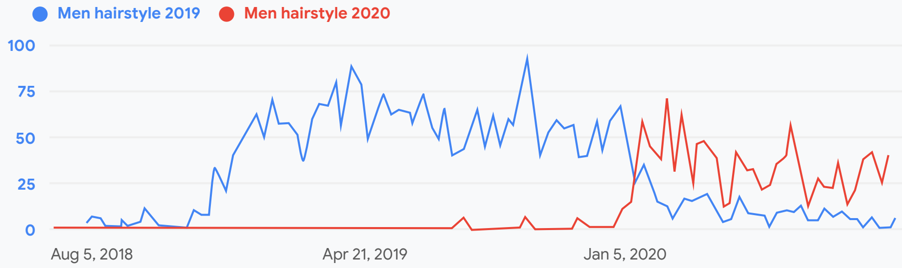
Undercut remains popular with Buzz cut seeing massive growth post Covid-19 lockdown [2]



Men continue to look for the best [3]



Interest in hairstyles is sparked every year [4]



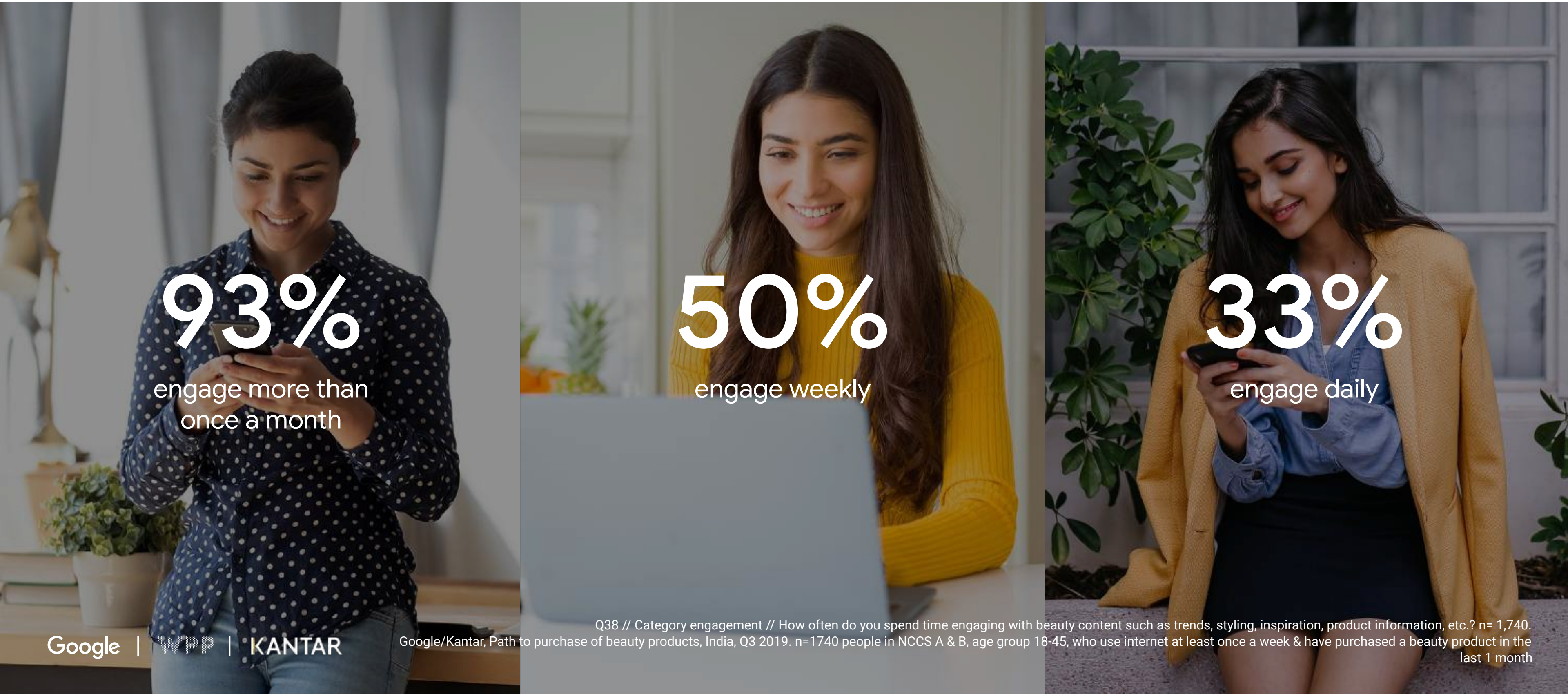
Source - 1, 2, 3 & 4 Google Trends data, IN, Beauty & Fitness, Jan 2019 - 30th Aug 2020

02.

Be online or be overlooked

YouTube has emerged as the online beauty advisor with Google Search being the gateway to discovery

Beauty consumers are highly engaged with content online



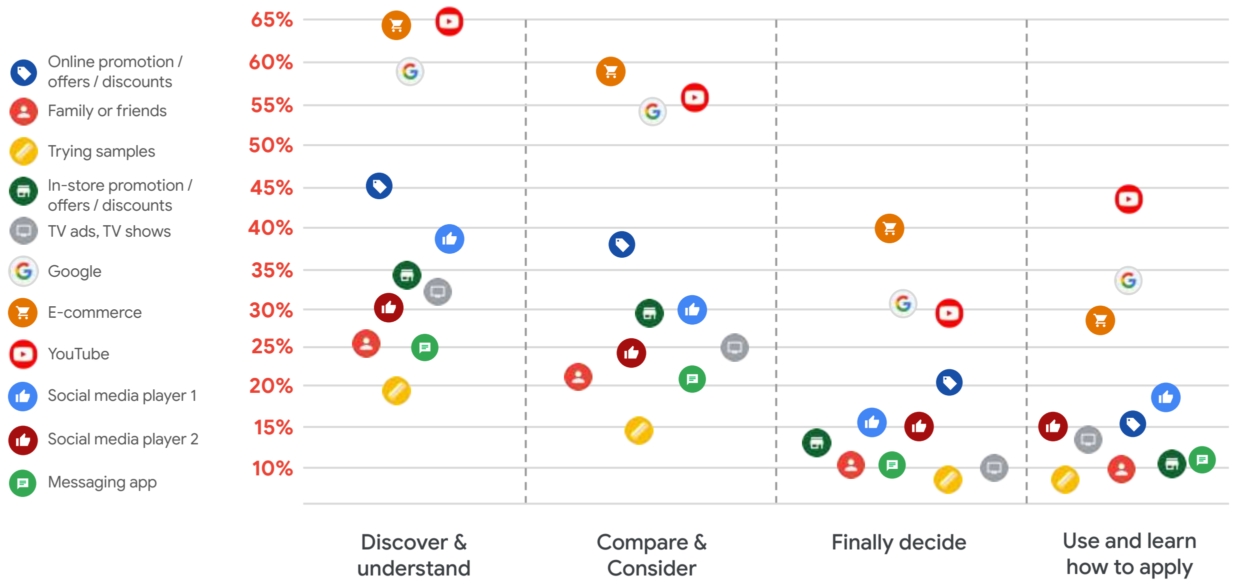
93%
engage more than once a month

50%
engage weekly

33%
engage daily

Q38 // Category engagement // How often do you spend time engaging with beauty content such as trends, styling, inspiration, product information, etc.? n= 1,740.
Google/Kantar, Path to purchase of beauty products, India, Q3 2019. n=1740 people in NCCS A & B, age group 18-45, who use internet at least once a week & have purchased a beauty product in the last 1 month

Online consumer journey is dominated by online touchpoints



Consumers today exhibit multi-platform behaviour straddling platforms before making the purchase decision.
In the end-to-end online consumer journey online touchpoints become disproportionately important with

- YouTube
- Google Search
- E-commerce platforms

being the critical touch points enabling consumer purchase decision.

Q: Which of these resources do you use to find information to...? Base: 804
Google/Kantar, Path to purchase of beauty products, India, Q3 2019. n=1740 people in NCCS A & B, age group 18-45, who use internet at least once a week & have purchased a beauty product in the last 1 month

In the offline consumer journey, online touch points continue to be critical for trends, comparison & usage

Google Search and YouTube continue to be relevant in the offline consumer journey as consumers turn to them for various things like

- Looking up latest trends
- Comparing prices/ features
- Reviews
- Understanding usage

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Q: Which of these resources do you use to find information to...? Base: 881
Google/Kantar, Path to purchase of beauty products, India, Q3 2019. n=1740 people in NCCS A & B, age group 18-45, who use internet at least once a week & have purchased a beauty product in the last 1 month

Search is the new Shopping Aisle driving discovery for products purchased online & offline

Consumers use Google search engine as a...

Destination to find information

58%
Preferred source to get beauty information (trends, products, brands, how-to etc.)

Connecting gateway to retailer

29%
I have visited a beauty retailer as a result of a search I did on Google

Product recommendation platform

35%
I have purchased a beauty product as a result of search I did on Google Search

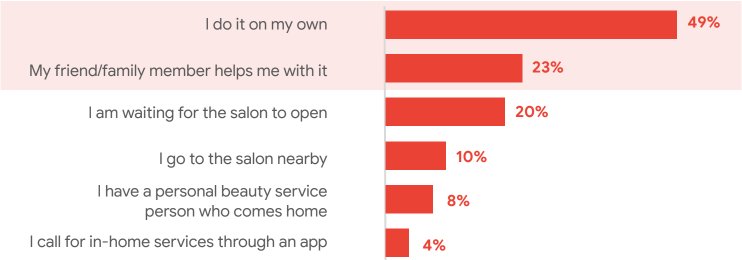
Consumers use search in different ways – to obtain knowledge, to connect with brands and retailers, and eventually buy both online and in-store.

Marketers should specifically note how much time shoppers spend in the search phase and that these consumers appear to be most influenced by multi-platform content and ads.

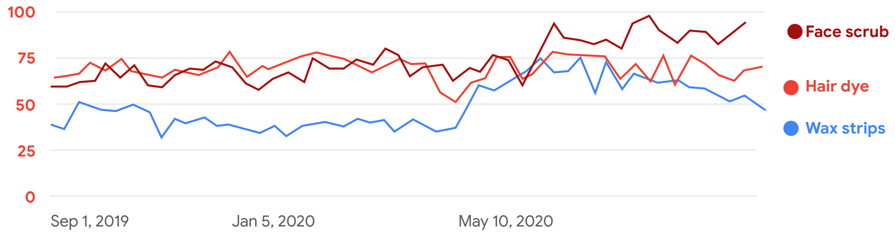
Q31: Which of these statements about Google Search do you agree with?
Q32: Which of these statements apply to the information source shown below.
Google/Kantar, Path to purchase of beauty products, India, Q3 2019. n=1740 people in NCCS A & B, age group 18-45, who use internet at least once a week & have purchased a beauty product in the last 1 month

With Covid-19, consumers stuck indoors searched for "at home" content, DIY products and natural ingredients

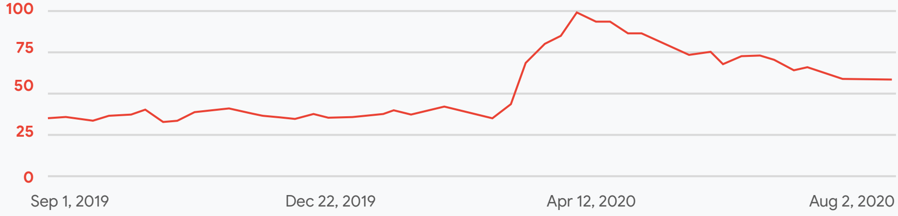
Actions taken in absence of Beauty Services [1]



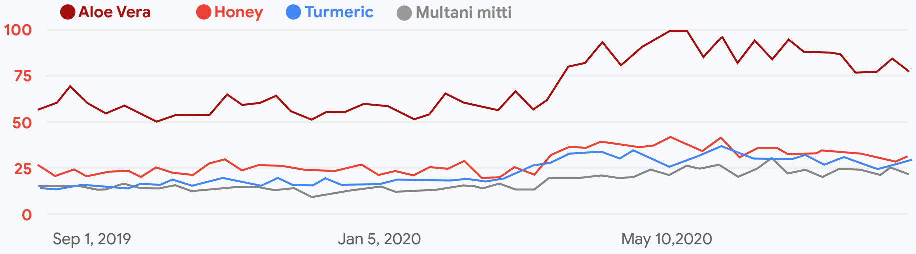
DIY beauty products grew rapidly [3]



"At home" searches in Beauty [2]



Natural ingredients grew tremendously [4]



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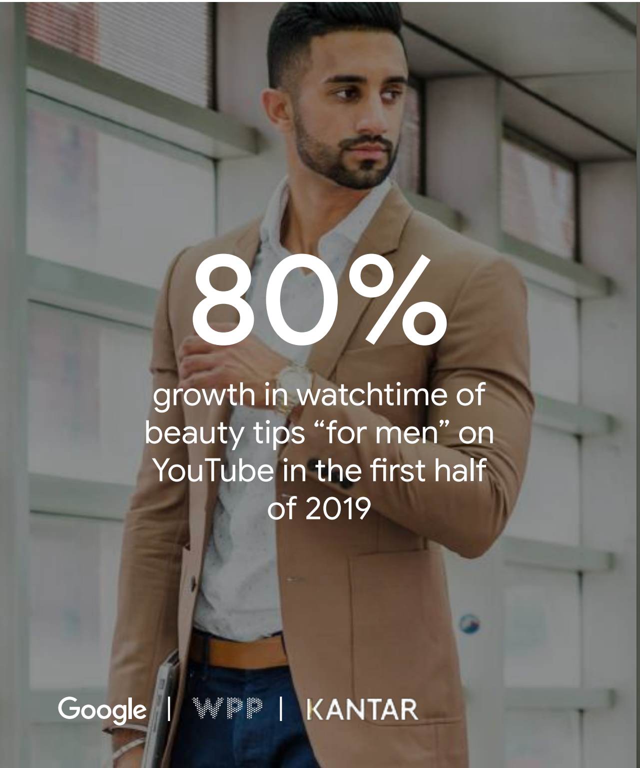
Source 1 - Google/ IPSOS, Consumer Sentiment & Implications on Business, IN, July 2020. n = 427 Q. In the current situation, finding a beauty service is difficult. Could you please let me know how you are managing with/without these services?

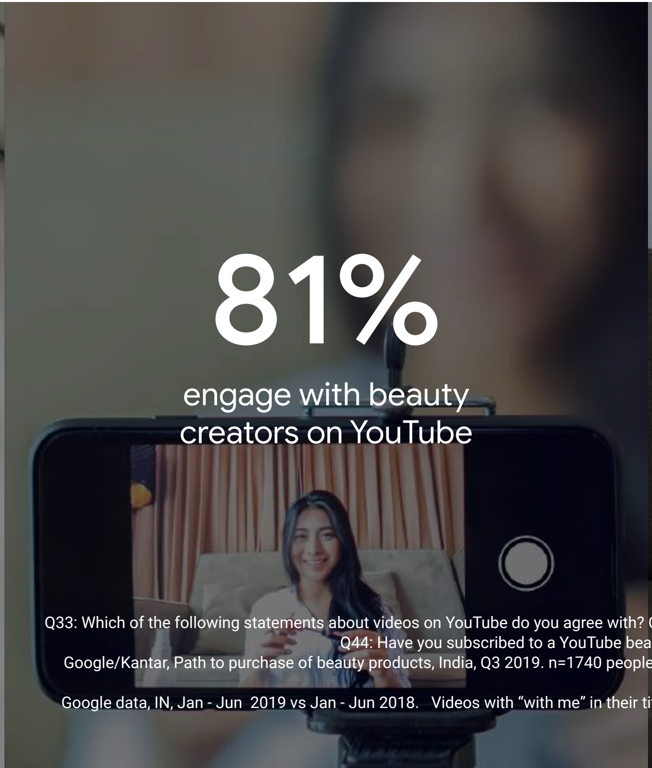
Source - (2) (3) & (4) Google Trends data, IN, Beauty & Fitness, Jan 2019 - 8th July 2020

Consumers are treating YouTube video reviews, advice & tutorials like a beauty counter/advisor



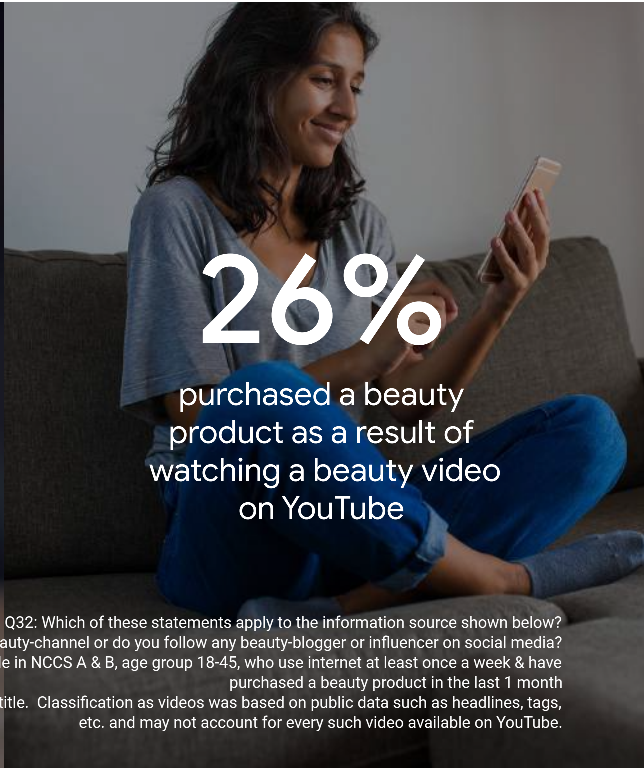
80%

growth in watchtime of beauty tips "for men" on YouTube in the first half of 2019



81%

engage with beauty creators on YouTube



26%

purchased a beauty product as a result of watching a beauty video on YouTube

Q33: Which of the following statements about videos on YouTube do you agree with? Q32: Which of these statements apply to the information source shown below?
Q44: Have you subscribed to a YouTube beauty-channel or do you follow any beauty-blogger or influencer on social media?
Google/Kantar, Path to purchase of beauty products, India, Q3 2019. n=1740 people in NCCS A & B, age group 18-45, who use internet at least once a week & have purchased a beauty product in the last 1 month
Google data, IN, Jan - Jun 2019 vs Jan - Jun 2018. Videos with "with me" in their title. Classification as videos was based on public data such as headlines, tags, etc. and may not account for every such video available on YouTube.

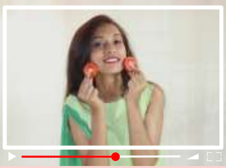
YouTube is the destination for consumers to understand and meet their unique needs

If every consumer is unique, like everyone else - Brands need to create content that engages and answers these unique needs

"Consumer needs" change with changes in:

- Seasonality
- Latest trends
- Life events
- Lifestyle

Skincare



Tips and hacks

Skincare routines

Product understanding

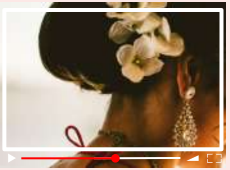
Winter care

Hair care

Long hair

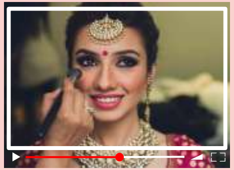
Quick and easy hairstyles

Wedding/event hairstyles



Best hairstyles

Makeup



Trends

Product research

Brands

Usage driven

Consumers turned to YouTube for their beauty needs during Covid-19

Haircut

Facial

Skincare routine

Beauty hacks

Do it yourself

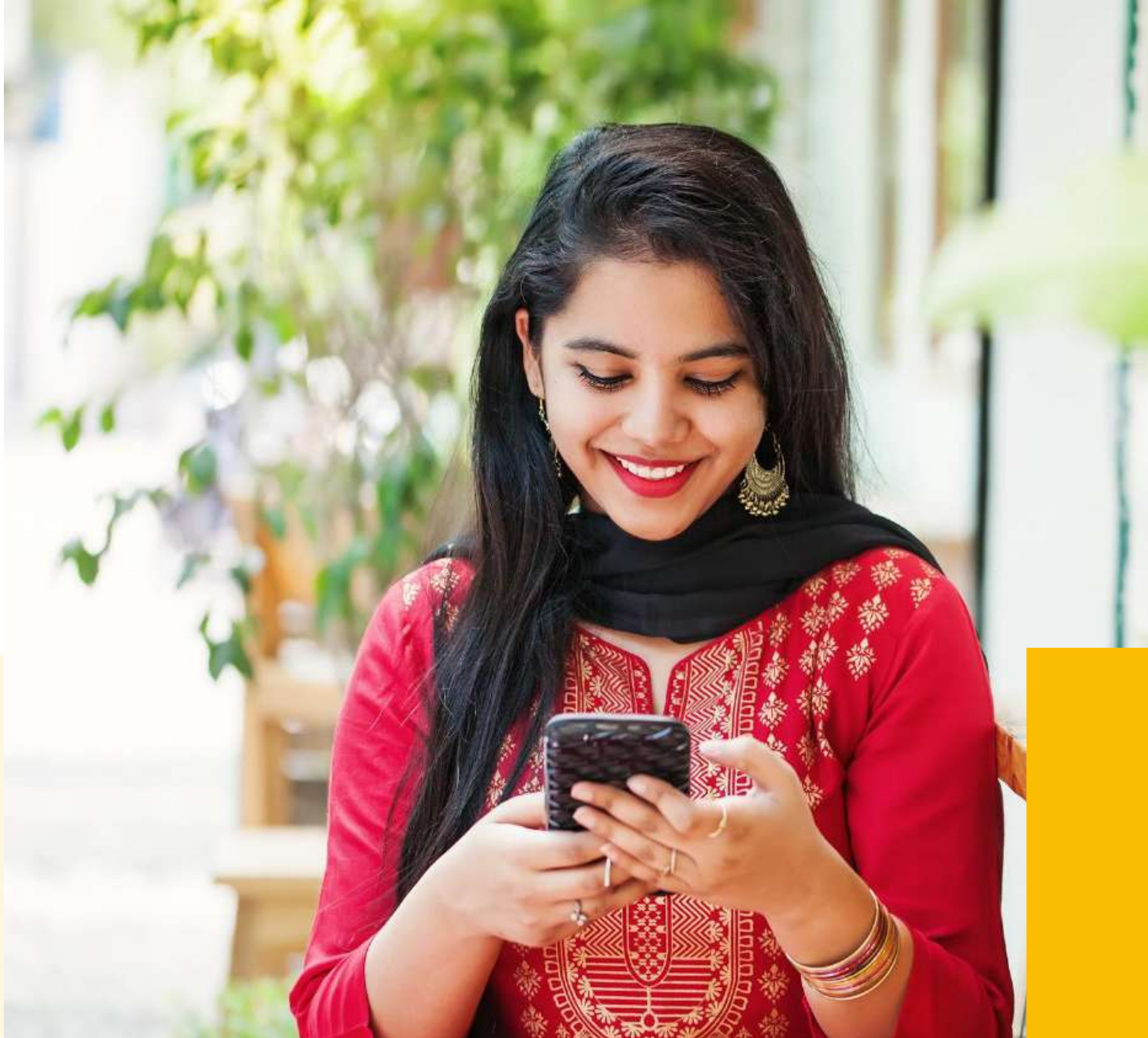
Makeup hacks

"At home" beauty content rapidly gained millions of views on YouTube

Source - YouTube video views as on 12-7-2020.

03.

Make it easy or be off the shortlist.



Loyalty is at a premium.

Brands with easy to find information are more likely to make it to the consumer shortlist.

Consumers are in an open relationship with brands

Metros (26%) are less loyal than non metros (40%).

Even for repeat purchases consumers go through all parts of the customer journey.

Google | WPP | KANTAR

Q18: How would you describe your relationship to this brand? Base: 1740
Q23: Please indicate how relevant each of these steps is for making the best purchasing decision for these products Google/Kantar, Path to purchase of beauty products, India, Q3 2019. n=1740 people in NCCS A & B, age group 18-45, who use internet at least once a week & have purchased a beauty product in the last 1 month

With brands discovering that loyalty is even more difficult online with a larger fragmentation in market shares online

	Skin creams	Shampoo	Bar soap
Retail Best Sellers [1] (Brick and mortar stores)	Fair & Lovely Vaseline Ponds Boroplus Vicco	Dove Clinic Plus Head & Shoulders Sunsilk Pantene	Lifebuoy Santoor Lux Godrej No.1 Dettol
Online Best Sellers [2] (Online platforms)	Nivea Lotus Herbals Lakme Vaseline Ponds	Head & Shoulders TRESemme Dove Himalaya Sunsilk	Dettol Park Avenue Dove Pears Cinthol

Skin creams [1 & 2]

(Market share of top 5 brands)

Offline	Online
77%	41%

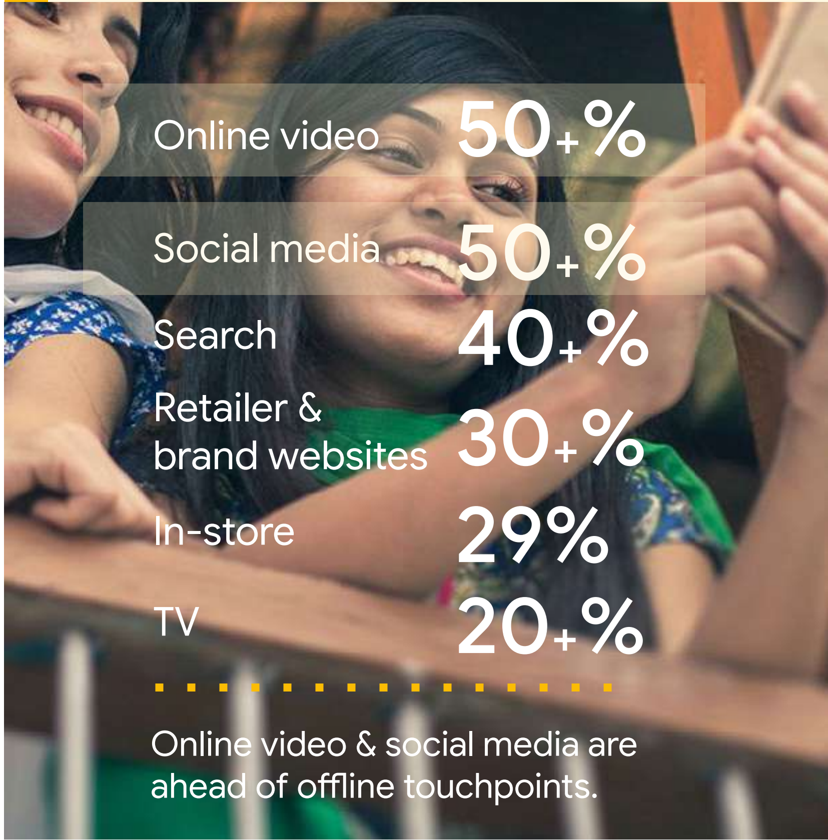
Shoppers are looking for the best product, benefits & prices on Google Search[3]

Source - 1- *Kantar Worldpanel 2019*, 2- Kantar e-Market Pulse 2019
3- Google Trends data, IN Beauty & Fitness, Jan 2019 - July 2020

Online video and social media preferred over any offline medium for shortlisting brands

Given the overload of information on the internet, consumers turn to online video, social media & search to help them narrow their brand choices.

Which of the following sources were **helpful** for your research?



Source: Q40: From your perspective, select top 5 information sources which were helpful for your research, Google/Kantar, Path to purchase of beauty products, India, Q3 2019. n=1740 people in NCCS A & B, age group 18-45, who use internet at least once a week & have purchased a beauty product in the last 1 month

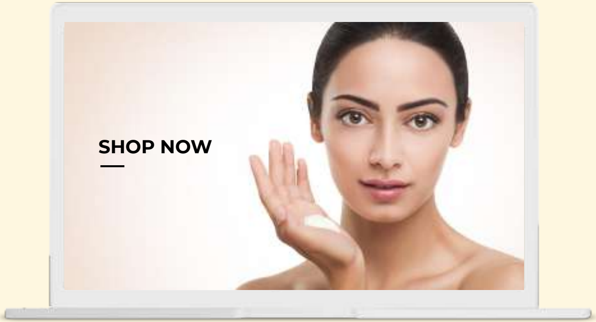
Leverage online video by being present on the video platform of choice & reinforce with a great quality website

Be present on consumer's primary video platform

58%
prefer videos professionally produced by brands

Complement presence with a quality website

22%
watch online beauty videos on brand websites



Q43: What types of online videos do you think are appropriate for information about the following topic? Base:1740
Q28: And do you ever watch online videos about this topic or product category on any of these websites or on TV? Base: 1660
Google/Kantar, Path to purchase of beauty products, India, Q3 2019. n=1740 people in NCCS A & B, age group 18-45, who use internet at least once a week & have purchased a beauty product in the last 1 month

04.

Deliver offline experience online

The majority of purchases still happen offline but are researched thoroughly online - even when to refill.

Online basket size tends to higher

1.5
Avg. products bought in L1M
offline

1.4x

2.1
Avg. products bought in L1M
online

RQ1_a: Have you purchased any of the following beauty product in the last 1 month? Base: 1740
Google/Kantar, Path to purchase of beauty products, India, Q3 2019. n=1740 people in NCCS A & B, age group 18-45, who use internet at least once a week & have purchased a beauty product in the last 1 month

We found that the basket size of consumer purchasing online is 40% higher than the basket size for offline consumers.

But key pain points have emerged, opening **an opportunity for brands to solve for & win**

Consumers purchasing online still face some challenges, which if solved for by brands, provide a competitive advantage to these brands. The top three challenges are listed below. Brands solving for these challenges are likely to be preferred over the rest.

21%

Difficult **to choose** the right product or brand

24%

Difficult to decide on a product **without brand experience**

20%

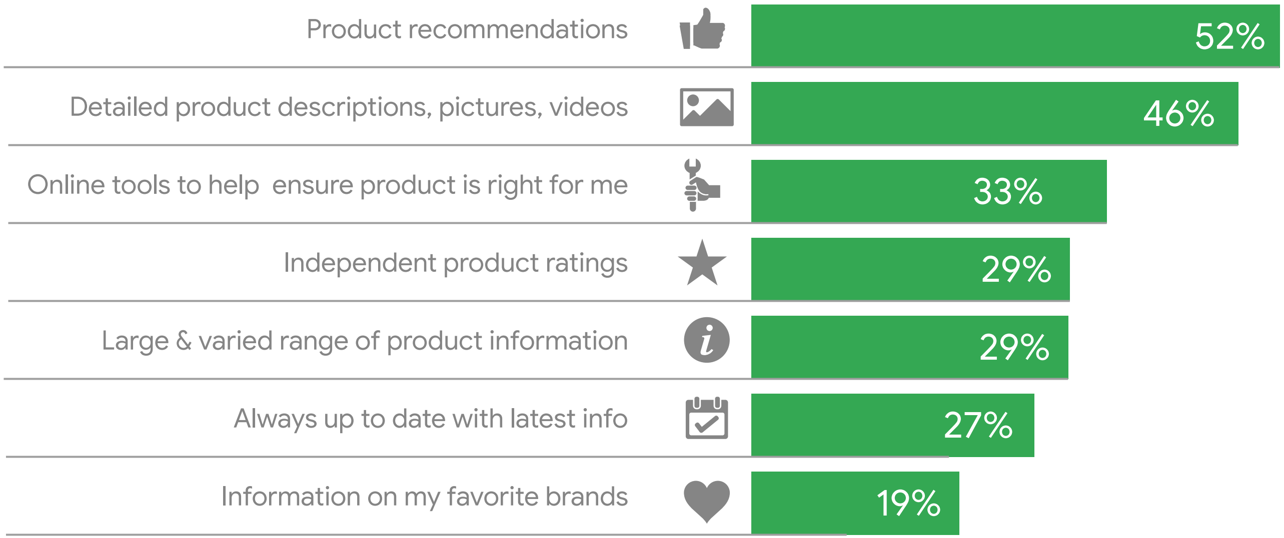
Difficult **to envision** the product suits my specific needs

Q41: Which of these statements do you agree with when thinking about purchasing or researching products in this category? Base: 1740
Google/Kantar, Path to purchase of beauty products, India, Q3 2019. n=1740 people in NCCS A & B, age group 18-45, who use internet at least once a week & have purchased a beauty product in the last 1 month

Online resources can help solve for consumer pain points by making information search easy

Consumers turn to online resources for information searches & reviews.

Brands that make it easy for consumers to find this content by building multiple content platforms are likely to be preferred.



Q42: What are the advantages of online content and information about beauty? Base: 1740
Google/Kantar, Path to purchase of beauty products, India, Q3 2019. n=1740 people in NCCS A & B, age group 18-45, who use internet at least once a week & have purchased a beauty product in the last 1 month

What beauty **buyers are missing**...

Difficult to decide on a product without brand experience.

Difficult to choose the right product or brand.

Difficult to envision the product suits my needs.

...and **how brands can help** online

Make detailed product descriptions, pictures, videos available.

Give good product recommendations.

Deploy online tools to help ensure product is right for user.

...and **what should** brands **do**?

Invest in the right platforms for information.

Partner with creators for product videos/ recommendations.

Invest in new tech to deliver brand experience online.

Build Trust with consumers by investing in creators to drive category development

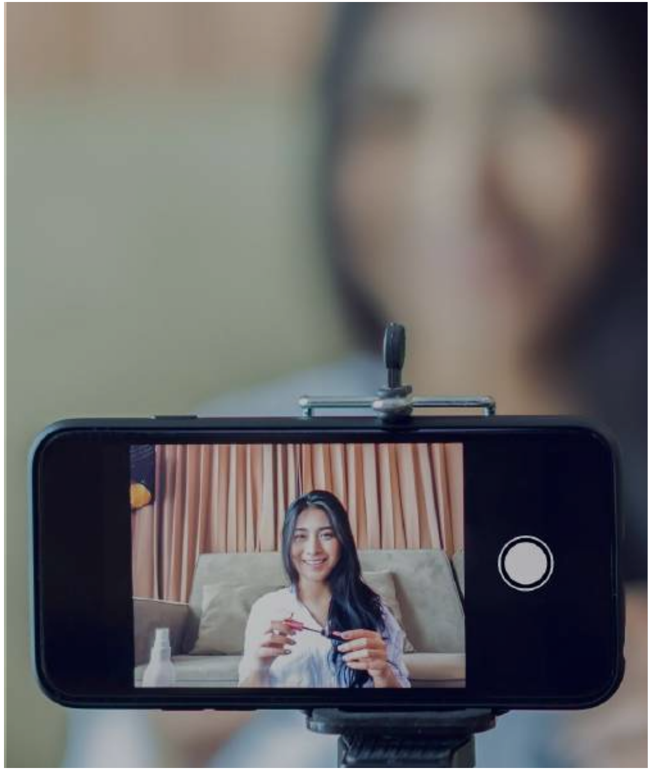
Engage with creators

"My rule of engagement with brands is I like to engage with one brand from a specific category for a long-term partnership"

Ranveer Allahbadia,
Creator YouTube

"I like to work with brands which go with theme of my channel & which give me freedom to make content of my choice."

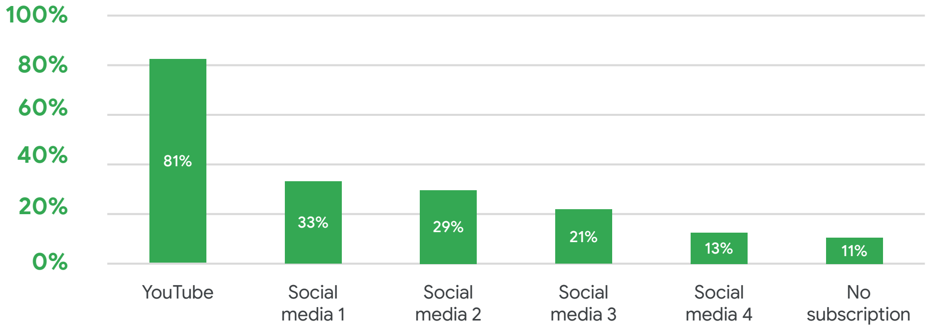
Meghna Bahuguna,
Creator YouTube



Q: Have you subscribed to a YouTube beauty-channel or do you follow any beauty-blogger or influencer on social media?
Base: 1740 Google/Kantar, Path to purchase of beauty products, India, Q3 2019. n=1740 people in NCCS A & B, age group 18-45, who use internet at least once a week & have purchased a beauty product in the last 1 month, Qualitative interviews of YouTube creators

Invest in the right platforms for scaled outreach to consumers

Engage on the right platform



YouTube is preferred over by creators because of

- Authentic content
- Prevalence of long form content
- Loyalty & trust between subscriber and creator

Q: Have you subscribed to a YouTube beauty-channel or do you follow any beauty-blogger or influencer on social media?
Base: 1740 Google/Kantar, Path to purchase of beauty products, India, Q3 2019. n=1740 people in NCCS A & B, age group 18-45, who use internet at least once a week & have purchased a beauty product in the last 1 month, Qualitative interviews of YouTube creators

05.

Tech is the future of beauty

Consumers are still registering major friction along the purchase journey. There's an opportunity for brands to own these moments and alleviate them through new uses of technology.

Tech is the future of beauty

With their high dependence on digital devices, today's consumers have come to **expect** a high degree of **ease and interactivity with the brands** they get inspired by, learn and buy from.

At its very core, the beauty and personal care industry is all about providing **personal advice**, and technology can play a huge role in enabling this.

Everything from targeted content to tutorials, product personalisation to augmented reality, has been enabled by technology and will continue to act as an accelerator for the industry.

New technologies help to meet buyers needs and add value to the online touchpoints

New technologies add notable value to online content as **they meet customers need to provide a real experience and to envision products in live.**

Voice Assistant has the highest potential.

67%

virtual reality (all buyers)

69%

voice assistant (all buyers)

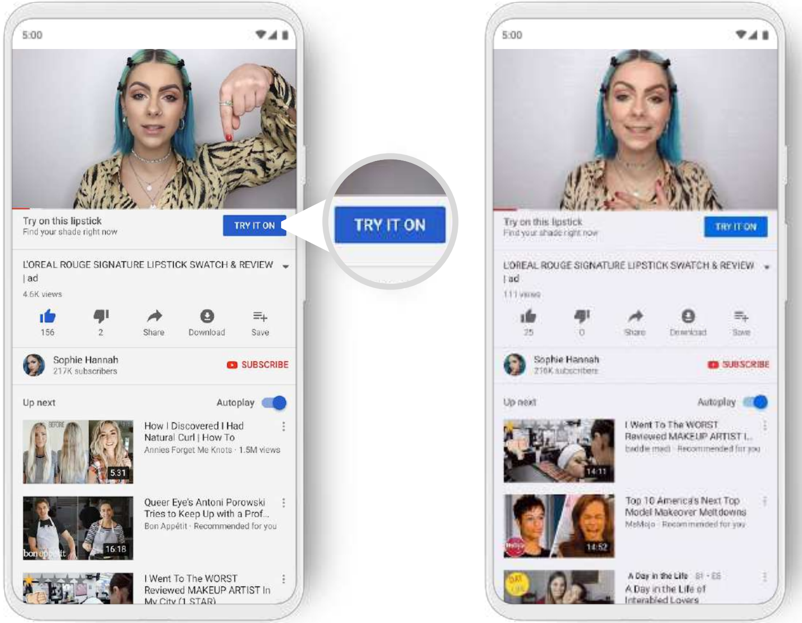
64%

augmented reality (all buyers)

Google | WPP | KANTAR

Q47_cd: Would you be interested using this technology when engaging with beauty content?
Google/Kantar, Path to purchase of beauty products, India, Q3 2019. n=1740 people in NCCS A & B, age group 18-45, who use internet at least once a week & have purchased a beauty product in the last 1 month

Invest in tech early on to be ahead of competition



Re:Think channel strategy to stay relevant

D2C

Partnership with delivery apps

Omnichannel play

Key findings

01.

It's all about "Me"

The purchase decision is made largely in the upper funnel touchpoints.

Tier 1 cities have caught up with metros in category engagement.

"For me" goes beyond gender to include season, time of day, occasions etc.

Gender divide in beauty is a myth

02.

Be online or be overlooked

9/10 consumer journeys having a digital touchpoint.

YouTube has emerged as the online beauty advisor with Google Search being the gateway to discovery.

03.

Make it easy or be off the shortlist

2/3 consumers are not loyal to one brand

Brands with easy to find information on digital platforms are more likely to make it to the consumer shortlist.

Leverage online video by being present on the video platform of choice & reinforce with a great quality website.

04.

Deliver offline experience online

Online has moved beyond its traditional role as a research medium to being an important purchase platform.

Solve for consumer pain points by investing in the right platforms, creators & technology.

05.

Tech is the Future of Beauty

Consumer friction to rise further as they try to complete the traditional offline activities online e.g. lipstick try-on.

Opportunity for brands to own these moments & alleviate them with technology.

Note: 1 - Tier 1 cities -- Cities with population between 10-40 lakhs
Tier 2 cities have population less than 10 lakh

Business Recommendations

01.

It’s all about ”Me”

Consumer journey is more personal, with trends influencing purchase decisions, Tier 1 cities have caught up with metros in category engagement & men are as engaged as women

1. Invest in understanding & responding to the latest trends
2. Think Metro+ Tier 1 instead of only Metro for product launches
3. Develop a strong variant strategy to cater to the personalized choices of consumers
4. Evaluate expansion in the Male grooming segment

02.

Be online or be overlooked

YouTube has emerged as the online beauty advisor with Google Search being the gateway to discovery.

Invest in creating online digital presence for your brands beyond media

e.g. YouTube channel, Brand website, Digital storefront

03.

Make it easy or be off the shortlist

Loyalty is at a premium. Brands with easy to find information are more likely to make it to the consumer shortlist.

Establish consumer loyalty and consideration by being the most helpful brand online by

1. Leveraging online video to provide easy access to information about your products

2. Leverage 1P data & integrate data from multiple sources to have a single view of the customer

04.

Deliver offline experience online

The majority of purchases still happen offline but are researched thoroughly online - even when to refill.

Enable consumer movement from offline to online by

1. Building an ecosystem that can deliver the best of offline experience online
2. Building consumer trust by partnering with the right creators on the right platform

05.

Tech is the Future of Beauty

Consumers are still registering major friction along the purchase journey. There is an opportunity for brands to own these moments and alleviate them through new uses of technology.

1. Re-Think the Digitisation of the company through partnership/ investment /acquisition of tech players
2. Review your channel mix(e.g. D2C, O2O) to ensure the right service levels for consumers

Creative recommendations

Creative & Communication strategy

Following are the key communication / creative framework recommendations:

01.

YouTube is a perceived beauty counter, treat it like one

Go beyond the **main video assets** of the brand as the consumer journey is unique, fragmented and very high on discovery + research.

02.

Different points of the journey require different digital communication

A **single campaign** should address different stages of the customer journey by providing **different pieces of content** for product demonstration, comparison, tips & tricks etc. to ensure the **user** remains **engaged throughout the journey.**

03.

Communication is needed even after the purchase is complete

Beauty users are coming back to **learn how to use** and master the **product** they have recently **purchased.**

A brand can potentially **build trust** by **partnering on the entire customer journey**, even after purchase, with the relevant content.

Media recommendations

Media recommendations

01.

It's all about "Me".

Drive consumer preference with **personalised messaging.**

Expand your target consumer base basis interest from **tier 1 cities** & drive reach

02.

Be online or be overlooked.

Leverage intent across the customer journey

Brands should also **focus on influencing early stages** - the discovery and understand phases

03.

Make it easy or be off the shortlist.

Handhold consumers in different stages of their journey with video content that **not just informs, but also educates.**

Have a **cohesive data strategy** to build a better understanding of the consumer journey with solutions like **Ads data hub.**

04.

Deliver offline experience online.

Build trust online by **partnering with YouTube creators**

Measure success of both online to online and online to offline using **robust attribution / measurement models.**

05.

Tech is the Future of Beauty

Scale up experiential marketing efforts on digital using **AR / VR / Voice**

Build **direct connect** with consumers through **D2C shopping.**

Expert & creator speak

Opportunity for technology to drive disruption

“Shopping for beauty products is changing drastically in this pandemic era – both in terms of the kinds of products purchased and the way they go about their journey. In a sense, it is also discovery of new products and brands to suit their new lifestyles; like the increased demand for eye makeup vis-à-vis the more popular lipsticks. Online is the first port of call when shopping for this category. And in current times, more consumers are moving the entire journey online – right up to purchase.

Technology will need to be used to make this journey seamless – from discovery of appropriate products to choice of the right ones for each consumer. Before Covid times, consumers had the comfort of walking into stores and getting help from beauty advisors to try on products, experiment different shades, to make sure they were buying something that suited them.

Online retailers will have to use technology for creative ways to guide consumers through their choice process – interactive mirrors, advice from chatbots or maybe even the option of turning on video chats with beauty advisers from the store. Adoption of higher order technology will become a critical determinant for marketers and retailers to win in this post pandemic era.”

Sushmita Balasubramaniam
Domain Lead CX & Commerce- South Asia,
Insights Division, Kantar

“The world has opened up to beauty as an inclusive phenomenon. Consumers have also woken up to the fact that it is about authenticity and sincerity of brands as well. We have witnessed a change in the creative landscape with an exponential surge of DIY content, while the media landscape has changed with the emergence of loyalty to the experience. Beauty is one of those segments that have a very high loyalty towards influencers. This is a sector where subject matter experts score over celebrities and brands have realized the impact of advocacy.

While content and commerce go hand-in-hand to help complete the full-funnel, there is also an opportunity for a brand to be a publisher and thereby act as a ‘Go to destination’ for all consumer needs. Leading on search and organic viewing is also a big win for brands when it comes to destinations.

The usage of technology that enables users to engage with their desired product or brand whether it’s through content optimisation, interactive video bots, apps, voice-based tutorials, face recognition, influencer commerce, conversational commerce or just plain filters; the options and opportunities are endless just like the beauty products and hacks available.”

Prasanth Kumar
CEO, South Asia
GroupM

Creative perspectives

“Women, especially younger women, need to be convinced that a beauty and skin care regime is not at the whims of the state of their life & relationships, but is a life relationship of its own. Re-framing beauty regimes as a relationship with oneself is an emotionally rich online opportunity for humanizing the concept of beauty care regime ,potentially through articulating consumer journey cycles on what women are feeling and thinking not just doing. And the touchpoints, content and influencers at each stage can reveal ripe connections.”

Shaziya Khan
National Planning Director
Wunderman Thompson, India

“Technology has enabled discovery, revolutionised customer experiences online and changed the way people buy. The path to purchase is not as linear as before. Exploration triggers desire and stimulates impulse behaviour. With access to a wide width of choices consumers are able to indulge and experiment with an array of products at different price points.”

Hephzibah Pathak
Vice Chairperson & Chief Client Officer,
India Ogilvy

Creators on inspiration to start their content channel...

“My channel is one stop destination for fashion, beauty and lifestyle. Practical fashion is what people come to my channel for specially Indian ethnic fashion and fashion basics.”

Megha Bahuguna aka PerkyMegs Hindi
Creator, YouTube

“Growing up, I had to learn so many things on my own, and I really wanted to be that older sister who shares hair, makeup, and Saree draping tips and tricks, to make another girl or woman feel confident.

- on motivation to start a YouTube channel.”

Vithya Visvendra of Vithya Hair & Makeup
Creator, YouTube

“In my career as an artiste,I meet several women on a day to day basis,who have totally given up on themselves or don’t give any importance to self care. I want to reach those kinda women and tell them it’s not too late.”

Ashmita Karnani of Ashtrixx
Creator, YouTube

“Main motivation is my passion towards the beauty field and experimenting with beauty products. I want to share my personal beauty experience with the audience because I'm a normal girl, so I know which are the common beauty problems facing common people.”

Unnimaya Anil of Simplymystyle!!Unni
Creator, YouTube

Creators on their association with brands...

“ I like to work with brands which go with theme of my channel & which give me freedom to make content of my choice. One good experience was recently when I worked with a brand that completely trusted me with the content and I made content that satisfied my creativity as well as served the promotional purpose of the brand. Needless to say the video was approved immediately. Rarely we get such brands in the Industry. ”

Megha Bahuguna of PerkyMegs Hindi
Creator, YouTube

“ I like to work with the brand which comes with a long term engagement. My rule is simple, if you like the product your audiences will like it as well. We did more than 7-8 videos with Hair Oil brand and over the period of time that product has become part of our content now and you won’t believe that we have integrated it so many times and so organically that it doesn’t feel like a brand endorsement to us nor to our viewers. ”

Shruti Arjun Anand
Creator, YouTube

“ I look for brands which are mostly made in India, chemical free and easily accessible. Rules include no fairness products, no products which make you feel less self worth with their campaigns. ”

Ashmita Karnani of Ashtrixx
Creator, YouTube

“ I prefer any established brand which is not harmful to people. Before doing a collaboration, I will use that product for minimum 2 – 4 weeks . If the Products is satisfactory only then only I'll introduce it to the audience. ”

Unnimaya Anil of Simplymystyle!!Unni
Creator, YouTube

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About the authors

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Thank You