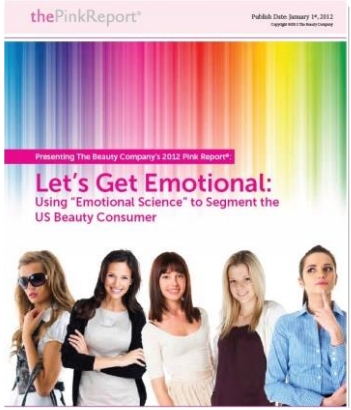
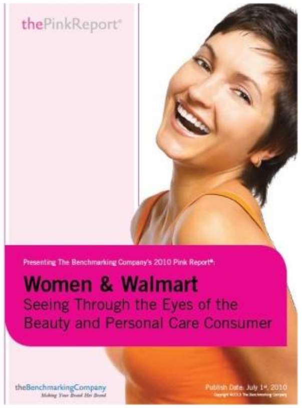
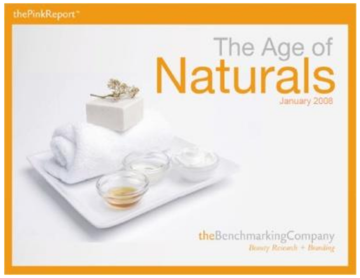
Her Obsession with Beauty Products
Yesterday, Today and Tomorrow

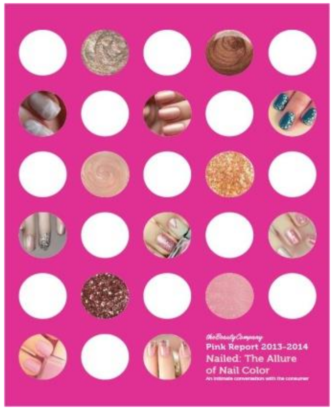
A comparative look at yesterday's and today's beauty trends, influencers and behaviors, and predictions of trends for the next decade.

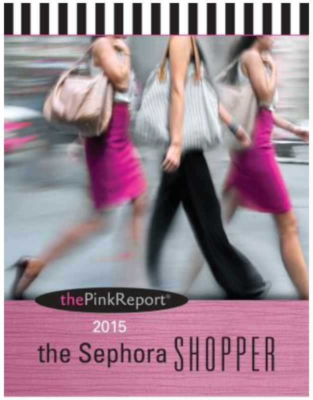
Past PinkReports











Report Methodology

Purpose of the Report

- The 2016 PinkReport provides a detailed look at the US female beauty consumer benchmarked against data collected in TBC's original PinkReport issued in 2006. The online survey was completed by 2,747 female beauty consumers who have used beauty products within the past 12 months.

  The comprehensive survey instrument, included 56 in-depth questions, and was developed based on exploratory psychometric and demographic questions.

Research Execution

- US Women, Vetted Beauty Buyers
- Ages: 18-70
- Online Fielding
- May – August 2016

Survey Design and Scope

- Screeners
- Demographics
- Trends by 10
- Shopping Behaviors
- Spending Behaviors
- Categories She Buys
- Brands Preferences
- Retail Channel Preferences
- Impact of Technology
- Influencers & Motivators
- Attitude Drivers
- Trends for next decade

What We Will Cover Today…

Meet The Beauty Consumer

The Paradigm Shift

Benchmarking Stats

Trends by 10

Trends for the Next 10

Study Contents

Study Contents

Meet the Beauty Enthusiasts

Maddie (18-24) and Megan (25-34) Millennial
Born with cell phones in their hands
1 in 3 women are spending more than 3 hours per day on social media
She is swayed by what is trending in social media
88% of Millennials are highly influenced to purchase a beauty product as a result of reading positive reviews
52% earn more than $50k annually

Jessie Gen-Xer (35-49)
Generation that shops the most frequently
1/3 spend more than 50% of their online time on social media
65% are earning more than $50,000 annually. 16% are earning between $100,000 and $150,000 per year (the highest of all demographics)
Open to trying new products

Barbie Boomer (50+)
Disposable income and still buying big
85% want to know that is product is made specifically for someone my age
Product loyalist – 60% will continue to use her tried and true products for at least the next 10 years
99% say they're open to trying new beauty products

The Paradigm Shift of Beauty Consumerism

- Life cycle of technology adoption
  - iPhone
  - Instant 411
  - E-commerce/online shopping
  - Social share

- A shift from I need it to I want… and I want it now

- I love a pretty box, but what I want more is proof

Beauty by the Numbers
2006/2016
Benchmarking Stats

That Was Then: 2006. This is Now: 2016

Category	That was Then: 2006	This is Now: 2016
Average age: 25-39	52%	43%
Household Income above $50K/yr.	43%	57%
Marital Status: Married	53%	58%
Shops for Beauty: Monthly	18%	41%
How She Discovers Beauty	See it in a store	Friends/family
Top Motivator to Purchase	Product was on sale	Free sample
Favorite Magazine	Cosmopolitan	Allure
Internet Use (per day)	Doesn’t use internet (43%)	3-8 hours (65%)
Fav Store For Beauty Products	Walmart	Target/Walmart
Favorite website	Yahoo.com	Amazon.com
Favorite Color Cosmetics Mass Brand	CoverGirl	CoverGirl
Favorite Color Cosmetics Masstige Brand	Avon	Physician’s Formula
Favorite Color Cosmetics Prestige Brand	Clinique	Urban Decay
Favorite Social Site	MySpace	Facebook

That Was Then: 2006. This is Now: 2016 Makeup Brands She Buys

Biggest Winners

- +26% Urban Decay
- +26% Bare Escentuals/Bare Minerals
- +15% Benefit Cosmetics
- +13% Rimmel, Smashbox and MAC

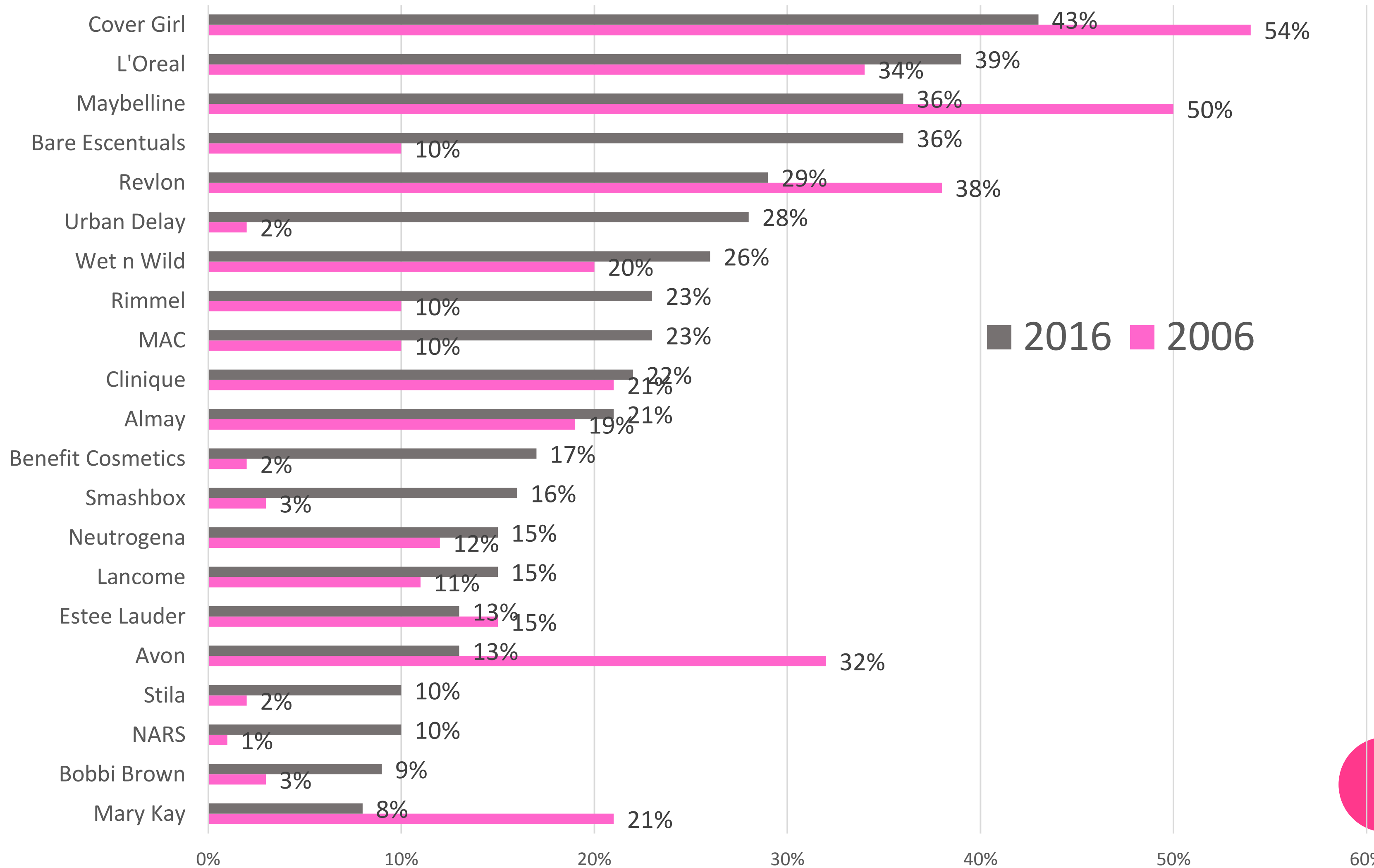
Market Share Decline

- -19% Avon
- -14% Maybelline
- -13% Mary Kay
- -11% CoverGirl
- -9% Revlon

Transcends the Test of Time

- Clinique
- Estee Lauder
- Almay

Makeup Brands She Buys, Then and Now



That Was Then: 2006. This is Now: 2016
Skincare Brands She Buys

Biggest Winners
- +8% Cetaphil
- +7% Bare Escentuals/Bare Minerals
- +4% Burt's Bees

Market Share Decline
- -21% Avon
- -16% Mary Kay
- -13% Olay

Transcends the Test of Time
- Clinique
- Bioré
- Lancôme

That Was Then: 2006. This is Now: 2016 Bath & Body Brands She Buys

Biggest Winners
- +8% Nivea
- +7% Aveeno

Market Share Decline
- -16% Dove
- -15% Avon

Transcends the Test of Time
- Bath & Body Works
- Neutrogena
- Olay

That Was Then: 2006
This is Now: 2016
Haircare Brands She Buys

Biggest Winners

- +17% Garnier Fructis
- +11% Aussie

Market Share Decline

- -12% Suave
- -10% Pantene

Transcends the Test of Time

- Paul Mitchell
- Herbal Essences
- Head & Shoulders

That Was Then: 2006. This is Now: 2016 Brand Recognition and Brand Favorites

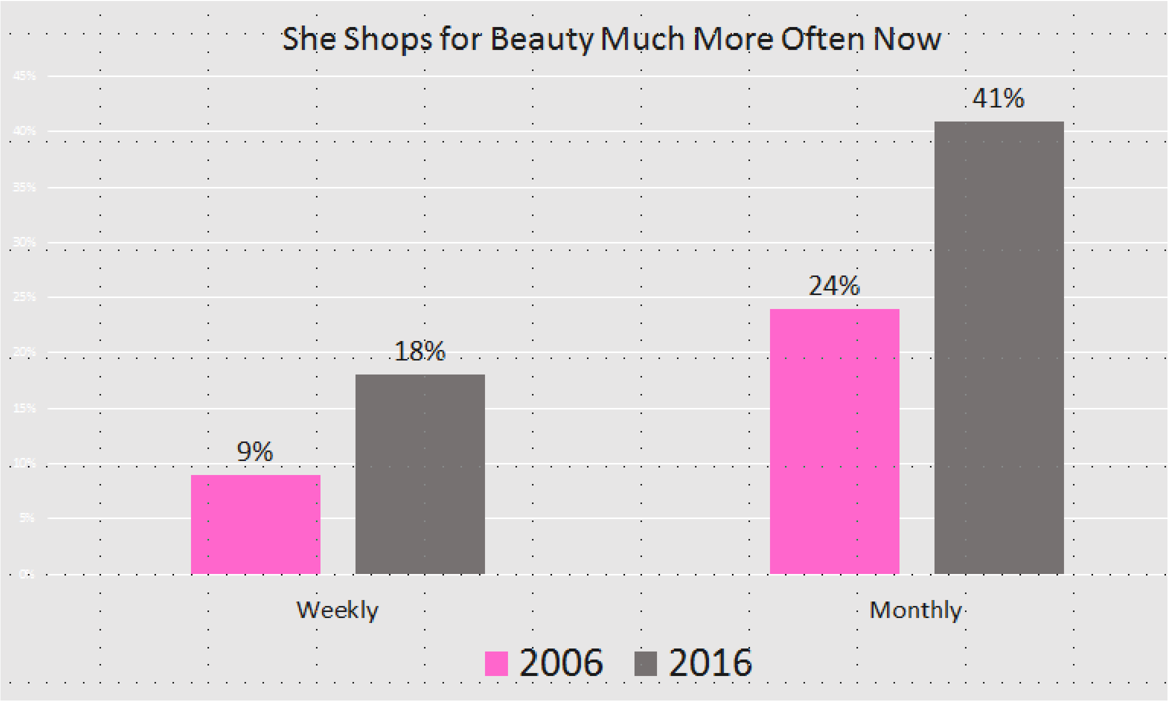
Top Brands that have Moved the Awareness Needle the Farthest in the Past 10 years

- Philosophy +43%
- Stilla +37%
- Murad +36%
- Laura Mercier +35%
- Origins +35%
- Physicians Formula +34%
- Cetaphil +34%
- Sephora Collection +33%
- Chanel +33%
- Perricone, MD; Dior & Burt’s Bees +31%

Trends by 10

The big changes of the past decade.

TREND 1: SHE'S BUYING MORE & MORE OFTEN



% who spend up to $75 per month

- 95% on bath & body products
- 92% haircare products
- 88% on facial skincare
- 85% color cosmetics

GENERATIONAL FLASH:
39% of Millennials shop for beauty every month, and 27% are shopping weekly and 16% are shopping more than twice a week!

Trend 2: It's Not about Needs, it's All About Desire

In 2016, beauty is an "I want it" purchase. Need is no longer the primary driving factor in her purchase decision.

What Drives Her Desire?

- "I like the way it looks on someone else"
- There is room in my makeup bag
- I like variety
- I want to try new things
- It is trending on social media
- My friends told me about it
- I read great product reviews
- I received an email from a retailer
- I saw a tutorial
- I read a blog or saw a vlog on YouTube

10 Year Stat

In 2006, 61% only purchased a new product when they ran out as compared to 19% of shoppers in 2016.

TREND 3: SOCIAL SHARE FEEDS HER G2G OBSESSION

From online tutorials to selfies to reading and reacting to consumer claims and product reviews, the social experience of women connecting with other women about products can either sink or sell a beauty brand.

Ten years ago a woman's circle of friends could be easily counted. With the "friending, linking, liking and tweeting" culture of today, her circle grows exponentially daily.

What is G2G?

That's Girlfriend to Girlfriend.

- **63%** say family and friends are their most trusted beauty influencers
- **78%** of consumers agree that social media has made it easier for consumers like them to find information about products that are personalized to their age, skin concerns, budget, and needs
- **1/3** indicated they have searched a specific brand's website in the past 12 months as a result of a friend's recommendation

Trend 3: Social Share Feeds Her G2G Obsession

Her Social Calendar: To Which Sites Does She Belong in 2016?

The YouTube Generation

Site	Year Launched	All	Millennials	GenXers	Boomers
Facebook	2004	93%	95%	94%	89%
Pinterest	2011	73%	77%	70%	64%
YouTube	2005	63%	73%	56%	37%
Twitter	2006	63%	69%	60%	47%
Instagram	2010	62%	74%	56%	29%
LinkedIn	2003	36%	6%	37%	34%
SnapChat	2011	32%	40%	23%	9%
Etsy	2005	31%	37%	27%	22%
Sephora Community		25%	29%	22%	13%
Whats App	2010	11%	14%	8%	4%

Professional Prime

Needs instant contact

Trend 4: She's No Longer a Passive Receiver of Beauty Information

In her quest to gather information, the internet is queen!

- **88%** of consumers spend 50% of their time online (not related to work) researching beauty products before making a purchase
- **72%** compare prices
- **69%** look up product reviews
- **26%** read what beauty influencers have to say while
- **32%** visit Vlogger sites like YouTube

Where She Visits for Beauty 411 Now vs. Then

+31% Retail site (Sephora.com, Drugstore.com)
+47% Social Networking site (MySpace, Facebook)
+23% Comparison site (MakeupAlley)
+4% Magazine site (Glamour.com)
-12% News Site (CNN, MSNBC)
-6% Manufacturer site (Esteelauder.com, Mac.com)

Trend 4: She's No Longer a Passive Receiver of Beauty Information cont.

And speaking of Bloggers & Vloggers…

- **61%** read product reviews
- **60%** get beauty advice and tips
- **57%** to stay up-to-date on new products
- **56%** get coupons or samples

Trend 5: Online Drives Impulse – From Price Hunting to Reading Reviews

Benchmark: Top online activities as it relates to beauty

Online activities – what she does online	2006	2016
Compare prices	49%	72%
Read reviews	26%	69%
Make a purchase	43%	61%

61% of women have bought beauty products online in the past 12 months

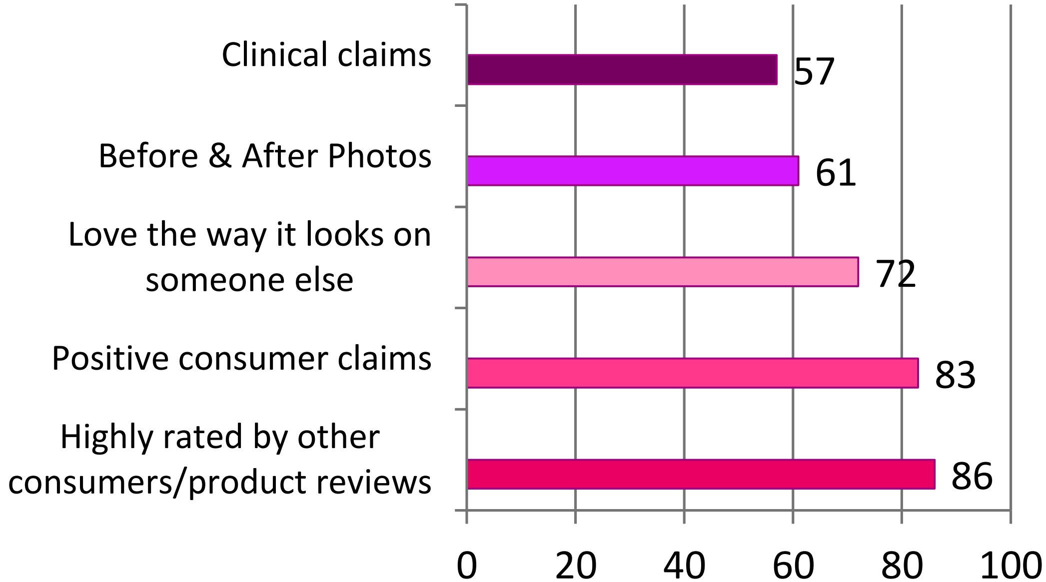
- 59% see what is on sale
- 55% see what I want and then buy the products in a retail store
- 51% download coupons
- 48% compare prices from one site to another
- 39% buy from the retailer that has the lowest price

TREND 6: SHE WANTS PROOF SHE CAN TRUST

***She's turning to:** bloggers, review sites, consumer claims, social media to find out what all her gal pals, real and virtual, have to say!*

Proof that has significant influence on her decision to purchase a beauty product in 2016.

% of women who rate the following has having significant influence on her purchase decision.



$$
\begin{aligned}
a &= b \\
a^2 &= ab \\
a^2 - b^2 &= ab - b^2 \\
(a+b)(a-b) &= b(a-b) \\
a+b &= b \\
2b &= b \\
2 &= 1
\end{aligned}
$$

Proof Comes in *Many* Forms

Consumer Claims

Genius Ultimate Anti-Aging Cream Consumer Study Results
Results obtained following a consumer use study of 100 women using the product twice daily.

95%	91%	95%	87%
Dull skin is brighter in 10 days	Fragile skin texture appears reinforced within 10 days	Skin appears firmer and more resilient, and bounce and suppleness appears restored within 28 days	Forehead wrinkles, creases and lines are visibly minimized within 28 days

Customer Testimonials

★★★★★ **COULDN'T BELIEVE MY EYES!**

PPEDACE
on Nov 29, 2015

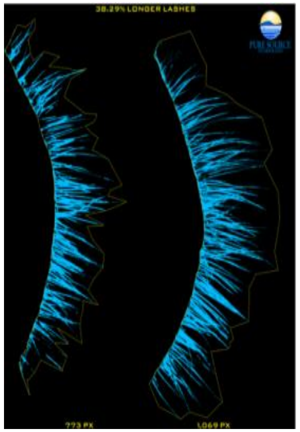
I received my first patch as a sample and when I looked in the mirror I couldn't believe my eyes! I looked in the mirror and just kept staring in awe! I felt my face and went in for a closer look. My skin was plumper, bags under my eyes filled, fine lines gone! For the first time ever, I immediately got on line and ordered the product and now use my Patchology masks religiously. My skin is visibly more hydrated and looks more alive.

Ratings & Reviews

T3
Healthy Hair Set
$250.00 ($330.00 value)
limited edition - online only
★★★★★

Clinical Claims

38.29%
longer lashes



Before & After Imagery

G2G Social Share

turquoisebb
Frequent Contributor

Posts: 95
Registered: 03-16-2010

Re: Perlier Honey facial skin care
07-20-2016 07:32 PM

staying cheerful, You sound like me! My skin is soo dry and even flaky. So I got the 3 piece set and the night oil. WOW! It really helps. I did not get the cream. Skip said it is even better with that. Also said the oil will be featured next month. I'll stock up...that's the very best oil I have ever used. When Amanda said you only need 3 drops, she was right. Glad I got mine at the special pricing.

Trend 6: She Wants Proof She Can Trust cont.
Product Reviews/Ratings

69% of consumers agree that reviews posted on reputable sites are one of the ***most*** important factors they consider when making a purchase

	Reading	Posting
Amazon	88%	88%
Sephora	54%	37%
Ulta	50%	31%
Brand retail site	31%	23%

She's posting where she know other's will look.

Top Reasons She Leaves Comments and Reviews Online

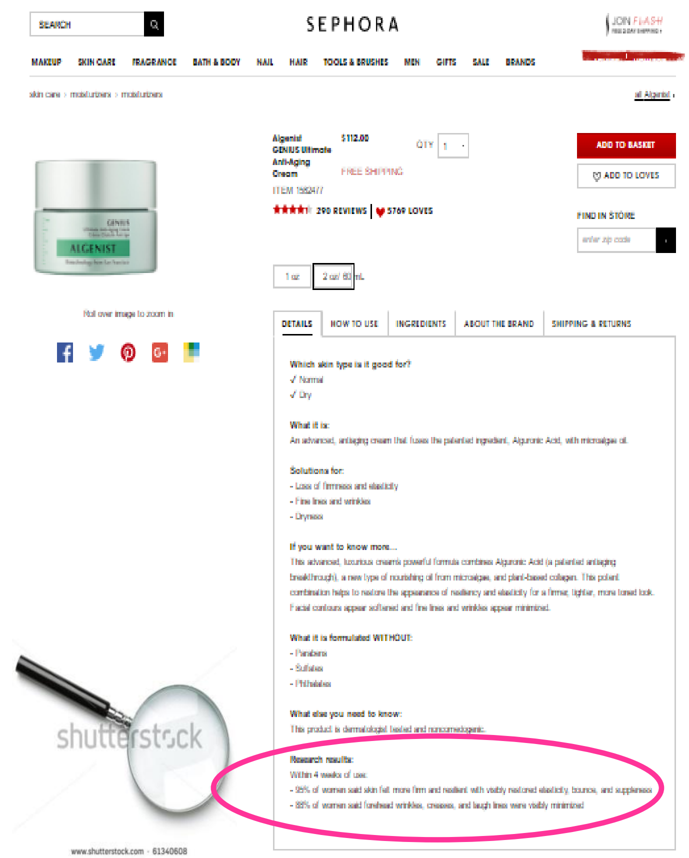
	2006	2016
I love the product and want to share my experience with other women!	63%	90%
So others can benefit from what I learned in using a specific product	35%	80%
Make sure others don't make the same mistake	21%	58%

TREND 6: SHE WANTS PROOF SHE CAN TRUST CONT. CONSUMER CLAIMS

- **83%** agree that positive consumer claims (from women like them, with similar skin concerns) are influential in their decision to purchase beauty products

- **47%** would use more beauty products if those products had consumer claims

- When she's online, **33%** of women are seeking out claims, and **77%** say that the presence of online consumer claims (such as, '98% of women said they saw a reduction in fine lines') is an important factor in which websites they frequent for both **browsing and purchasing**



Within 4 weeks of use:
- 95% of women said skin felt more firm and resilient
- 88% of women said forehead wrinkles, creases and laugh lines were visibly minimized

Trend 6: She Wants Proof She Can Trust cont.

Consumer Claims Case Study

EVE•PEARL
BEAUTY BRANDS

After using the 201 Dual Contour Blender Brush for 14 days…

- 98% Brush bristles felt luxurious on my skin
- **95% Blended my foundation or concealer perfectly**
- 94% This brush is now an important part of my makeup routine
- **91% Helped me to achieve perfect facial highlights**

After using the Priming Moisturizer Treatment for 28 days…

- **96% Applies smoothly and evenly**
- 92% This is an innovative way to moisturize and prime my face
- **92% My skin feels smoother**
- 92% Luxurious to the touch

"This foundation feels light on my skin yet gives flawless results. It's easy to blend and lasts all day!" --Krystal K., Baltimore, MD

"The palette's colors complement each other and blend effortlessly. My complexion has improved ten-fold. Imperfections, redness, and dark circles under and around my eyes are concealed and my overall skin tone is even and radiant. I cannot believe the difference!"
--Harmony P., Pensacola, FL

Results from consumer home use test conducted by The Benchmarking Company, 100 subjects

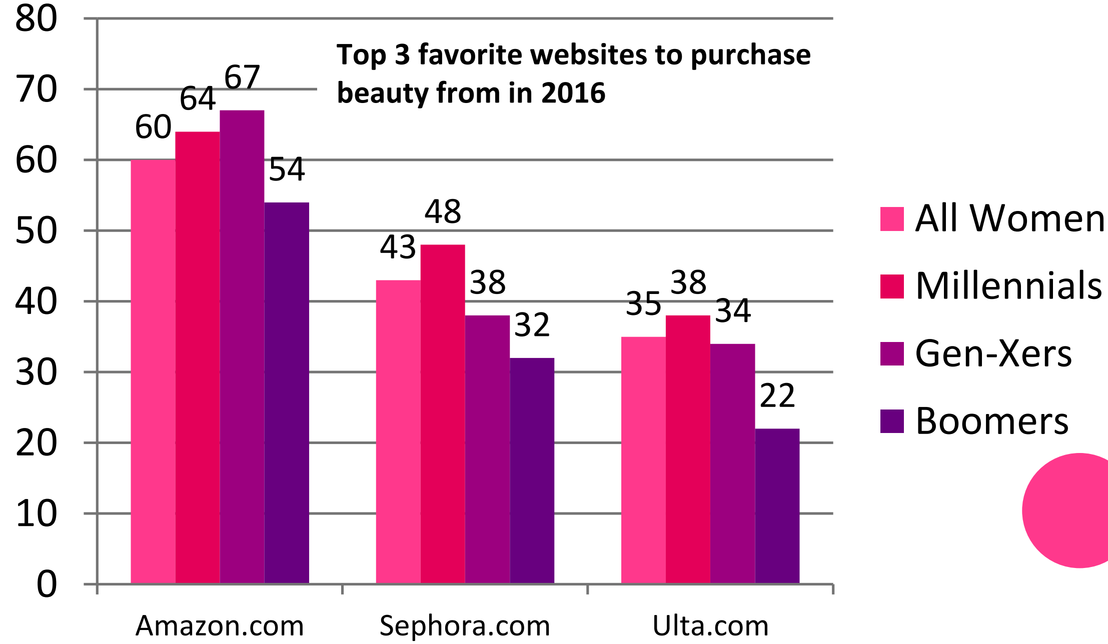
TREND 7: E-COMMERCE EXPANSION DISRUPTS RETAIL LANDSCAPE OF YESTERDAY

87% of beauty consumers spend more time online than they did 10 years ago.

74% of consumers are buying more beauty products based on their online activities than they did 10 years ago.

Where they are buying these products from now is different from where they bought them in 2006.

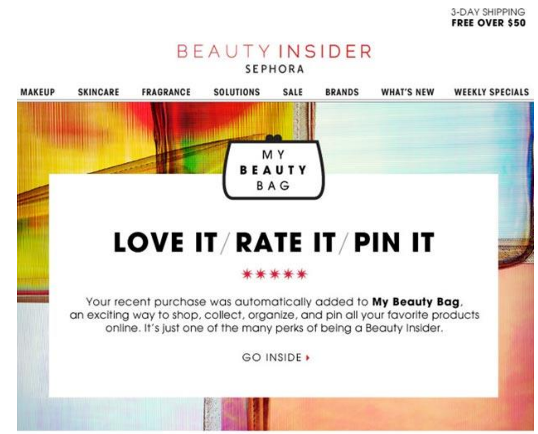
In 2006, her favorite places to shop were brick and mortar. Only 13% used online sites of brick and mortar brands or retailers to purchase beauty products.

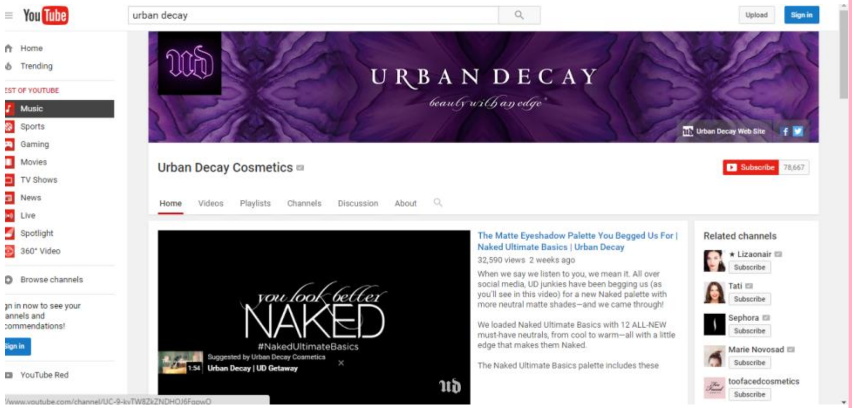


TREND 7: E-COMMERCE EXPANSION DISRUPTS RETAIL LANDSCAPE OF YESTERDAY

Brand and retailer strategies with big payoffs :

- Expansion of retail and brand specific e-commerce sites
- Mobile optimization for websites/e-commerce site
- Creation of social circles of product evangelists
- Leveraging the almighty product review
- Online tutorials
- Online communities
- Social campaigns
- Loyalty clubs
- YouTube channels
- Bloggers/Vloggers





	Purchase More than 10 years ago	Purchase less than 10 years ago	Overall Gain /Loss
Amazon	81	-5	76
Beauty Specialty Store Online	74	-8	66
Beauty Specialty Store	72	-11	61
Online beauty site (i.e. beauty.com)	66	-12	54
Specific Brand Website	62	-11	51
Superstore Online	62	-11	51
Doctor's Office	63	-16	47
Home Shopping Channel (online)	60	-14	46
Luxury Department Store (online)	60	-15	45
Home Shopping Channel (call-in)	57	-18	39
Superstore (Walmart, Target)	45	-15	30
Department Store Online	49	-20	29
Specific Brand Retail Location	45	-18	27
Drugstore	41	-21	20
Luxury Department Store	43	-24	19
Grocery Store	32	-25	7
Department Store	38	-32	6
Catalogs	37	39	-2

Trend 8: All Hail the Superstore (and Drugstore)

68% note Target and Walmart have remained the primary destination for their beauty shopping

62% have purchased beauty products at a drugstore in the past 12 months

Top reasons these channels have remained relevant

- Successful execution of ecommerce sites
  - Reviews /ratings/product info
  - Quick ship or in-store pickup
- Convenience (all things in one place)
- From staples to more masstige products
- More specialty store-like offerings
- Even offerings like subscriptions boxes

TREND 9: BRICK & MORTAR ON SOLID FOOTING

Store	2016	Benchmark 2006	Delta
Sephora	35%	2%	+33%
ULTA	34%	2%	+32%
Bath & Body Works	32%	5%	+27%
Walmart	29%	42%	-13%
Target	24%	7%	+18%
CVS	22%	3%	+18%
Walgreens	12%	4%	+8%
Nordstrom	4%	1%	+3%

Technology • Product Innovation • Something for Every Budget • Sampling
Merchandising Strategy • Loyalty Clubs • Personalization • Product Variety •

Trend 10: There is Room in Her Makeup Bag for Everything From Mass, Masstige & Prestige

Most Substantial Growth in Product Subcategories

- Daytime facial moisturizer
- Acne control/blemish treatment
- Lip treatments (not lip balm)
- Foundation with SPF
- Face bronzer
- Dry shampoo
- Primer
- Hair masks
- Hair treatments (anti-frizz)

Increased Recognition/purchase of Masstige Brands

- La Roche Posay
- Lush
- Yes to Fruit/Vegetable
- Honest Company

Other Trends Covered in the PinkReport

- The Media Has Morphed and So Has How She Uses It
- Beauty & Fashion Magazines Digitalized
- Samples, Samples, Samples Sell Products, Products, Products
- Salesperson & Celebrity Fatigue
- Blurred Lines: Mass, Masstige & Prestige
- Generation Differences in Shopping Behaviors
- Favorite Brands
- Favorite Products
- The Expansion of Product Categories – Not Just Eyeshadow but Kohl?

Trends for 10
What the Next Decade Has to Offer

#1 Intimate Beauty

More than half of women are interested in purchasing organic/natural feminine hygiene products for personal issues, such as dryness or odor, as well as natural/organic tampons, lubricants, and vaginal cleaners or moisturizers.

61% personal trimming devices **61%** natural/organic product that solves a specific "personal" problem **54%** vaginal skincare products **51%** organic/natural lubricant **49%** nutraceutical that enhances or increases sex drive/pleasure

#2 Double Duty Devices

74% of women believe multi-benefit skincare devices will become more popular in the next 10 years.

Products she predicts will become more relevant and popular in the next 10 years: **66%** skin rejuvenation devices **63%** at home laser hair removal **59%** skincare devices similar to Clarisonic, Tria & Foreo

#3 Necessitated Luxury

High end necessities such as bug spray, lip balm, sunscreen have broad appeal and th industry is answering with luxury products.

87% good for you makeup **50%** high end sunscreen **44%** luxury hand soap **34%** luxury li balm **34%** luxury bug spray

#4 Personalized Beauty

82% believe personalized technology will become more popular in the next 10 years and 58% believe that the “selfie” will be key to finding the product to meet your look/skincare needs.

91% agree that personalized technology will offer the ability the average consumer to monitor their skin health in the next decade

86% expect to purchase a technology or download an app to monitor their skin health or help them find the perfect look

#5 Tell Me More – Consumer Claims

- **81%** of women believe consumer trends, from women with similar skin concerns/in a similar age group, will become more popular in the next 10 years.

- **79%** state reliance on product reviews and claims when considering make a beauty product purchasing decision will become more relevant in next 10 years

#6 From the Inside Out, Digestibles

90% of consumers are interested in a nutraceutical product that could improve beauty from the inside out.

- **78%** interested in taking a nutraceutical product or “beauty pill” that was targeted to her specific beauty concern

- **62%** state they would be interested in using a sunscreen product in pill form

#7 Life Proof Beauty

- **2 out of every 3 women** believe life-proof makeup will become more popular over the next 10 years



#8 Farm to Face

80%+ of women believe that botanical ingredients from the garden will become more popular in the next 10 years

80% state natural/organic products will continue to rise in popularity

#9 Digital Divas

76% believe the influence of social media on cosmetics' advertising will increase over the next 10 years

75% state in the 10 years bloggers and vloggers are going to become even more important to spreading the world about beauty products that work and beauty products that don't

#10 Culturally Influenced Beauty

93% expect mainstream brands to offer more
for ethnic hair, foundation in darker shakes or skincare products designed to work for specific ethnicities

85% of women believe cosmetics from countries i.e. Australia, Korea, Japan, England, and France will grow in popularity

86% agree that products which leverage secrets from other cultures, i.e. Asian blue lotus; medicinal herbs from the Amazon, will deliver superior benefits over traditional beauty products.

theBenchmarkingCompany

TBC *Performs* Testing for Top Brands

ALGENIST | bareMinerals By BARE ESCENTUALS | HOLLYWOOD, CALIFORNIA GLAMGLOW | JeNu | MARY KAY | dr dennis gross SKINCARE

Murad | RevitaLash | KOPARI | JOSIE MARAN Luxury with a Conscience | ELEMIS

COASTAL SALT & SOUL | PAULA'S CHOICE SKINCARE | benefit SAN FRANCISCO | MADISON REED

SKIN INC | JUARA | StriVectin | GOLDEN DOOR | JULEP | BIOELEMENTS PROFESSIONAL SKIN CARE

NARS | proactiv SOLUTION | JOICO | wet n wild | ghd good hair day, every day | Jergens

mama mio skincare | FUSION BEAUTY | J.PAUL | T3 | NEYDHARTING MOOR | RESVOLOGY

Thank You.

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