

The Future of Facial Skincare: 2022

Skin as an active ecosystem, waterless beauty and engineered ingredients will be at the forefront. Technology will drive prescriptive and predictive beauty.



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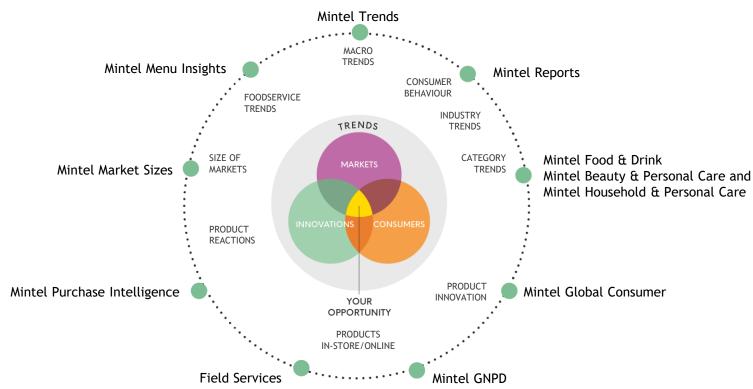
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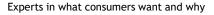
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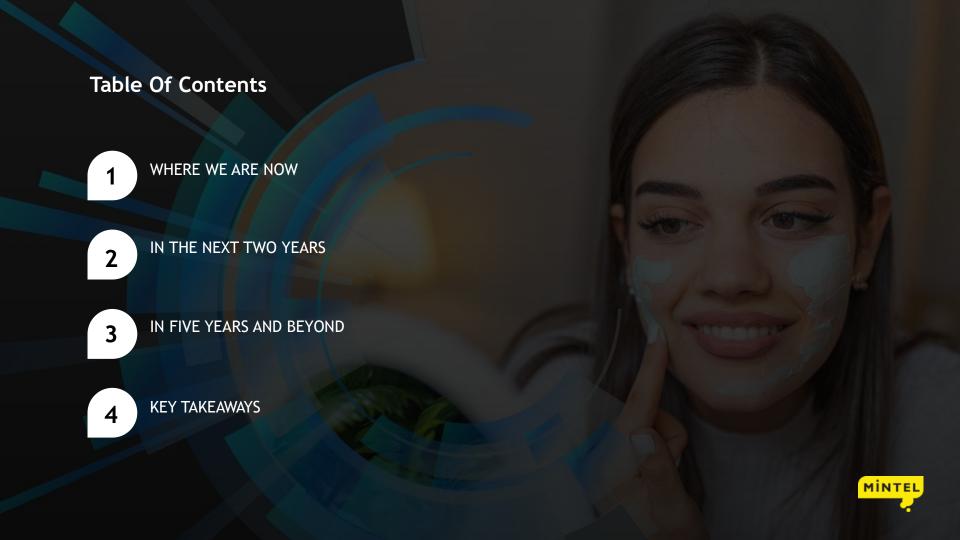
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The now, the next and beyond

Where we are now

Innovations for facial care continue to tap into environmentally friendly, naturalness, wellness and diversity trends

Care for stress, fatigue and a lack of sleep is of focus in terms of wellness.

Simpler facial skincare routines are growing in Asia, driving multifunctional and ingredient-led innovation.

In the next two years

Consumers taking more proactive approaches to facial care will increase. Skin will be recognised as an active organ, working in harmony with its ecosystem to protect the body from external aggressors.

Water scarcity will become a bigger environmental concern, and consumers will further embrace waterless formats.

Engineering ingredients will offer sustainable, efficacious alternatives to natural ingredients.

In five years and beyond

The younger generation is more interested in hyper-personalisation, and some consumers are already open to the collection and use of biometric data.

Advanced technologies on skin DNA analysis and hormones, for example, will offer prescriptive and predictive facial care to each consumer.



WHERE WE ARE NOW



Overview of innovation in the last year

Eco-friendly packaging in facial care soared, and the serum format has been increasing continuously.

GROWTH DURING THE PANDEMIC

13%

of ASEAN BPC launches were face/neck care in 2021, a slight increase from 11% in 2020 ECO-FRIENDLY PACKAGING SURGES

30%

of global face/neck care launches in 2021 contained the environmentally friendly package claim, an increase from 21% in 2020

SERUM CONTINUES TO GAIN

15%

of ASEAN face/neck care launches* in 2021 were serums, an increase from 6% in 2019



Source: Mintel GNPD

What we have seen

EMEA: eco and wellness themes inspire NPD

Eco and wellness themes are gathering pace in facial care.

In terms of eco friendliness, brands are investing in: eco packaging (eg glass, refills), upcycled and waterless formulas and solid formats.

In terms of wellness, innovations are focused on countering the negative impact on skin from stress, fatigue and lack of sleep.

APAC: eco/natural and simpler routines drive NPD

Facial care brands in APAC are recognising the consumer interest in more sustainable and natural products, leading to a spike in eco-friendly claims.

A desire for simpler facial skincare routines is gaining traction in Asia, driving multifunctional and ingredient-led innovation. A gap exists for more convenience claims.

Americas: a focus on diversity and sustainability

Innovations are continuing to meet the consumer interest in corporate social responsibility and inclusivity. Brands need to **be authentic** when supporting different causes.

Eco claims continue to increase in prevalence with reusable/refillable packs, and upcycled and waterless formulas are on trend.



IN THE NEXT TWO YEARS



It's not only about the environment - it's also about human health

The pandemic has heightened and expanded the focus on health.

We have seen a **more proactive approach** to health, beyond just treating symptoms to prevent them from appearing and even further focusing on an overall enhancement of bodily functions. **Strengthening one's body and its immune system** has become much more important. People have been taking more supplements and have tried to exercise more, **seeking efficacy and results**.

In the next two years, people will become more aware that climate change concretely impacts their health. Considering violent storms, heat waves, droughts ruining crops and air and water pollution, it will be impossible to disconnect having a healthy planet from having a healthy body.

People will adopt more responsible behaviour as they recognise that environmental health equals human health.

This concrete impact on facial care will be shaped around the merging of sustainability and health, with efficacy and convenience as key differentiators.



Mintel's perspective

Strengthen skin's active ecosystem

Consumers globally are looking for ways to protect their skin against external aggressors like pollution.

Strengthening skin's natural barrier and helping it function at its best will be the focus of more proactive facial care.

Products powered by probiotics and traditional herbs, for example, will play a role in **boosting skin immunity**.

Save water for the planet AND skin

With consumers becoming more aware of water scarcity, there will be a growth in waterless products delivering both eco-friendly and skin benefits.

Consumers will be more ecoresponsible and ready to adopt new routines and formats.

However, efficacy and convenience will be key in a scenario in which sustainability and health merge.

Engineer ingredients

Beauty will face different challenges, one being the sourcing of natural ingredients

Engineered ingredients, such as labgrown and fermented ones, will play a key role in enhancing the effectiveness and the sustainability of beauty products.

Fermentation will be repositioned as cutting-edge tech for engineered ingredients.



Strengthen skin's active ecosystem

The skin is not seen as a passive body part but rather as a living organ that functions in harmony with its ecosystem.

In fact, it is the largest organ of the body, and together with its microbiome, it is the body's **protective** barrier against the world.

Enhancing skin's natural defense and helping skin function at its best will be crucial for facial care in response to increasingly health-conscious consumers.



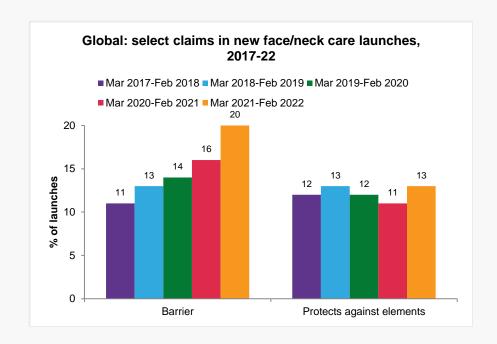
Innovate to strengthen skin's ecosystem and natural functions

Facial care products have been addressing consumer concerns on external aggressors with 'protection against' claims for many years. Recently, more positive benefits focused on **supporting the skin barrier** have been increasing.

According to Mintel Trend <u>Total Wellbeing</u>, consumers treat their bodies like **an ecosystem** and seek solutions that complement their health.

Thus, based on consumers' growing interest in and awareness of skin health, further growth in skin barrier claims is expected, particularly in **improving skin's natural defenses**.

Innovate in this space to provide solutions that help the skin function at its best, or shift 'protection against' offerings towards more positive territory with skin barrier claims.





Boost skin's natural defense

Skin barrier claims will be key in the protection space, supporting healthy skin and addressing external aggressors as a consequence.



Support skin's defense barrier
Solara Suncare Barrier Defense Hyaluronic
Essence is said to be fully dedicated to
formulating clean, safe and skin-loving
protective products that help nourish and
support the skin's defense barrier.



The healthy skin barrier

<u>U Beauty The Barrier Bioactive Treatment</u> is formulated with marine ingredients engineered to act on the skin's stem cells and essential growth factors to boost the proliferation of new cells, while leaving the healthy skin barrier alone.



Strengthen the natural barrier function L'Oréal Men Expert Magnesium Defense Sensitive is described as an intensively calming, moisturising care that strengthens skin's natural protective barrier, featuring magnesium minerals to strengthen skin's natural barrier function.



Save water for the planet AND skin



Highlight both eco- AND skin-friendly benefits of waterless beauty

In recent years, waterless products have launched without gaining much traction.

The pandemic and the impacts of climate change, with increasing repercussions on our lives and health, have been driving interest in and acceptance of eco-friendly formulas, including waterless ones.

In 2016, Mintel introduced its 2025 BPC Trend Water - the new luxury exploring the importance of water in the beauty industry.

The key driver of the success of waterless will rely on skin benefits. This type of formula can support **higher efficacy** claims (eg due to its concentration of actives), and at the same time allows for the **avoidance of preservatives**. Thus, waterless can be highly appealing to consumers concerned about ingredient **safety** and interested in **clean beauty**.

Waterless formulas represent an opportunity for a **more sustainable** offer, but to generate a bigger appeal, brands should highlight **skin benefits** and ensure there is no compromise on **pleasant experience**.

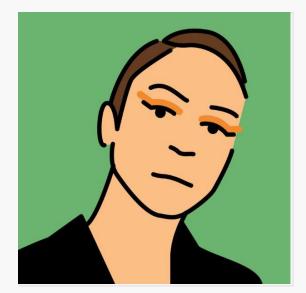




What does this mean for consumers?

The Beauty Activist persona chooses brands that align with their values. They are very active and respected on social media, are on top of global current events and care about brand ethics and transparency. That's more important to them than being on trend. They gravitate towards indie brands that focus on eco-ethical concerns and are interested in clean beauty.

Ethical and **sustainable** brands that address water scarcity issues while providing additional skin benefits will strongly appeal to this consumer. To attract them, company-wide sustainability efforts need to be **transparent**.



Beauty Activist



Engineer the ingredients



Promote engineered ingredients for sustainability and effectiveness



One Ocean Beauty Ultra Hydrating Algae Oil

Mintel's 2018 BPC Trend *Playing Mother Nature* illustrates the concept of natural beauty ingredients encompassing technological developments. As climate change and the limitation of natural resources make sourcing natural ingredients challenging, **lab engineering** will be a concrete option to provide effective ingredients in a sustainable way and create a new story in the future of facial care

Consumers are more interested in ingredients than ever before, and innovative technologies bring engineered ingredients to a new level.

One Ocean Beauty uses natural molecules obtained from marine microorganisms and reproduces them in a lab through biofermentation. It produces age-defying ingredients without negatively impacting the environment.

Leverage engineered ingredients to push the boundaries on **efficacy** and support **environmentally friendly** brand positioning at the same time.



What does this mean for consumers?



Ageless Aesthetic

The Ageless Aesthetic persona is well versed in beauty and doesn't get caught up in trends. Quality and efficacy are their main purchase drivers. They are loyal, but they do experiment if products have the credentials to back up their claims. They gravitate towards high-powered ingredients with proven performance. They follow brands on social media and use apps to help with product selection.

Engineered ingredients will resonate well with this consumer for their **quality** and **sustainability aspects**. They will be interested in lab-grown ingredients and advanced fermentation technologies that provide proof of benefits because they find solutions through **technology**.



IN FIVE YEARS AND BEYOND



Evolve to prescriptive and predictive tailored facial care

Consumers will be willing to **share their data** in order to get a scientifically based recommendation on what is best for their skin and how to achieve the results they are looking for. Data science and tech will make **hyper-personalisation sustainable and scalable** from a business perspective.



Guide consumers through scientifically based tailored solutions

Mintel's 2019 BPC Trend *Beauty with a Brain* describes how consumers **put faith in science**.

34% of Thai consumers are already interested in beauty solutions that are able to prescribe tailored skincare products after an assessment.

The concept of hyper-personalisation is relevant, but it's not a new one. The ability to make it sustainable at scale has remained very complex and expensive.

The increasing prevalence of a data-driven approach will support the operational and manufacturing complexity. **Predictive models** will help understand how an individual's skin changes with age, environment and seasons. It will be possible to group people based on their needs and model out the entire supply chain to plan and order accordingly.

Offering scientifically based personalised products will be key to stay competitive.

HYPER-PERSONALISATION

THREE IN FOUR

of Canadian consumers aged 25-34 are interested in hyperpersonalised products

Base: Canada: 1,939 internet users aged 18+ who buy personal care products

Source: Kantar Profiles/Mintel, November 2021



Read on mintel.com

Drive brand loyalty through subscription models



The relationship between brands and consumers will become stronger. Many consumers will embrace subscription models as they will see a **concrete benefit in keeping a constant connectionand flow of information** with their brands.

For example, companies will be able to identify the cause of an issue through in-depth skin assessment and offer personalised **products that adapt** to the way an individual's skin changes overtime to become more effective by analysing the achieved results.

Each month, an algorithm will interpret changes in environment, diet and skin and prescribe an improved solution.

With the rise of subscription models, it might be more difficult for new brands to break through and gain consumers' attention.

Get ready for this scenario and engage consumers in a mutually beneficial relationship that will help make hyper-personalisation financially sustainable.



Prescribe beauty based on DNA assessment

Mintel's 2025 BPC Trend *Augmented Human* highlights the use of personalised systems to monitor the skin.

Despite the debate over privacy, some consumers are already open to the collection and usage of **biometric data**. 42% of US adults* are willing to share their personal biometric data (eg DNA, skin type) with beauty brands.

In 2022, Shiseido started a trial for its new Beauty DNA Program, which offers DNA kits to help consumers better understand their skin. The Alpowered service provides 27 analysis reports, including the risk of wrinkles and resilience to skin ageing.

Explore **hyper-personalised beauty** based on biometric data and be absolutely transparent and proactive in sharing privacy policies.



Shiseido Beauty DNA program



Source: Shiseido

Address issues before they happen



The Luminate skinprint

Luminate, a CES 2022 Innovation Award Honoree, offers a skin test that identifies UV damage in skin's genes. Its smart sticker, SkinPrint, is utilised to lift a sample from the skin and then analysed to find abnormalities at the DNA level. The report reveals the actual level of UV damage at this level and gives personalised recommendations in two areas: preventing future damage (like sunblock and diet adjustments) and restoring damaged skin (such as supplements, beauty products or laser treatments).

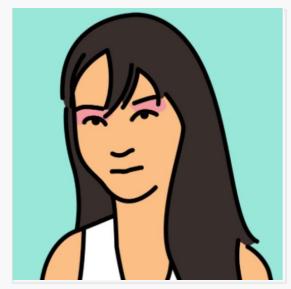
Innovate technologies that offer predictive beauty solutions designed to preemptively address issues.



Source: <u>Luminate</u>

Read on mintel.com

What does this mean for consumers?



Beauty Climber

The Beauty Climber's lifestyle changes as a result of social mobility. They like to hunt for information and discover products. They are always looking for the next upgrade, so their routine often changes.

Hyper-personalised facial care will interest Beauty Climbers who are in search of brands that truly understand them and align with their status. Develop **technology** for **individuals** to analyse their skin at the DNA level and provide precise recommendations, while protecting their personal information.



KEY TAKEAWAYS



Key takeaways

Offer solutions to support skin's ecosystem

Rethink innovations to focus on skin's ecosystem and aim to help strengthen its natural barrier. Offer immune-care products to support skin health and lead the market.

Address ingredient challenges with engineering

Bring product effectiveness to a new level while reducing the brand footprint. Set the foundation to prepare for a future scarce of natural resources.

Reposition fermentation as cutting-edge tech, emphasising the science behind it.

Convey the skincare advantages of waterless beauty

Highlight the eco- and skin-friendly benefits of waterless beauty. Leverage formats like solid bars, powder and wipes. Ensure there is no compromise on pleasant experience. Join the global movement for sustainable beauty by setting company-wide water footprint goals.

Get ready for scalable hyper-personalisation

Step up with predictive models and subscription strategies to make personalisation sustainable at scale. Prescribe beauty based on DNA analysis, address the effects of hormonal changes on the skin and predict issues before they actually happen.



THANK YOU!

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