

# COVID-19 Crisis: Impact on the Beauty Business

March 2020 | 2<sup>nd</sup> Edition

poshly

# Introduction

With beauty retailers like Sephora, Ulta, Nordstrom and others temporarily closing their brick and mortar locations and an estimated one million cosmetics services sector workers being impacted by closures of salons and spas, there is tremendous concern about the immediate and long-term impacts on our industry.

In March 2020, Poshly launched a special study to understand the impact of COVID-19 on the beauty community, including candid perspectives from both beauty consumers and professionals. This report is the second part of a series, and shows that there is increased concern from the beauty community regarding the COVID-19 crisis, as well as a reduction in product usage across key cosmetics product categories.

We hope that these insights will help to bolster your work in coming days and weeks; please reach out to [brands@poshly.com](mailto:brands@poshly.com) if you have any questions or feedback.

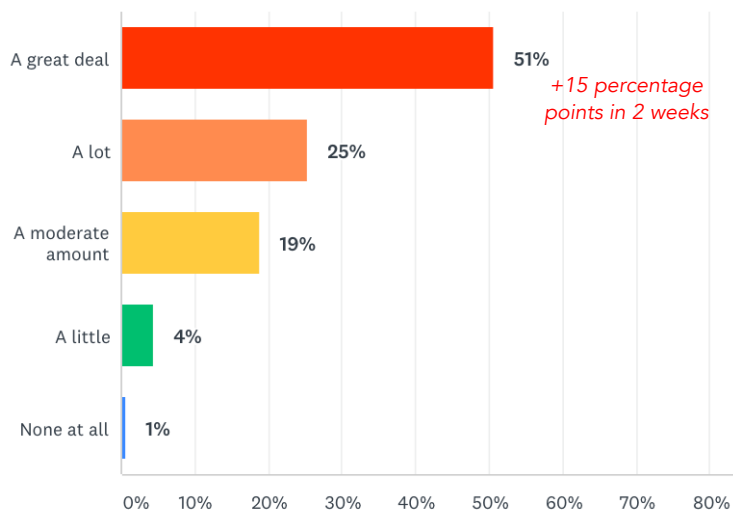
**Methodology:** A second online survey was fielded beginning on March 28 until March 29 among US beauty consumers. The respondent base is n=1000. 7% (n=70) of respondents are beauty professionals (hair stylist, makeup artist, esthetician or other beauty service/product career).

# Concern

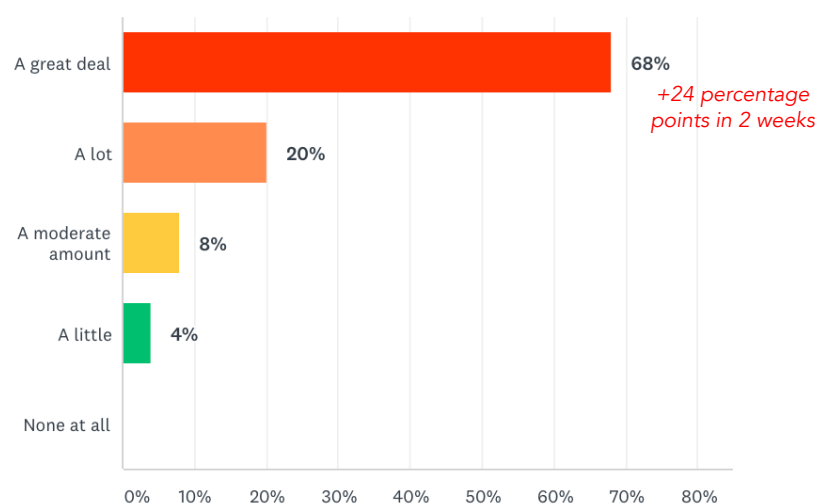
Most beauty consumers and professionals are increasingly concerned about the COVID-19 crisis.

*How concerned are you about the COVID-19 (coronavirus) crisis?*

## CONSUMERS



## PROFESSIONALS

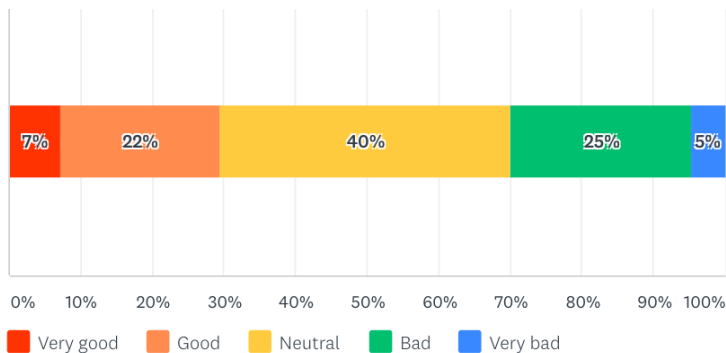


# Outlook

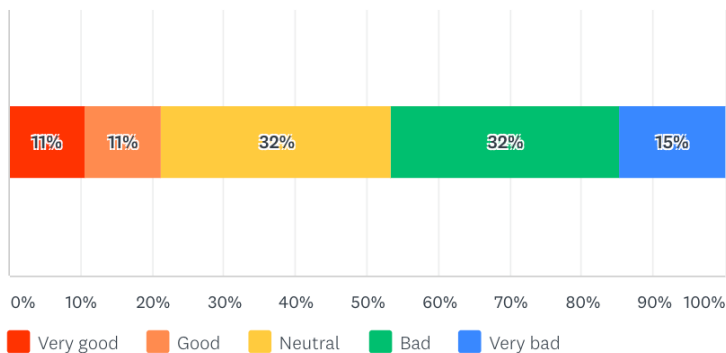
30% of beauty consumers and 47% of beauty professionals have a negative forecast for the beauty industry over the next three months, comparable to metrics from two weeks ago.

*What do you believe is the outlook for the beauty industry in the next three months?*

CONSUMERS



PROFESSIONALS



# Job Loss

Two-thirds of beauty professionals have lost their jobs or know others who have lost a job, compared to approx. half of beauty consumers.

*Have you lost your job due to the COVID-19 crisis or do you know someone who has lost their job due to the COVID-19 crisis?*

CONSUMERS



PROFESSIONALS

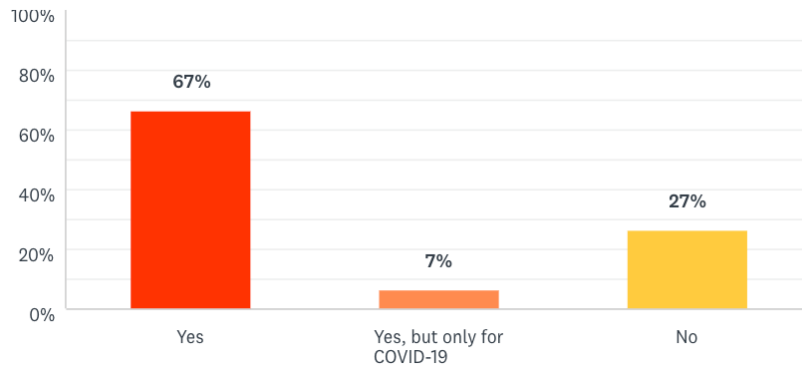


# Health Coverage

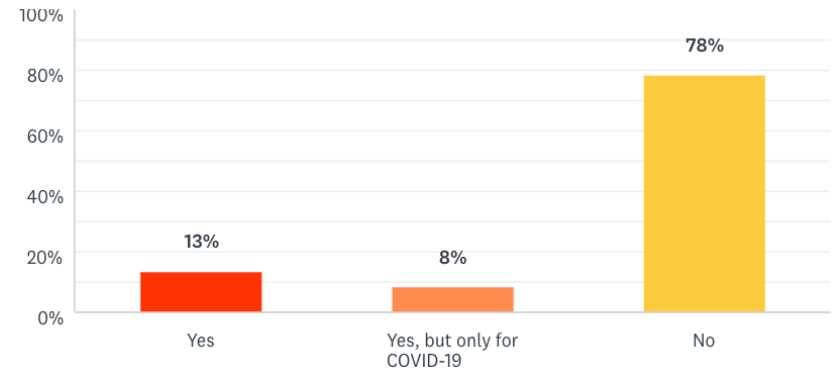
While two-thirds of beauty professionals (corporate) have paid sick leave benefits, 78% of beauty practitioners (stylists, makeup artists, estheticians, etc.) do not.

*Is your company/salon/spa providing paid sick leave?*

*CORPORATE EMPLOYEES  
(Marketing, Finance, etc.)*



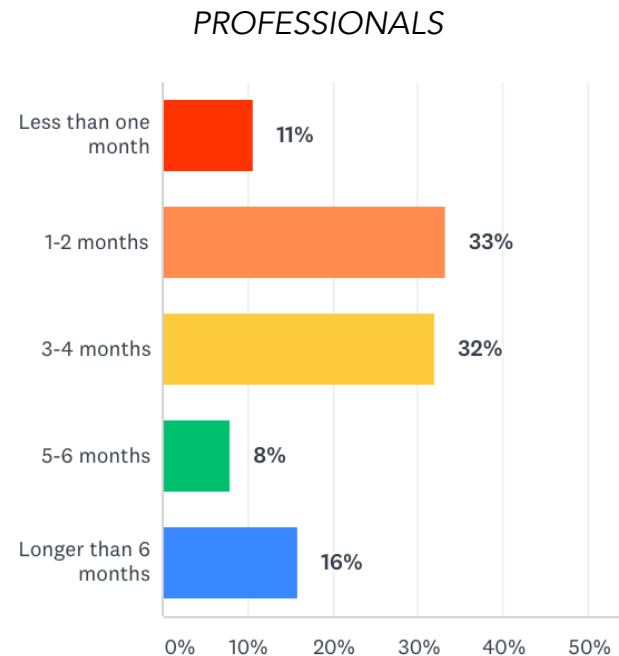
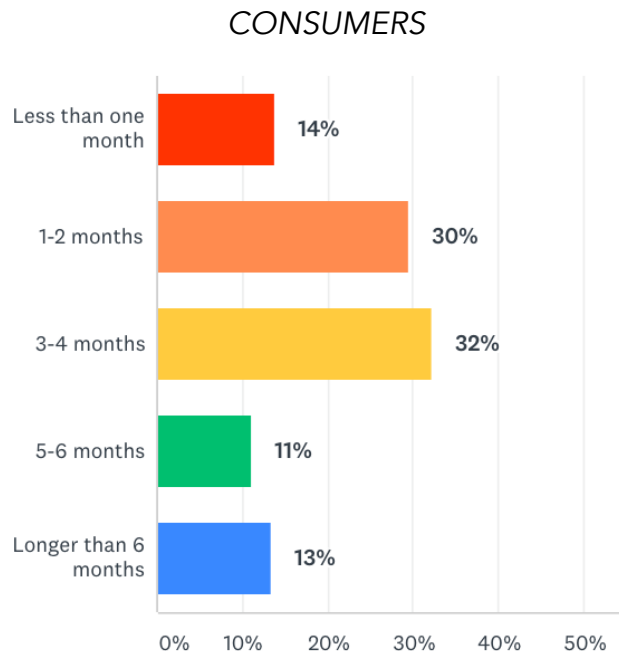
*PRACTITIONERS  
(Stylists, artists, etc.)*



# Job Recovery

Most respondents (both consumers and professionals) believe it will take 3+ months for those who have lost jobs due to the COVID-19 crisis to recover those jobs.

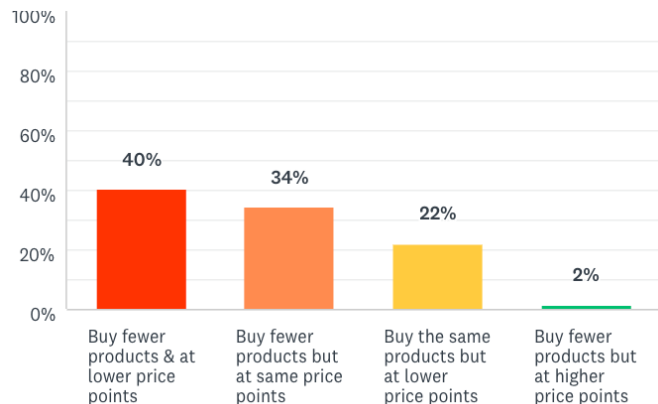
*How quickly do you believe people will be able to get their jobs back once the COVID-19 crisis is over?*



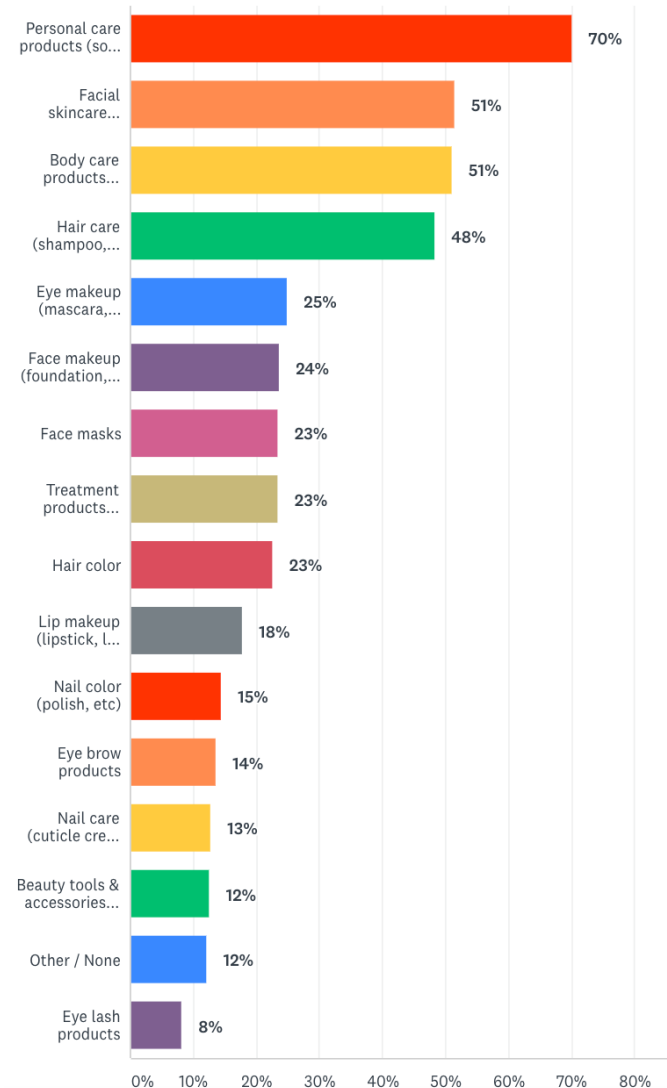
# Product Purchases

Consumers are focused on buying personal care products, body care products (scrubs, lotions, etc), and facial skincare products, followed by hair care. There is an increase of interest in all of these categories. When it comes to spend, most consumers will buy fewer products, and at the same or lower price points, if their beauty budgets decrease.

*If your beauty budget got cut in half due to the COVID-19 crisis, which is most likely to describe your purchasing activity?*



*Which beauty product(s) are you stocking up on or ordering due to the COVID-19 crisis?*

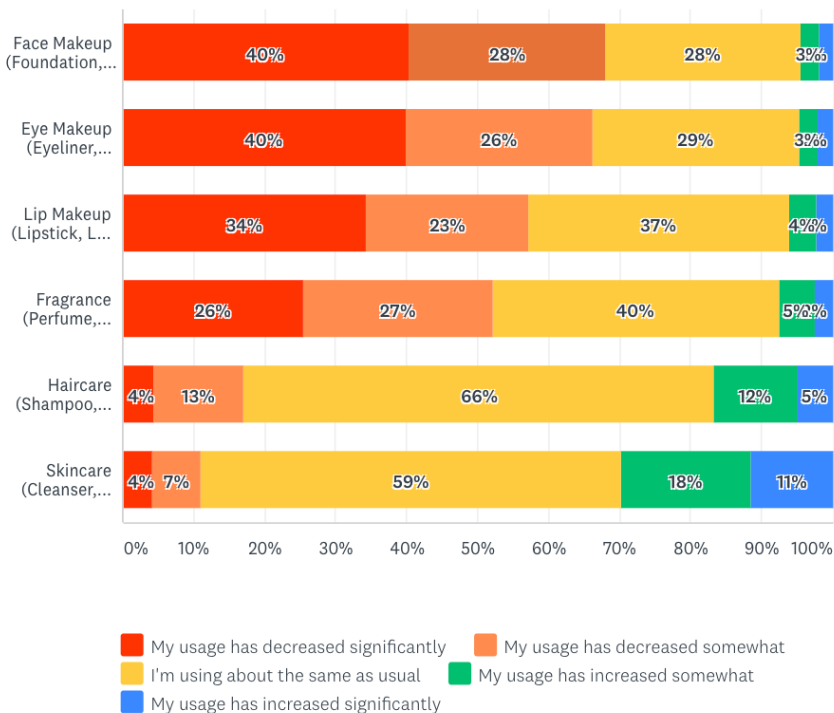




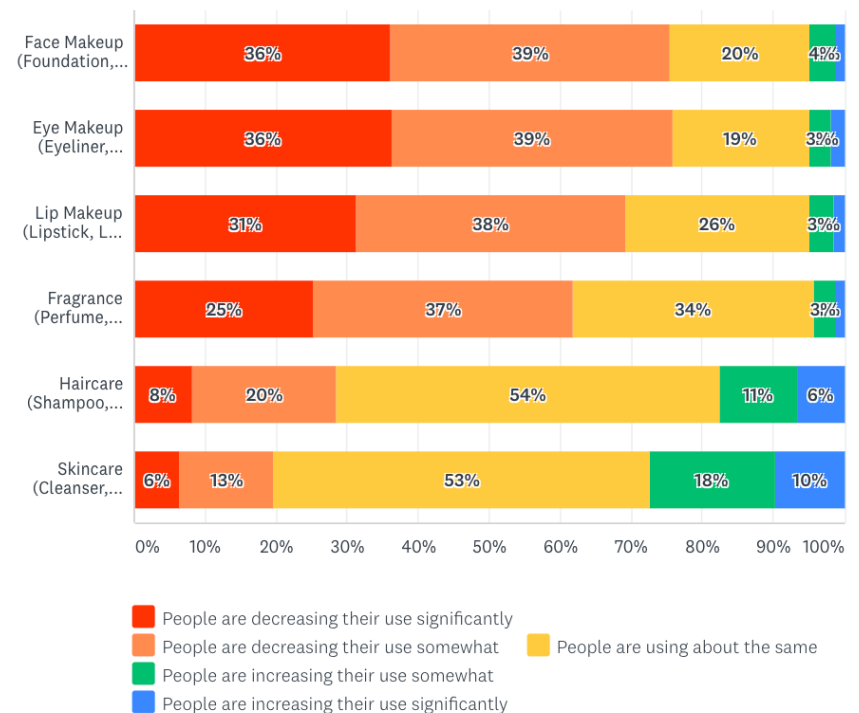
# Product Usage

Two-thirds of respondents have decreased their usage of Face Makeup and Eye Makeup. Perceived decrease in usage is even higher. Usage of Haircare and Skincare are least impacted.

*Change in Individual Usage of Products*



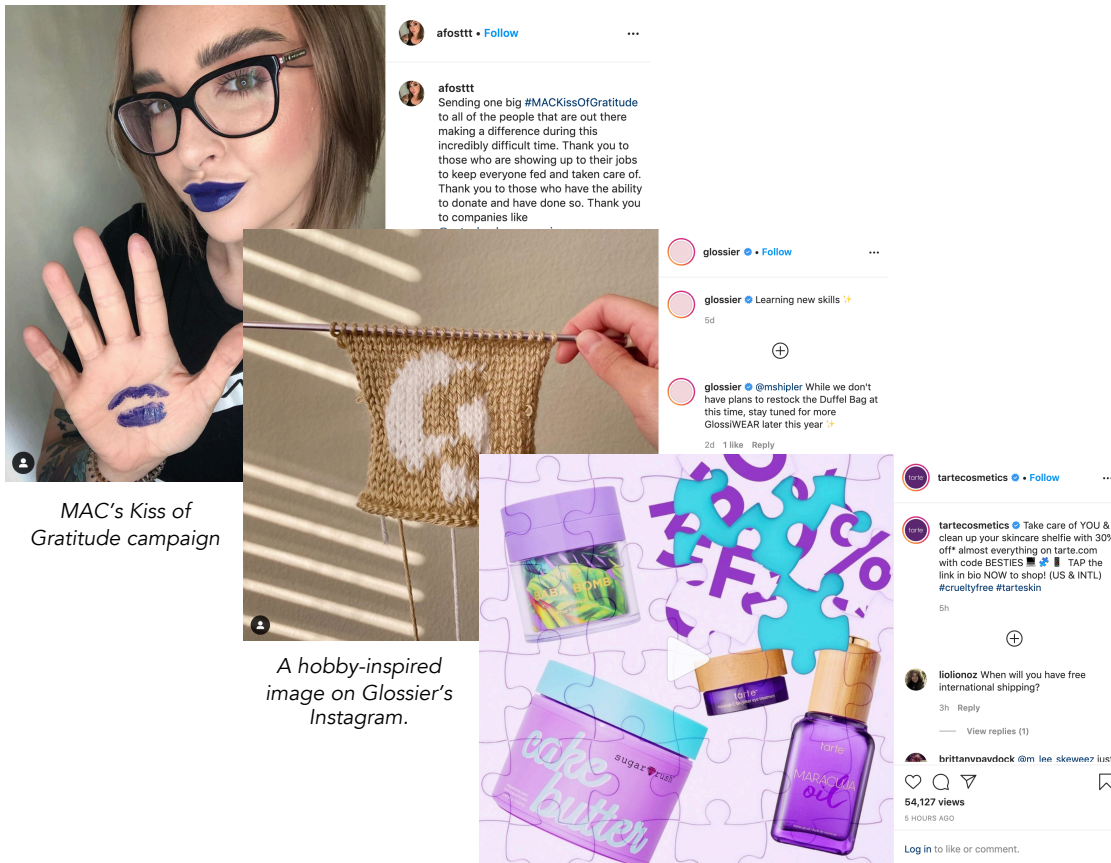
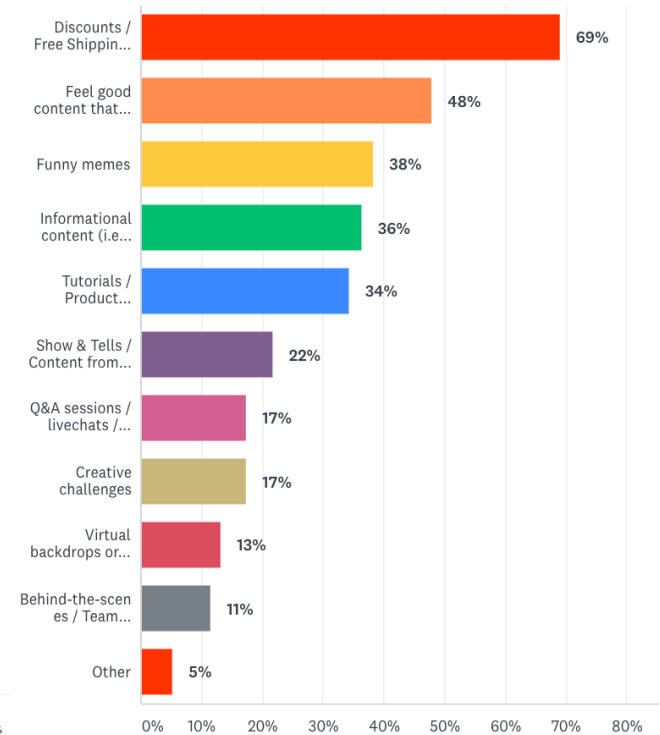
*Perceived Change by Others' Usage of Products*



# Brand Content

Consumers are most receptive to free shipping and discounts from beauty brands, feel-good content, memes, and informational content.

What type of content have you most appreciated from beauty brands due to the COVID-19 crisis?

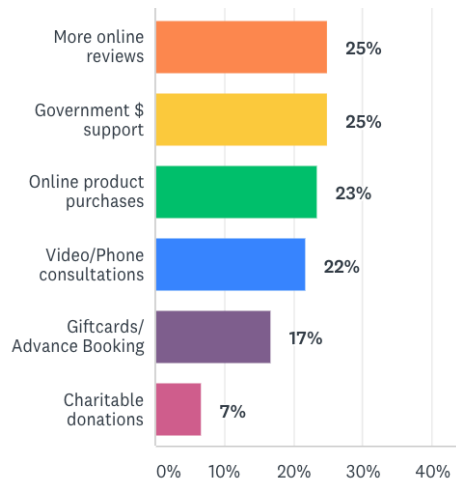


# Service Cancellations

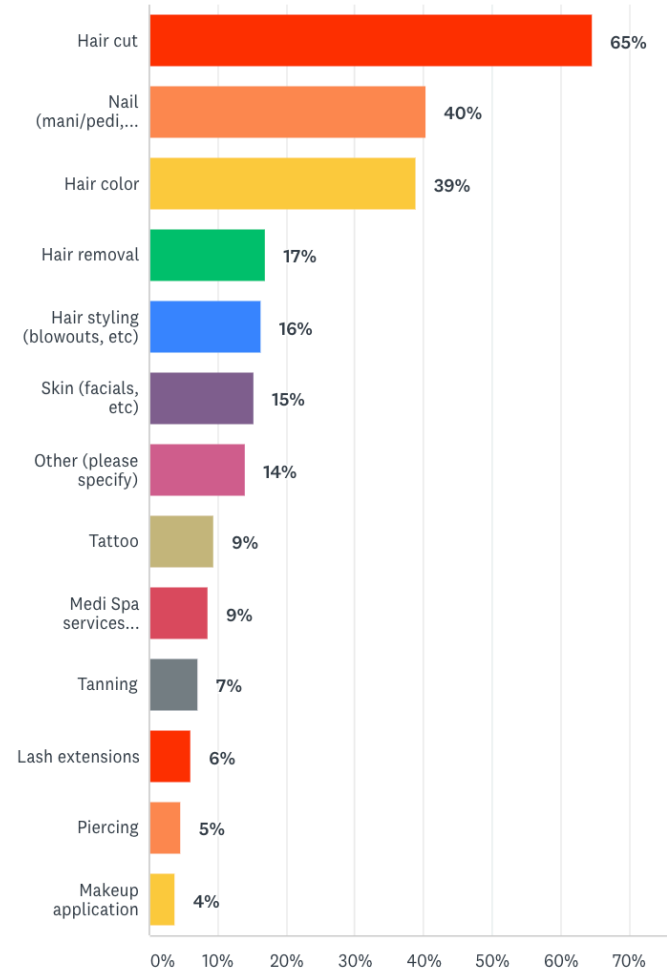
Hair cuts, nail (manicure/pedicure), hair color, and hair removal appointments are the most likely to be cancelled and rescheduled.

Only 22% of beauty practitioners have benefitted from online service consultations so far. Less than one-quarter have benefitted from online product purchases, advance bookings or gift cards, and less than 10% have received charitable donations.

*Which of the following initiatives, if any, have you benefitted from in the past few weeks?*



*What beauty services (salon/spa, etc) have you cancelled or rescheduled, or do you believe you will need to cancel or reschedule?*



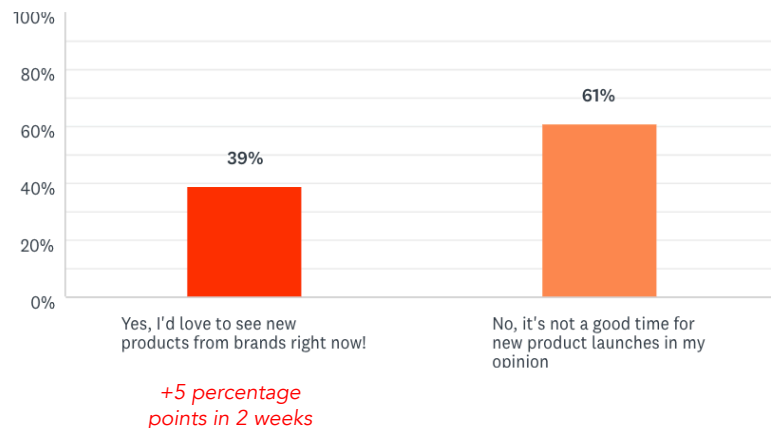
# New Product Launches

While it is still not an ideal time for beauty brands to launch new products, sentiment is shifting toward receptivity for new products.

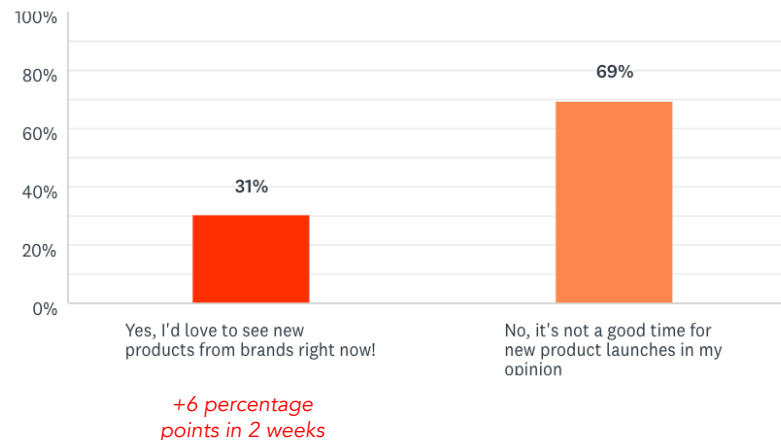
When it comes to shopping, consumers are focused on online channel but are increasingly receptive to curb-side pickup for beauty products. 33% of respondents would use curb-side pickup now, with 54% considering it for the future.

*Do you think beauty brands should launch new products at this time?*

## CONSUMERS



## PROFESSIONALS



# Top Beauty Challenges & DIY

Most beauty consumers have some type of beauty challenge currently. 23% of beauty consumers say they have done DIY beauty projects in the last few weeks because of the crisis.

## Top Beauty Challenges:

- Dry/Dull Skin
- Hair Color/Cuts/Care
- Nail Maintenance/Care
- Hair Removal
- Acne/Breakouts  
*"[My] acne has increased due to stress..."*
- Aging/Wrinkles/Fine Lines  
*"I wanted to get botox and juvederm as a personal b-day gift. Now? I doubt I will be able to with this pandemic closing the dermatologist's office."  
"[I look] bad on video calls. Lol. I swear I can see every line and pore on the screen."*
- Stress/Health/Wellness  
*"I don't feel my best without doing my makeup everyday. Working from home I feel ugly... But I also don't see any need to get ready."*
- Access/Availability/Safety of Beauty Products

## Top DIY projects:

- At-Home Facial & Face Masks
- At-Home Hair Color & Root Touch-Up  
*"I permanently relaxed my hair myself and will color it next week. I even returned to doing my own LED gel manicures."*
- Nails (Mani/Pedi, Gel, Nail Art...)  
*"I am truly missing getting my nails done. I am making the most of it for now and enjoying the creative aspects [of doing my own nails]."*
- Trimming bangs/Cutting hair
- Homemade hand sanitizers & soaps
- Homemade body/face/lip scrubs
- Homemade lip color/lip balm
- Organizing beauty products/tools  
*"Cleaned, organized my vanity, and created a storage/display system for my perfumes!"*

# Acquisition & Investment

Among beauty industry employees (marketing, finance, etc.)...

- 67% believe the outlook for **investment** in beauty brands over the next 12 months is **weak**.
- 53% believe the outlook for beauty brand **acquisitions** over the next 12 months is **strong**.
- 73% have had **budgets frozen** or have you heard of colleagues having budgets frozen because of the crisis.
- 53% say their companies have or are likely to **extend payment terms** (i.e. paying invoices on a more extended timeframe) and **defer rent payments or other overhead expenses** because of the crisis.

*"Lot of indie brands will be hit hard due to covid 19 which will give larger companies more leverage to buy them at a lower price"*

*"Volatile market. Consumer confidence all time low. Brands with Hygiene and OTC products may thrive but 'traditional' beauty brands will suffer. Not a wise use of funds in an unstable economy."*

*"I believe that initially, the beauty industry will take a hit financially as many people are concerned about the more serious health matters surrounding Covid 19, however when the pandemic dies down I believe that there will be more excitement and eagerness surrounding the beauty industry and new beauty products."*

# About Poshly Inc.

At Poshly, we believe data should drive decisions. We power the first and only on-demand consumer insights platform for CPG, including beauty, wellness, personal care and more.

Since launching in 2012, Poshly has collected 50,000,000+ answers from 1,000,000+ beauty consumers across 10,000+ questions covering demographics, psychographics, product preferences and more. Our clients leverage Poshly's proprietary consumer insights for product development, retail decisions, targeting campaigns and more.

Poshly's clients include L'Oréal, Nordstrom, Walgreens, AmorePacific, Shiseido, Unilever, e.l.f. Cosmetics, Milani, Soapbox Soaps, Patchology and many more brands and retailers. Poshly has been honored with L'Oréal's "NEXT Generation Award," Fast Company's "Top 10 Most Innovative Big Data Companies," and InStyle's "Best of the Web."

Contact [brands@poshly.com](mailto:brands@poshly.com) for more information.