



2020

Official Report

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BEAUTYSTREAMS



openstreams foundation



Creating Open Streams of **Borderless Exchange**

The inaugural Openstreams Global Beauty Industry Summit was a landmark event that took place on October 23, 2020, hosted by the Openstreams Foundation, a non-profit organization dedicated to fostering collaboration and education within the beauty sector. It was sponsored and curated by BEAUTYSTREAMS, the Global Beauty Industry Reference platform.

In this year so severely marked by COVID-19, the purpose of the Summit is to promote borderless exchange across the beauty industry, in order to address common concerns and to share regional insights. Seventeen national beauty associations and fifteen trade show organizations – all key players of the beauty sector - participated in the Summit, dialing in from across the globe.

Following the Summit, which presented the national association and trade show perspectives, the Openstreams Foundation conducted a special Survey, in seven languages, to investigate opinions on an individual level. Respondents were beauty professionals from Argentina, Australia, Canada, China, France, Italy, the Netherlands, Singapore, South Korea, Spain, Switzerland, Ukraine, and USA.

This **Openstreams Global Beauty Industry Summit - Official Report 2020** is a compendium of key findings from both the Summit and the Survey.

In the spirit of open exchange, the report is complimentary for all beauty industry professionals. It provides a unique, panoramic view of the global beauty sector.

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I. global beauty industry survey 2020

The survey was conducted between October 1 and November 13, 2020 in seven languages: English, Mandarin, Spanish, Portuguese, French, Korean, and Italian. Respondents were beauty industry professionals from the full supply chain from Argentina, Australia, Canada, China, France, Italy, the Netherlands, Singapore, South Korea, Spain, Switzerland, Ukraine, and the USA.

The objective of the survey was to gather perspectives on key topics such as Regional Development, Sustainability, Technology, Retail, Philanthropy, and Remote Work. The following pages contain the statistical data from the Openstreams Global Beauty Industry Survey 2020.

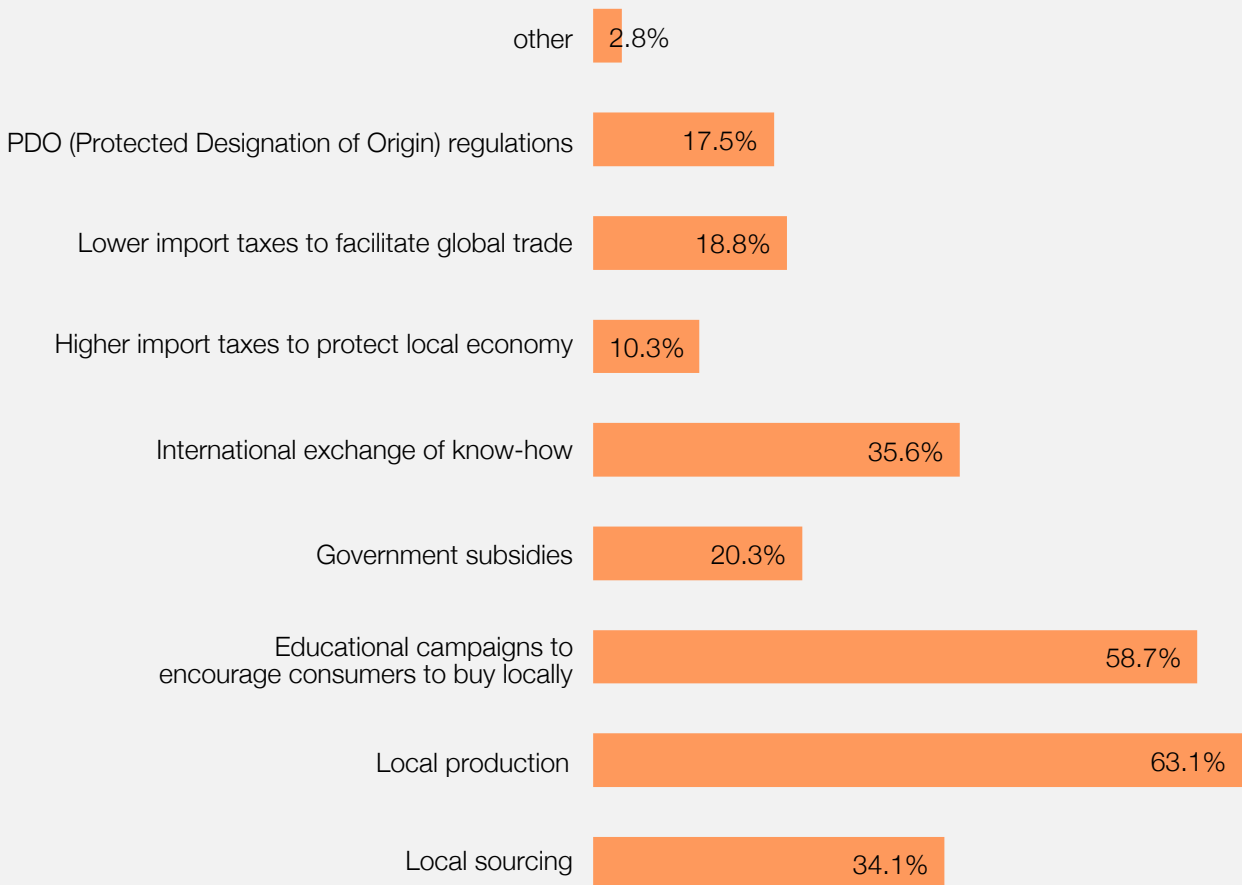
Regional Development Priorities



In your opinion, what is the most effective way to help regional beauty economies grow?

Local production and educational campaigns fuel regional development.

63% of the respondents participating in the Survey say that local production is the most effective way to help regional economies grow; while 59% believe in educational campaigns to promote local buying. Exchanging knowledge between countries is key for 36% of those surveyed. Meanwhile, respondents rank government initiatives, such as Protected Designation of Origin (PDO) regulations, lowering import taxes, and subsidies, low on the list of effective solutions for regional development.



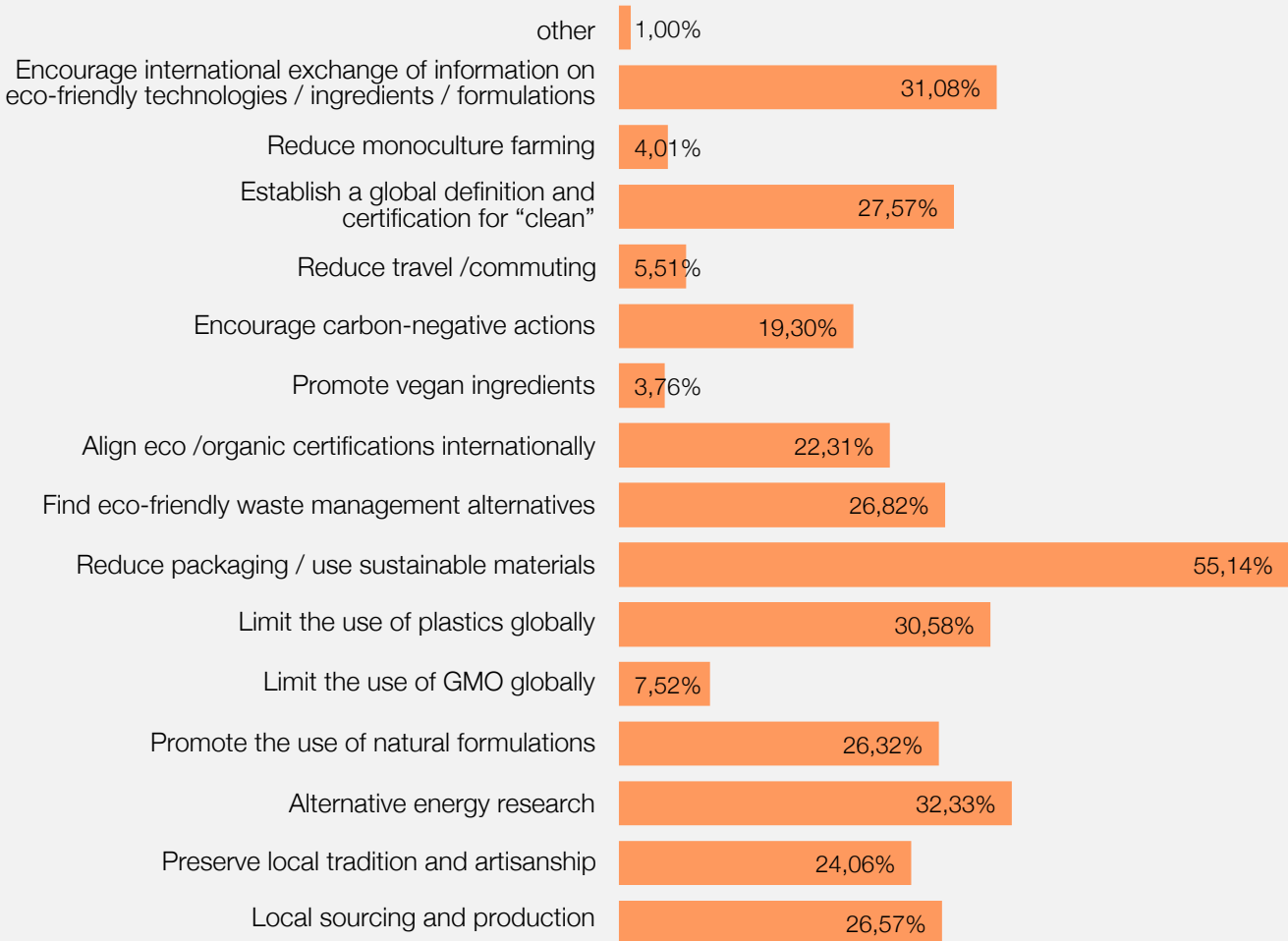
Sustainability Priorities



In your opinion, what sustainable actions should the global beauty industry prioritize on?

The immediate actions to take are to reduce packaging and use sustainable materials.

According to 55% of the respondents, the immediate sustainability priorities are reducing packaging and using sustainable materials. The international exchange of know-how regarding eco-friendly technologies, ingredients, and formulations is another important topic for 31% of those surveyed. This affirms that global collaboration and alignment are believed to be key to the sustainability of the planet. 32% of the respondents rank alternative energy research as their main priority.



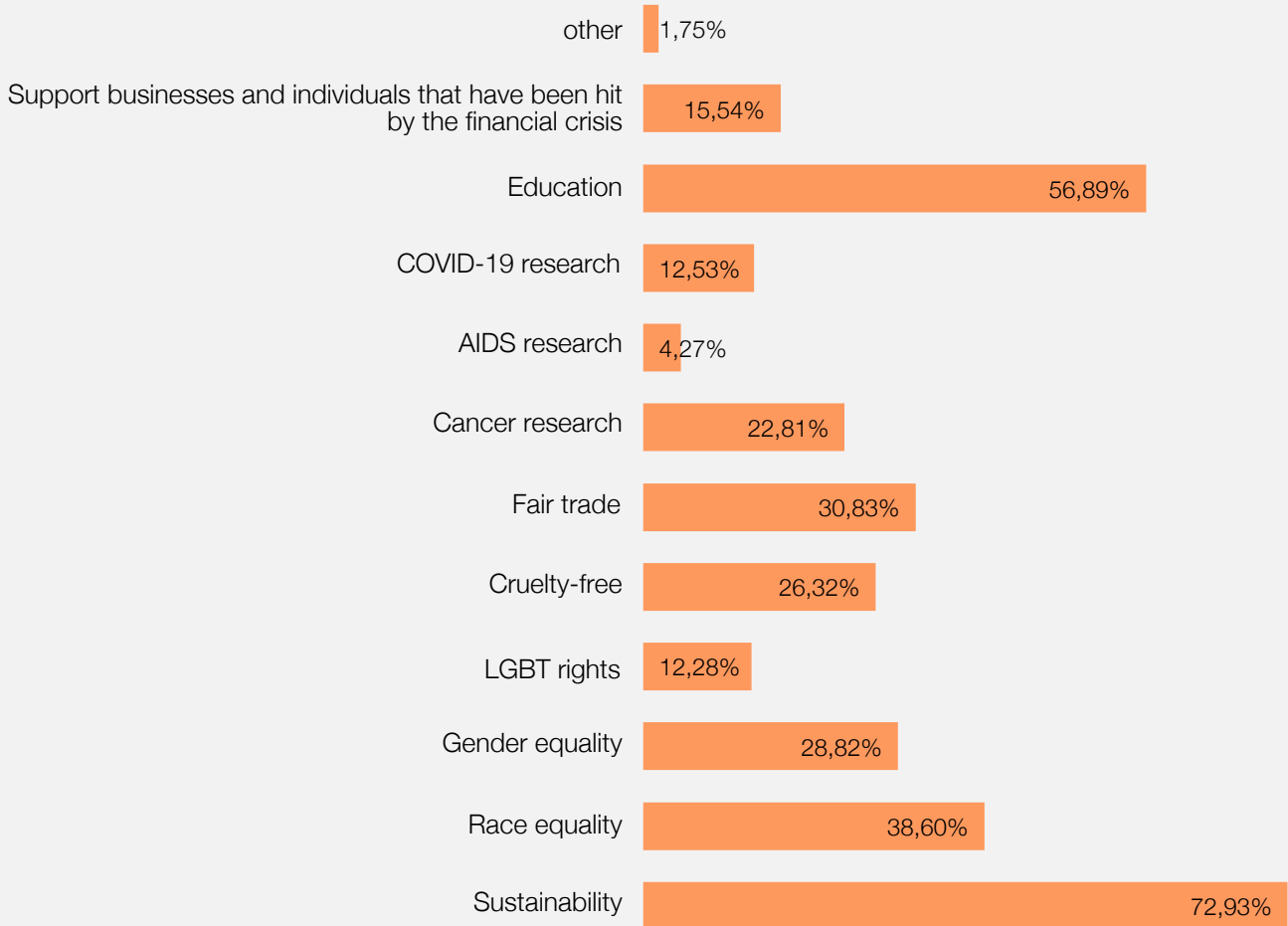
Philanthropy Priorities



What are your most important philanthropic issues?

Sustainability and education are the most important philanthropic priorities, followed by race equality.

73% of respondents believe that Sustainability is one of the most urgent philanthropic priorities, followed by 57% of respondents who selected Education. Meanwhile, 39% of respondents state that Race Equality is their most important cause. Medical research for COVID-19 and AIDS are not key priorities currently. It is likely respondents may feel that these causes have already been addressed by many existing initiatives.



Retail

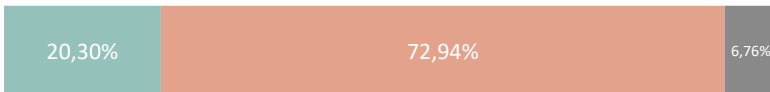


What is your opinion on the following statements regarding the future of retail?

■ agree ■ disagree ■ no opinion

While online retail will grow, there will still be a need for the human interaction aspect of brick-and-mortar.

A large majority, 85% of respondents, believe that brick-and-mortar retail will not become obsolete and will play an important role in offering sensorial consumer experiences. Close to 73% of respondents say that human salespeople will not be replaced by AI or robots. However, 72% of respondents think that online retail will grow and brick-and-mortar decrease.



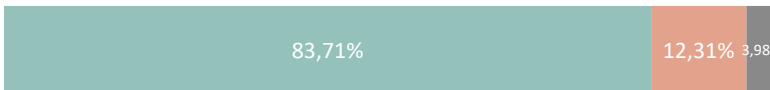
Robots/AI should eventually replace human salespeople.



Due to the need for human interaction, salespeople will become more important than ever.



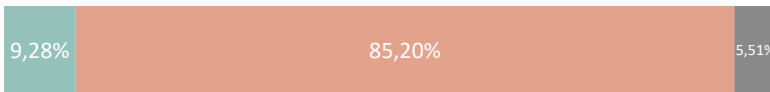
Augmented reality will be widely used in brick-and-mortar.



The main role of stores and malls should be to offer sensorial consumer experiences.



Paper money will become obsolete.



Brick-and-mortar retail will become obsolete.



There will be a return towards brick-and-mortar retail as consumers will seek human contact.



Online retail will grow, and brick-and-mortar retail will decrease.

Technology



Do you agree or disagree with the following statements concerning technology?

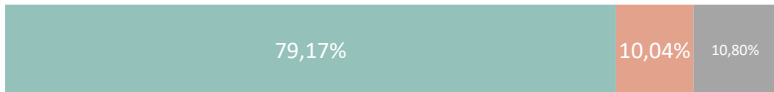
■ agree ■ disagree ■ no opinion

Biotechnology is one of the key solutions that will make the beauty industry more sustainable.

Almost 89% of respondents believe that biotechnology can offer solutions to make the beauty industry more sustainable. 81% of those surveyed think that robots/AI will take over repetitive and basic jobs in the workplace. Big data requires more stringent regulations according to 79% of respondents, while 55% say it is beneficial to consumers.



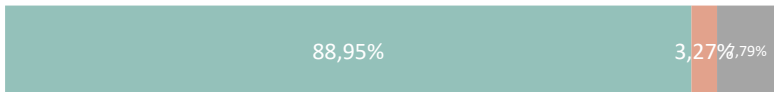
Big data is beneficial to consumers, offering them efficient, curated choices.



Big data invades privacy and should be more harshly regulated.



Social media will become the most important online retail channel.



Biotechnology can offer solutions to make the beauty industry more sustainable.



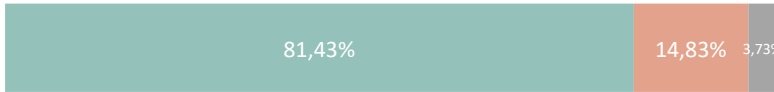
AI will create more job opportunities.



The use of AI will result in the loss of jobs.



More robots/AI should be used to stop the spread of diseases through human contact.



Robots/AI will take over repetitive and basic service jobs in the workplace.

Remote Work

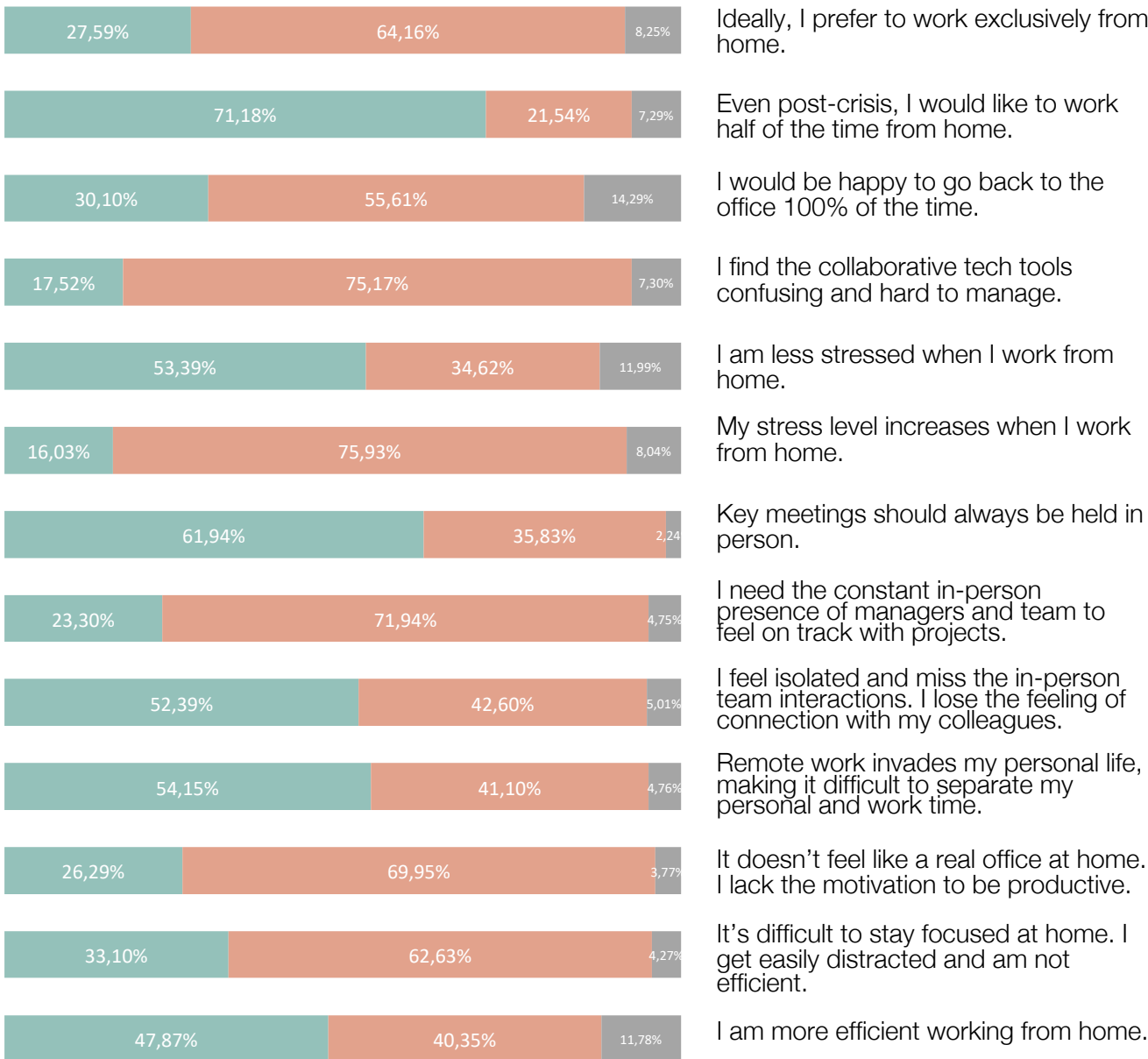


Please kindly state your opinion on the following statements.

agree disagree no opinion

Most employees would prefer to work remotely at least half-time after the crisis.

Opinions on remote work are divided. 71% of respondents would like to continue to work half-time from home, post-crisis. However, 64% prefer to work from home exclusively, although they believe key meetings should take place in person. Over half of the respondents feel isolated working from home and feel that this work style invades their personal life.



SURVEY:

EXECUTIVE SUMMARY



REGIONAL DEVELOPMENT PRIORITIES

Local production and educational campaigns fuel regional development.

SUSTAINABLE PRIORITIES

The immediate actions to take are to reduce packaging and use sustainable materials.

PHILANTHROPIC PRIORITIES

Sustainability and education are the most important philanthropic priorities, followed by race equality.

RETAIL

While online retail will grow, there will still be a need for the human interaction aspect of brick-and-mortar.

TECHNOLOGY

Biotechnology is one of the key solutions that will make the beauty industry more sustainable.

REMOTE WORK

Most employees would prefer to work remotely at least half-time after the crisis.



II.

key findings

KEY FINDINGS:

Digitalization – Reshaping Business Practices

While the COVID-19 pandemic resulted in global lockdowns, store shuttering, and trade show cancellations, it also triggered a rapid acceleration towards the digital realm. Globally, beauty sales from January to July 2020 dropped by two-thirds on average, compared with the same period last year, according to UFI, the global association of the exhibition industry. Reacting quickly, trade shows promptly shifted their efforts to webinars and online content.



“We’ve evolved in the digital space, and from a Beautyworld Middle East brand perspective, in the absence of meeting face to face, we’ve hosted a series of webinars to keep our stakeholders informed about the latest trends and opportunities in the current climate. These webinars have been really successful and will likely be here to stay moving forward,” said Show Director Elaine O’Connell.

Christophe Masson, CEO, Cosmetic Valley, France, noted that “the crisis accelerated many things that we have been working on for already five or ten years, but it’s a huge acceleration in the field of digitalization of companies, safety of products, and ecology and environmental protection. Digitalization has become a major priority for everyone,” he said. Moreover, the flight to digital across countries and categories will persist long after lockdown measures have eased up.

Still, when considering 2020 as a whole, it is expected that revenues will represent only 44% of those from 2019 in Europe and North America, 39% in Asia-Pacific, 33% in Central and South America, and 31% in the Middle East and Africa.

Faced with limited physical store sales, retailers are overhauling the digital consumer experience and focusing on three key online strategies:

- Substituting in-store interaction with personalized virtual appointments
- Sharing experiential content via live stream
- Activating and nurturing the digital community

RELATED OPENSTREAMS FOUNDATION SURVEY 2020 FINDINGS*:

- 55% of respondents believe that big data is beneficial to consumers, offering them efficient, curated choices.
- However, 79% of respondents believe that big data invades privacy and should be more harshly regulated.
- 66% of respondents believe that social media will become the most important online retail channel.

KEY FINDINGS:

The Future of Brick & Mortar



COVID-19 has forever changed the retail landscape. Even after a phased recovery, retailers will need to chart a path under very different market conditions. Reduction in discretionary income, growth in e-commerce and omnichannel platforms, focus on “essentials” and value, as well as the increased costs of sanitation to reassure customers, are among some of the key shifts that will shape new retail strategies.

Furthermore, the growing consumer comfort with online shopping is forcing retailers to reimagine the offline experience beyond simply revamping in-store safety and testers. Brick-and-mortar’s role will be to connect human interaction and offer multi-sensorial experiences that e-commerce cannot offer. Such experiences will include appointment-based shopping, as seen in luxury and high-end stores, which balance safety and personalized experiences.

With the unraveling of the COVID crisis, the direct correlation between global news updates and spending habits has abated. As COVID-19 lingers and consumers are more accustomed to life during the crisis, figures show that spending habits are no longer as strongly impacted by the latest pandemic news.

FMCG (fast-moving consumer goods) purchases remain relatively steady, even in countries that have experienced new or ongoing outbreaks of the virus, such as the USA, Brazil, and Russia.

As consumers are now acclimatizing to our changed world, sales curves are becoming less reactive to ongoing lockdown restrictions and social distancing rules, especially with regards to beauty.

RELATED OPENSTREAMS FOUNDATION SURVEY 2020 FINDINGS*:

- 83% of respondents believe that the main role of stores and malls should be to offer sensorial consumer experiences.
- Only 9% of respondents believe that brick-and-mortar retail will become obsolete.
- 57% of respondents believe that salespeople will become more important than ever due to the need for human interaction.
- 71% of respondents believe that augmented reality will widely enter most brick-and-mortar stores.
- 20% of respondents believe that robots and AI will eventually replace human salespeople.

KEY FINDINGS:

Home-Office Work Style

As a result of COVID-19, employers around the world have been forced to implement work-from-home policies, rapidly adapting their management technologies and communication, with no immediate plans to return to the office. Employers such as Google, Microsoft, Uber, American Express, and Airbnb have already extended their work-from-home policies, and in some cases, are allowing employees to permanently work remotely. Respondents to the Openstreams Survey are generally positive about remote work. 63% of respondents said that they are more



efficient working from home, while 60.6% feel less stressed working from home. An overwhelming 71% of respondents say that they would like to work half of the time from home post-crisis, once the pandemic is under control.

However, 52% of respondents feel isolated and miss in-person interaction with their colleagues, indicating that in-person interaction is indispensable for personal well-being and team bonding. While a remote work style holds strong appeal, hybrid options combining in-person and online work styles will be key in the future.



There is, of course, an immense environmental benefit: with millions of people working from home, there has been a massive drop in air pollution, which kills 4.2 million people every year, and more than one million people in China alone.

“The crisis could bring about greater solidarity in approaching future health crises. We’ve already seen that the stay-at-home orders have resulted in better air quality. And this is a reminder that our transition to a low-carbon economy could have many public health benefits including cleaner air,” said Francine Lamoriello, Executive Vice-President Global Strategies, Personal Care Products Council, USA.

RELATED OPENSTREAMS FOUNDATION SURVEY 2020 FINDINGS*:

- 71% of respondents said that they would like to work half of the time from home.
- 53% of respondents said that they are less stressed when they work from home.
- However, 52% of respondents said that they feel isolated and also miss in-person team interactions.

KEY FINDINGS:

Safety



Even as we emerge from lockdown, the primary aim will be to establish health and safety guidelines to recover consumer trust in the physical shopping experience, beauticians, and salons. “Now is the era of safety,” asserted Val Diaz, General Director, STANPA, Spain.

“When you go through a pandemic, naturally you think about what’s safe, and it’s going to be much more important to everybody,” said Carlotta Jacobson, President, CEW, USA. “When you look at how much growth there has been in clean products, that’s the beginning. I think it’s going to move into safe products, meaning products that are safe with regards to sustainability and ingredients because there’s a lot of misinformation.”

Trade shows, companies, retailers, salons, and beauty services are all forced to radically reevaluate their sanitation protocols, with many turning to health and sanitary guidelines offered by associations.

Until the health crisis is contained, several changes will need to be implemented to keep trade shows safe. “Sanitary measures will become the new normal and will redesign our events in the coming years. We are currently rethinking our events to further boost efficiency in order to accommodate the beauty sector more than ever,” said Fabienne Germond, Show Director, Luxe Pack.

Beauty associations are also creating safety charters and clear regulations to help assure that hair and beauty salons will be able to stay open in the event of further lockdowns.

“We started an initiative called ‘Hairdressers against Corona’ that communicates to the public that hairdressers are ‘hygiene ambassadors,’ implementing measures required by authorities to keep consumers, and themselves, safe,” said Birgit Huber, Deputy Director General IKW, Germany.

Tina Viney, CEO, APAN, Australia, pointed out that they have also developed clear clinical policies and charters to help maintain safety and to secure a safe environment in the workplace.

FEBEA said that the French cosmetics industry has been hit particularly hard by COVID-19, especially small to mid-sized businesses. FEBEA is negotiating with the government to classify salons as “essential business,” so that they may stay open in the event of further lockdowns.

APAN in Australia has created a Pandemic Infection Control Program with the goal of creating an internationally uniform, evidence-based infection control standard that sets practitioners apart and establishes them as part of an international movement of safety against pandemics. Graduates of the course will receive a certificate and be part of an international movement for greater safety.

These initiatives are early indicators that safety and transparency will continue to be key industry drivers in the years to come.

KEY FINDINGS:

Beauty: An Essential Sector

Many beauty companies were swift to shift their manufacturing at the onset of the crisis in order to produce hand sanitizers, and other hygienic products, for frontline healthcare workers. “More and more it is understood that our industry is essential to consumers’ lives,” said Francine Lamoriello, Executive Vice-President Global Strategies Personal Care Products Council, USA.

“Our industry supported structures that are on the frontline in the fight against COVID-19,” said Renato Ancorotti, President, Cosmetica Italia, Italy.

Junji Yamamoto, Senior Managing Director, JCIa, Japan, concurred. “With the current national emergency, we think that the cosmetic industry has fulfilled its social responsibility,” he said.



Nurse with irritated skin due to mask-wearing



A Dior bottle being repurposed for the medical community © LVMH

LVMH was among the first to respond, shifting production at its French facilities, from manufacturing cosmetics and fragrances for brands such as Guerlain, Givenchy and Dior to producing hand sanitizers. Other multinationals, including Estée Lauder and L’Oréal, also rapidly responded and started making hydroalcoholic gel. Others still, such as Unilever, donated personal hygiene and home cleaning products.

“The crisis has shown that beauty is very agile,” said Michael Nolte, Creative Director, BEAUTYSTREAMS, of the industry’s ability to innovate under uncertain market conditions.

The beauty industry also proved itself to have a profound impact on people’s well-being at a time of crisis, with products boosting physical and mental wellness. Beauty routines are currently strongly evolving towards self-care, including other categories such as hair color and color cosmetics, as people look for accessible ways to feel good and regain self-esteem during difficult times.

“The world needs us for happiness, self-care, and well-being,” said Val Diez, General Director, STANPA, Spain.



Self-care beauty ritual

KEY FINDINGS:

Sustainability



There is unanimous agreement that COVID-19 has accelerated the transition to a more sustainable industry. Joe Wang, Director of Innovation and Entrepreneurship, CAFFCI, China, said, “consumers prefer companies that do good.”

“2020 has impacted consumer demands more than ever. It has accelerated the focus on sustainability, clean and clinical beauty, and wellness, to name a few. As a brand, it is imperative to adapt to these demands, and quickly. Reprioritizing and pivoting to digital and e-commerce are a must in this safety-first new world we live in,” noted Liza Rapay, Head of Marketing, Cosmoprof North America.

Indeed, sustainability holds the number-one spot amongst philanthropic priorities, according to the Openstreams Survey. Respondents said that the top three main actions in sustainability are: reducing packaging and employing sustainable materials; establishing a global definition and certification for “clean;” and finding eco-friendly waste management alternatives.

“The idea of sustainability has definitely evolved beyond an inclusion of ethical credentials, and environmental concerns, such as plastic pollution and climate change, towards purpose over profit. It’s a more holistic approach aiming to create social, environmental, and economic value. Prior to COVID, the profit-driven approach to doing business was gaining traction, certainly in the boardroom. But COVID has brought a new consciousness that goes far beyond compensating for people’s negative impact on the planet. Businesses are definitely making an impact, putting mission first and helping countries to close existing gaps and acquiring essential supplies; while, also supporting employees, suppliers, and local communities,” said Sallie Berkerey, Managing Director, CEW UK.



The acceleration of conscious consumerism, including using localized sourcing of ingredients, was also underlined by Kajal Anand, President, AICMA, India. “False claims, misleading advertisements, unethical sourcing of ingredients, child labor, use of harmful ingredients, animal testing, and use of excessive packaging has to be stopped,” she stated, adding that the application of a sustainability framework facilitates a better understanding of which ethical concepts to support.

KEY FINDINGS: Sustainability (continued)



An additional concern is the higher cost of sustainable products, which makes them unaffordable for some. “For many segments of the population, despite the intent to purchase sustainable products, when considering the limitations that Brazilians face in terms of spending, sometimes they are not choosing a more sustainable product,” said Karla Brandão, Management Director, ABIHPEC, Brazil.



Christophe Masson, CEO, Cosmetic Valley, France, emphasized the need to educate consumers about the value and richness of biodiversity. Cosmetic Valley does this, in tandem with various partners, via a database called Cosmotopea that documents global botanical knowledge, and positively reinforces the link between biodiversity, local traditional medicines, and the cosmetic industry.

Patrick O’Quin, President, FEBEA, France, among others, indicated that the crisis could have a positive impact on biodiversity.

Matteo Moretti, President, Polo della Cosmesi, Italy, expressed his optimism: “I believe that, as in any difficult period, there are also opportunities to be seized. When a company thrives on innovation, it projects itself into the future.”

“Investing in sustainability will eventually pay off economically, and with regard to reputation,” said Renato Ancorotti, President, Cosmetica Italia.

RELATED OPENSTREAMS FOUNDATION SURVEY 2020 FINDINGS*:

- 55% of respondents believe that reducing packaging and using sustainable materials should be the global sustainability priorities.
- 31% of respondents would like to encourage international exchange of know-how of eco-friendly technologies, ingredients, and formulations.
- 32% of respondents believe that research in alternative energy is a priority.
- 73% of respondents believe that sustainability is the most important philanthropic issue.
- 57% of respondents believe that education is the second most important philanthropic issue, followed by 39% of respondents who cited race equality.
- 89% of respondents believe that biotechnology can offer solutions to make the beauty industry more sustainable.

KEY FINDINGS:

Equality



The beauty industry has been fostering corporate social responsibility and working to implement lasting change with regards to all forms of equality including gender, ethnicity, age, sexual orientation, and religion. According to the Openstreams Survey, after sustainability and education, racial equality is the third largest priority among philanthropic causes.

The overriding message from the Summit participants is: “Don’t just wish for change – be the change.”

Francine Lamoriello, Executive Vice President of the Personal Care Products Council, said: “It’s important for our associations to look inward to make sure we are getting our own houses in order. And that we really practice active listening.” PCPC supports legislation on a state and federal level that addresses bias and inequity. Aligning global regulations is another primary goal of PCPC. Taking action in all fields of equality is a key concern, according to Sallie Berkerey, Managing Director, CEW UK. “That’s been the big change this year. You can’t pay lip service to these issues,” she said.

ABIHPEC’s role in Brazil is to raise the level of engagement with members regarding equality issues, according to Karla Brandão, its Management Director.

Some associations are increasing visibility of minorities via special awards that single out their professional achievements. CEW USA has been putting minority thought leaders in the spotlight, stated the organization’s President Carlotta Jacobson.

Moreover, where the beauty industry leads, others will follow. As Val Diaz, General Director, STANPA, Spain, pointed out: “The beauty industry creates references.”



RELATED OPENSTREAMS FOUNDATION SURVEY 2020 FINDINGS*:

- 39% of respondents of the Survey believe that Race Equality is a philanthropic priority, making it the third most selected topic after sustainability and education.
- Only 29% of respondents defined Gender Equality as a key philanthropic topic in beauty, most likely because the topic has already been widely addressed.

EXECUTIVE SUMMARY



DIGITALIZATION: RESHAPING BUSINESS PRACTICES

Retailers are innovating rapidly to bring in-store experiences online, but this is not without challenges as mistrust of big data persists.



THE FUTURE OF BRICK-AND-MORTAR

While the crisis has rapidly accelerated digitalization, the role of brick-and-mortar stores will be to offer multi-sensorial experiences that e-commerce cannot offer.



HOME-OFFICE WORK STYLE

Office culture will evolve towards hybrid options of in-person and remote work.



SAFETY

Sanitary measures will become the new normal, with safety charters and clear regulations leading the way.



BEAUTY: AN ESSENTIAL SECTOR

The beauty industry plays a vital role during the crisis, by producing essential hygiene products and by boosting self-esteem in difficult times.



SUSTAINABILITY

There is a rising consumer desire for brands that put “purpose over profit,” along with an even more accelerated demand for sustainability.



EQUALITY

The beauty industry leads the way by championing all types of equality: ethnic, gender, sexual orientation, age, religion, etc.



III.

future
outlook

Trade Shows

When COVID-19 brought physical trade shows to a halt, they quickly pivoted to digital technology. “It is important to re-invent our activity, in order to better support the industry in a global restart. Digital tools and new technologies can be helpful. And they can improve the experience of operators and exhibitors. This is why we are working on the development of our digital event, WeCosmoprof,” said Enrico Zannini, Show Director, Cosmoprof Bologna.



Almost all the participants said that digital technology cannot replace human-to-human, in-person meetings. “Even with the general feeling among companies in the business world that things may not go back to the way they were before, we’re sure that trade shows and exhibitions are tactile and offer opportunities that simply cannot be reproduced by the digital world, even in the most realistic VR world,” noted João Paulo Picolo, CEO, FCE Cosmetique.



Claudia Bonfiglioli, International Director, Informa Beauty Exhibitions, underlined the sensory need to experience products, so important in beauty. “I do not believe digital trade shows will replace physical trade shows in the future. I see this as an extension of, and a complement to, our live events. Beauty, in particular, is a very tactile business and buyers want to feel design, want to smell fragrances, want to look at colors with their eyes.”

Ivan Rahal, Head of Marketing, In-Cosmetics Group, Reed Exhibitions, is confident that physical shows will return. “We find that the majority are very keen to attend a live event as soon as it is possible. In the meantime, their priorities are accessing information about new product launches and also generating new leads. This is why we launched In-Cosmetics Connect, a brand-new online resource giving pride of place to new ingredients and formulation insights,” he said.

“We recently conducted a survey of more than 4,000 professionals which explored the impact of COVID-19 on the exhibitions industry. More than two thirds of respondents said that in a post-pandemic world, the face-to-face interaction that can only be had at physical shows will be just as, or more important than pre-COVID-19,” said Elaine O’Connell, Show Director, Beautyworld Middle East.

That said, digital technology promises more exciting experiences in the future, in addition to keeping client relationships alive and thriving in between real-life events. “There is a lot of talk of hybrid events which I certainly do feel is the future of exhibitions. This is the combination of the onsite face-to-face benefits with an additional benefit of digital offerings,” explained Jamie Hill, Managing Director, Beauty West Africa.

Beauty Associations

Many agreed that increased cooperation and information exchange will render the global industry stronger and more agile. “A lot of growth is going to come from partnerships,” said Carlotta Jacobson, President, CEW, USA.

“We can also create bridges between companies, and promote matchmaking between ingredient producers and manufacturers, in addition to promoting dialogue not only between our members, but also between our members, the government, and regulatory authorities,” said Karla Brandão, Management Director, ABIHPEC, Brazil.



Kajal Anand, President, AIOMA, India, envisages sharing members’ data to create international matchmaking, and facilitate cross-border business. Juan Carlos Castro, Executive Director, ANDI, Columbia, says that the country is always looking to enhance best practices, a key aspect of which is to align and share legislation between nations.

Regular communication between associations was deemed to be essential. This includes promoting networking between companies and sharing research, noted Saehoon Bill Lee, Chair of Export Committee, KCA, Korea. This was echoed by Birgit Huber, Deputy Director General, IKW, Germany, who emphasized the importance of respecting cultural differences, and working closely to better understand each other.

Many agreed that the crisis is also an opportunity to accelerate change in sustainability and ethics, and that the beauty industry has a big social responsibility to nurture this.

It’s about seeing the potential of new players and fostering their growth into the iconic players of a new era.

“The beauty industry is a product of the imagination. After experiencing the crisis, we need to reimagine a different, better beauty industry, and I believe that the beauty industry will be better,” said Joe Wang, Director of Innovation & Entrepreneurship CAFFCI, China.

RELATED OPENSTREAMS FOUNDATION SURVEY 2020 FINDINGS*:

- 63% of respondents believe that the most effective way to help regional beauty economies grow is via local production.
- 59% of respondents believe that educational campaigns to encourage consumers to buy local are important.
- 36% of respondents said that international exchange of know-how is important.



The crisis both accelerated digitalization, forcing brands and retailers to hasten their transition to online retail, and underscored that consumers are hungry for in-person interaction. Brick-and-mortar still has an important role to play in beauty. While online retail offers convenience and safety, offline retail holds the promise of leisure, luxury, and superior experiential discovery.

Consultations with digital consultants and experts, a mainstay during the crisis, will persist long after the crisis has been contained. However, certain beauty services, such as those provided by hair salons and beauticians, cannot be replicated at home, underlining the value and expertise provided by beauty experts. Professional services elevate the beauty experience and enable brands to test novelty and innovation with consumers.

Small, local stores, as opposed to malls and department stores, appeal to consumers in search of trust and a personal connection. The social role that small, neighborhood stores play cannot be underestimated. This is especially true in our digital era where human interaction is in short supply, and urban populations are increasingly suffering from loneliness.



“We believe that hyper-specialization is one of the key opportunities for brick-to-mortar retail. Specialty stores that have well-trained, trustworthy salespeople will attract customers who often feel lost in the jungle of online shopping,” says Michael Nolte, Creative Director of BEAUTYSTREAMS.

RELATED OPENSTREAMS FOUNDATION SURVEY 2020 FINDINGS*:

- 73% do not believe robots/AI should replace human salespeople.
- 57% expect that due to the need for human interaction, salespeople will become more important than ever.
- 71% of respondents believe that augmented reality will widely enter most brick-and-mortar.
- 84% state that the main role of stores and malls should be to offer sensorial consumer experiences.
- Only 9% of respondents think that brick-and-mortar will become obsolete.
- According to 72% of respondents, online retail will grow, and brick-and-mortar retail will decrease.

FUTURE OUTLOOK:

Skin & Personal Care



Personal care, a cornerstone of well-being and self-care, has proven to be resilient during the crisis. By contrast, premium skin care is down-trending as a result of cautious consumer spending.

For this reason, BEAUTYSTREAMS forecasts a sizable opportunity in a premium approach to personal care, applying the “masstige” principle that is already prevalent in fashion and color cosmetics.

For example, one can envisage a personal care line with everyday products that also includes premium “versions,” inspiring beauty rituals and moments of indulgence.

BEAUTYSTREAMS also sees great potential in hyper-specialization of skin care and personal care. Rather than pursuing the latest fast fad, brands that are synonymous with a particular ingredient or claim will garner trust. As we move away from quick trend cycles to a more measured pace, products will be valued for their quality and efficiency.

Sustainability, already a common denominator in all categories, will assume even greater importance as a result of the crisis. However, consumers will always seek self-indulgence, especially in beauty. So the challenge will be to find truly sustainable solutions that also offer memorable sensorial experiences.

FUTURE OUTLOOK:

Fragrance

The fragrance sector is evolving from its role as a status symbol and tool of self-expression, towards functional fragrances that bring emotional benefits and physical well-being. In the past, fragrance was a means to communicate with and seduce others. Today, new developments have catapulted the category towards a “fragrance-for-me” approach that inspires new avenues of innovation. For example, scents that balance hormone levels, and trigger the production of endorphins or oxytocin, offer exciting paths of exploration.



FUTURE OUTLOOK:

Hair Care & Color



Inclusivity and diversity, already on a rapid trajectory in color cosmetics, is becoming more important in the hair category, as well. However, with the increase of mixed-race populations, the point of entry should be about individual needs, rather than ethnicity, as a person may be of multi-ethnic origin.

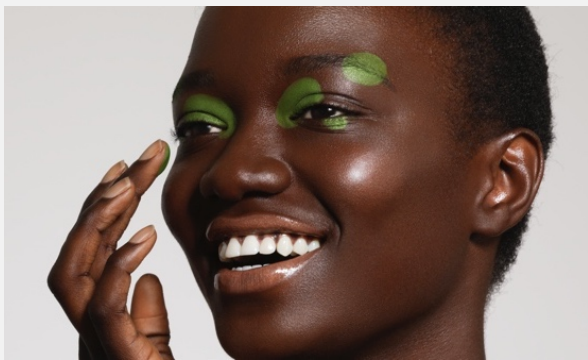
An additional challenge for the hair industry is to offer less invasive, yet effective, coloration for dark and/or textured hair.

As in all categories, clean and more sustainable alternatives are in demand. Consumers want efficiency and safety, as well as sustainability. This can be particularly challenging in hair care. While 100%-natural straighteners and bleach are not yet available, transparency concerning a product's level of sustainability is paramount. It is key to give consumers the choice between natural products on the one hand, and efficient alternatives that may not be as sustainable on the other.

In another big shift since lockdown, consumers are becoming accustomed to experimenting with semi-professional hair care and coloring at home. Consequently, salons will need to push their professional expertise in order to offer services and results that cannot be achieved at home. In certain cases, this will lead to the premiumization of salons allowing them to survive the crisis.

FUTURE OUTLOOK:

Color Cosmetics



Color cosmetics has been the category most impacted by the crisis. This is due to reduced make-up usage during lockdowns, social distancing, and mask-wearing. However, the more elusive, yet very important, factor is how color cosmetics boost consumer morale and self-esteem, particularly during the uncertainty of the crisis. Psychological well-being plays a crucial role in a lockdown situation. BEAUTYSTREAMS also

believes that escapism through make-up will become an important consumer need. However, the non-sustainable, seasonal aspect of trends will be re-evaluated, as consumers seek selective, quality purchases. Eco-friendly packaging solutions will continue to be in high demand, as we will move away from extraneous waste.



TRADE SHOWS

New technology will enhance the visitor experience, as well as keep the trade show community connected throughout the year, in between physical events.



ASSOCIATIONS

Increased collaboration through information exchange will result in a strong global beauty industry.



RETAIL

Hyper-specialization in brick-and-mortar retailing will attract customers who may feel lost in the jungle of online shopping.



SKIN & PERSONAL CARE

There is an opportunity for a premium approach to personal care, inspired by the “masstige” formula that is already prevalent in fashion and color cosmetics.



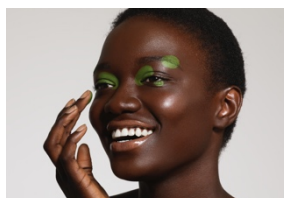
FRAGRANCE

Beyond its role as a status symbol, fragrance is evolving towards a functional purpose with emotional and physical benefits.



HAIR CARE

With the rise of mixed-race populations, hair care will be about personal needs rather than ethnicity.



COLOR COSMETICS

Escapism through color cosmetics will be key. Consumers are challenging the non-sustainable aspect of seasonal trends.

IV.

about

ABOUT:

openstreams foundation

The Openstreams Foundation is a non-profit organization established by BEAUTYSTREAMS Founder & CEO Lan Vu. Its mission is to foster global collaboration, promote awareness of key issues related to the beauty sector, and support education. The Openstreams Global Beauty Industry Summit is the organization's inaugural initiative. Through the Openstreams Foundation, Lan Vu and her multicultural team at BEAUTYSTREAMS hope to ignite a movement towards borderless exchanges and collaborations worldwide.

For more information: www.openstreamsfoundation.org.

ABOUT:

BEAUTYSTREAMS

BEAUTYSTREAMS is the global beauty industry reference. The platform is an indispensable source of future insights and market intelligence for brands on six continents. For the past ten years, BEAUTYSTREAMS' insights and future vision have informed the marketing and product strategies of leading brands worldwide.

For more information: www.beautystreams.com

ABOUT:

Participating National Associations

We are grateful to the seventeen national beauty associations who participated in the Openstreams Global Beauty Industry Summit and generously shared their insights.



ABOUT:

Participating Trade Shows

We are pleased to collaborate with fifteen trade show organizations throughout the world. We sincerely thank them for their kind support.



openstreams foundation

openstreamsfoundation.org