

Beauty Online - UK - December 2010

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What is this report about?

Beauty is a small, yet rapidly developing online market. It has more than doubled in size between 2005 and 2010 to an estimated value of £420 million and experienced a hike in the number of shoppers in first quarter of 2010. So why is the beauty market near the bottom of the pile compared to other online categories?

What have we found out?

- A successful start to 2010 saw growing numbers of internet users shop online for cosmetics, fragrances and toiletries. Purchase penetration peaked at 17% (November 2009 to January 2010), after a strong Christmas period. Mintel estimates sales of beauty products online at £420 million in 2010, equivalent to 5% of the cosmetics and toiletries market.
- Customers stand to reap more rewards from loyalty schemes in the future, as retailers consider introducing points-based programmes, while Boots has pioneered partnerships with other retailers to benefit Advantage Card holders.
- Fragrance represents one of the best prospects in the online beauty market for future sales. Over a third (36%) of consumers say they would consider buying scent in a future purchase.
- Government demographic projections show that the number of 25-34-year-olds will rise by 11.4% (936,000) within the next five years. Mintel research shows that this age group is most likely to buy beauty online (55% vs. 44% of all adults). The rise in ABs by 6.7% (727,000) will also favour the market as this socio-economic group are also most like to buy beauty online (49%).
- The increase in fibre optic broadband packages is rapidly growing, enabling consumers to fully utilise site features and interactive tools.
- Perhaps the most promising strength of the market is the innovation amongst online retailers. More retailers are engaging consumers with tutorial videos, implementing user-generated content, search and selection tools, sampling and expert panels to enrich user experience and bring beauty products to life.

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