

Beauty & Cosmetics

User Research for a Subscription Service

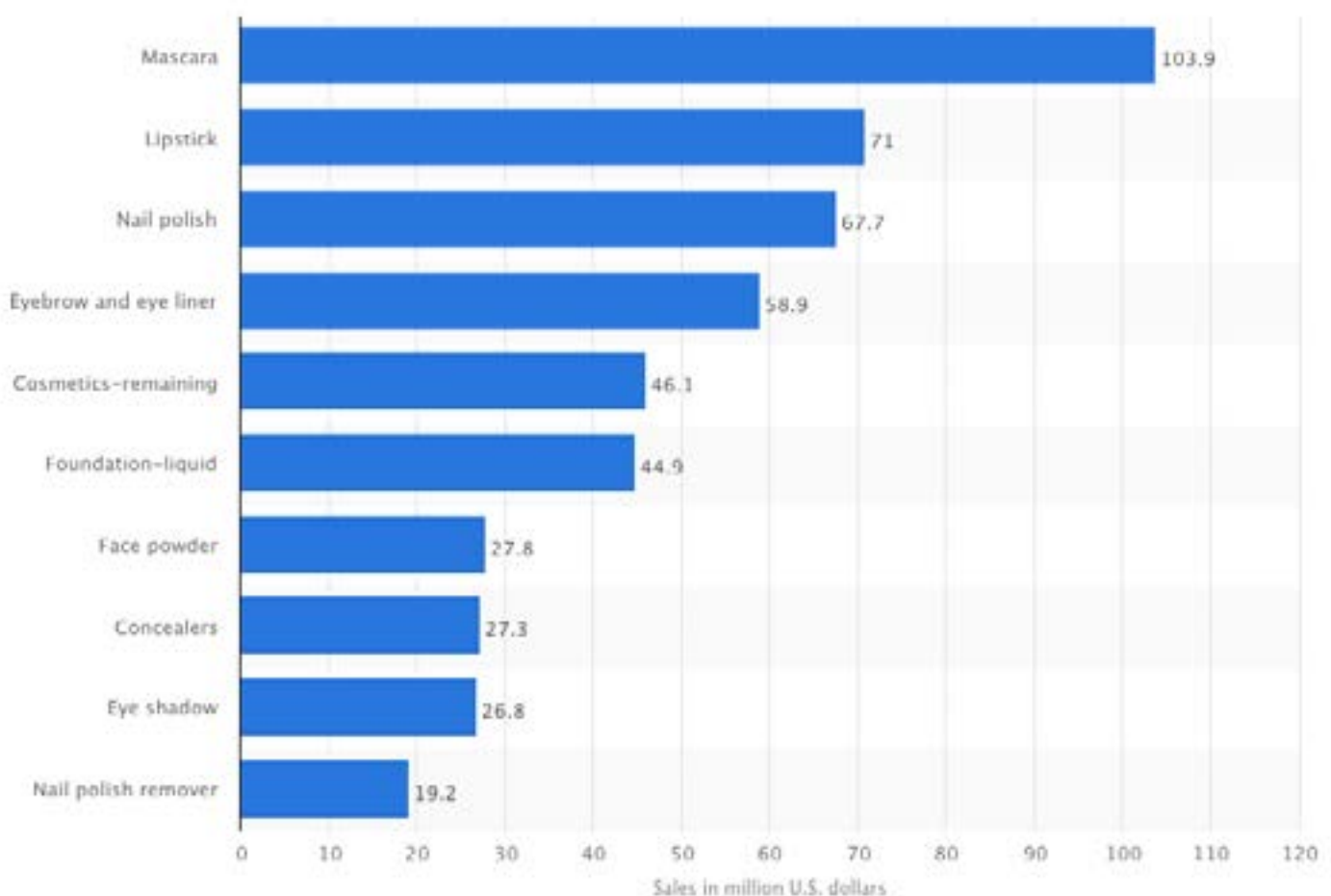
COSMETICS MARKET

- Global Beauty Market grows 4.5% a year on average. It sees stable continuous growth as well as resilience in unfavorable economic conditions.
- Biggest markets: US, Japan, Germany, France
- Largest growing markets: BRIC countries (Brasil, Russia, India & China)
- \$42.8 Billion Dollar Industry in the US
- Women ages 15 and older spend on average approximately \$342 a year on beauty products in the US.
- 2 Price Divisions: Mass: 72%, Premium 28%, with the Premium Division showing the most growth.
- From 2000-2010, a systematic change in the pattern of distribution channels was observed: The market share of non-store retailing is gradually increasing (includes online). According to the forecasts the North American online beauty market alone will continue to rise at a rate of 33% until 2015. Department store sales have decreased. Drugstore cosmetic sales have decreased. Beauty specialists sales were flat. Supermarket/Hypermarkets saw only a slight increase.
- In 2010 more than 11 billion USD worth of cosmetics sales were online transactions.
- Cosmetics industry is focusing efforts in e-commerce on interactive social media like Facebook, blogs, & websites with beauty advice.
- Online retailers such as Sephora & Ulta are sending samples with purchases or making sample bags available for purchase

COSMETICS USERS

- According to research done out of the University of the Basque Country, people primarily buy cosmetic products for emotional reasons.
- In one survey, women reported that their makeup collection contained 15 to 25 products on average.
- Largest barrier to online sales is the inability to test and sample products (especially fragrances)
- Experts say women get a lot of their beauty ideas from magazines.
- Most Common motivation to wear makeup:
 - Tradition
 - Regional influences
 - Habit
 - Tool for expressing themselves
- Based on the responses of 32 cosmetics users:
 - 77% make impulse cosmetic buys
 - 79% say their favorite aspect of buying cosmetics is trying out new looks
 - 75% say their least favorite part of buying cosmetics is the fear of wasting money on a product that won't work out
 - 43% say their least favorite part of buying cosmetics is being pressured by sales staff
 - The most common motivation (61%) for buying cosmetics at a brick and mortar retailer is being able to test the products
 - The most common motivation (50%) for buying cosmetics online is convenience
 - 72% of respondents said they would be interested in a cosmetics subscription service that delivered cosmetic samples based on their tastes and skin tone
 - The most common expectation (45%) for the price of this monthly service would be \$20
 - In descending order of interest, the most popular products potential users wanted to receive from this service were as follows: lip color, eyeshadow, mascara, nail color, blush, eyeliner, skin care, foundation, concealer, powder, brow pencil, fragrance, and beauty tools
 - 73% want a video tutorial for make-up application to accompany the subscription
 - 73% want the ability to purchase full size versions of the products they liked
 - 53% wanted the ability to rate the products

Sales of cosmetic product categories within U.S. supermarkets in 2013



*Source: Stastica.com