



PRIVATE LABEL SHOWDOWN

WHO'S PLAYING FOR KEEPS IN THE BATTLE FOR BEAUTY

By Shamontiel Vaughn // Staff Writer

Generation Xers and baby boomers can recall strolling through department stores, being sprayed by fragrance sales representatives and enjoying free makeovers in the beauty aisles.

But with the popularity of the Internet in the early 2000s, online consumption was bound to influence the beauty market. By 2018, more than 3,800 stores were scheduled to close. And with major department stores such as Sears, Carson Pirie Scott, Macy's and more closing their doors, the beauty industry was left to fend for itself.

Enter the era of Ulta: a sleek and modish beauty emporium that rose in popularity during the mid-2000s. Part of Ulta's appeal, other than falling into a highly-demanded niche market, is its partnerships with beauty brands that would otherwise only be found online.

Now with nearly 2,000 stores across all 50 states, every Ulta location is equipped with a salon, a Benefit brow bar, and a Dermalogica skin bar—along with thousands of cosmetics open for testing.

The Rise of Private Label

But now, some brands lesser known to the beauty industry are challenging big name beauty stores like Ulta and Sephora. Online marketplaces and retail stores—including dollar stores—are introducing their own beauty lines, adding both convenience and lower



Believe Beauty by Dollar General
Image courtesy of Dollar General



Fifth City from Saks off Fifth | Image courtesy
of Saks off Fifth

prices.

Amazon has Fast Beauty Co. and a premium skincare line called Belei. Belk has Belk Beauty. Saks Fifth Avenue has Fifth City. QVC has Carmindy Beauty. And Dollar General has Believe Beauty.

And that's just the beginning of the laundry list of retailers that have jumped into the cosmetics lane this past year.

So should high-priced beauty stores be concerned about Amazon and other discount stores selling their own lines of beauty products?

It may be too early to tell. While Family Dollar was once identified as "Amazon-proof," 390 locations are closing this year. And while Dollar Tree now owns a total of 13,000 stores after buying Family Dollar out, other discount stores such as Dollar General may still want to take note of e-commerce competitors that offer free shipping.

Why Cruelty-Free Products are Getting an Extra Boost

A casual scroll at descriptions of these new beauty products lets consumers zoom in on what they need to know. In the case of Fast Beauty Co., Amazon's animal-friendly and eco-friendly stance is front and center.

The brand's face and neck masks are 100 percent biodegradable sheets; vegan; cruelty free; and have no-GMOs, parabens, phthalates, formaldehyde, chlorine or alcohol. With the increasing popularity of environmentalism and vegetarianism, Amazon knows exactly what it's doing. It's paying attention to conscious consumers, and so are celebrities.

Well-known names such as Beyonce and Jay-Z are

already getting into the habit of promoting vegan-friendly lifestyles. And this power couple separately spent more than two decades of fame not really discussing health and diet topics; their own fragrances (Heat, Rise, Gold, 9 IX) sat in department stores without much discussion regarding animal friendliness.

But just as the Internet is winning over consumers, so are socially conscious buyers. The vegan food industry already skyrocketed to a 20 percent growth (\$3.3 billion) in food alone last year.

While Leaping Bunny Program has been a front-runner in guiding consumers to friendlier beauty products since 1996, other beauty brands have finally come around.

Mintel's Global New Products Database (GNPD) confirmed that vegan beauty products have grown by 175 percent between July 2013 to June 2018.

Beauty manufacturers (ex. Unilever, the parent company of Dove, Axe, Dermalogica) are starting to reevaluate their own product lines to match what consumers want too.

With newer beauty lines like Fast Beauty Co. introducing themselves as animal-friendly from first glance, this may arguably sway consumers in their direction.

Consumer Habits for Beauty Buying

While it's still too early to tell whether these new beauty lines will beat higher-priced, tried and true names, there are some early signs of what and who these companies should pay attention to.

In a 2018 TABS Analytics report, millennial women reportedly are the heaviest buyers of beauty products in the \$13 billion cosmetics market. They account for 47 percent of the most popular buyers.

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Hispanics and non-Hispanic African-Americans topped the list as the heaviest buyers (more than 10 cosmetic purchases annually).

Mascara and foundation are doing well. However, other cosmetic items (blush, concealer, lip liner and gloss, eye shadow and artificial nails) are seeing significant drops. This is partially due to less interest in makeup overall and going makeup free. The #NoMakeUp movement may have something to do with it.

The Internet does have a downside though. Social media and video streaming channels have arguably made cosmetic consumption feel oversaturated. How many makeup tutorials can one person watch? Other consumers are more interested in a more economical deal on cosmetics versus what's considered trendy on Instagram.

While regular cosmetic purchases overall took a nosedive of 19 percent and a widespread decline of 14 percent, e-commerce continues to grow on sites such as Amazon (11 percent) and Walmart.com (15 percent).

But brick-and-mortar beauty stores won't be shutting up shop any time soon, though. According to the same TABS report, 80 percent of beauty products are still purchased in physical stores.

Why's that? Because unlike the Internet rage of online shopping and communication, the heaviest beauty consumers are still standing strong in a world of physical touch. They want to feel, hold and test their beauty products before they buy.

And if surviving malls, boutiques and discount retailers keep an eye on this large majority, they may be able to stick around for the long haul. While the Internet and economy continue to grab ahold of new customers, some consumers still want to (literally) grab onto their beauty bags. ■

