Colour Cosmetics: Inc Impact of COVID-19 - UK - July 2020

Report Price: £1995.00 | $2693.85 | €2245.17

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

"Makeup fatigue has set into colour cosmetics, with women cutting down on spend even before the COVID-19 pandemic. Women are less engaged with new launches despite increased NPD, whilst sustainability concerns as well as trends favouring natural looks are also driving down value."
– Roshida Khanom, Category Director BPC

This report looks at the following areas:

The pandemic will only accelerate this as consumers seek mindful consumption, and brands should streamline NPD and touch on consumer concerns, supporting sustainability initiatives but also more 'human' causes. Spend will remain muted in the medium term as price sensitivities see women switch to lower priced brands. Whilst demand will return in the long-term, consumers switching brand loyalties and reducing product repertoires mean that the value of the category won't reach its pre-COVID-19 level.

What you need to know

Although makeup fatigue was setting into the colour cosmetics category even before the COVID-19 pandemic, there are still opportunities in the market. 46% of women had purchased cosmetic products that are better for the environment, for example.

However, the COVID-19 crisis will undoubtedly intensify the challenges faced by the market. Whilst non-essential stores have reopened, the in-store trial of colour cosmetics has been significantly impacted, with retailers removing samples. In addition, usage saw a decline during the lockdown period which will remain in the medium term as social distancing continues and working from home becomes the next normal for many. Although colour cosmetics fared well during previous recessions – giving rise to the term 'lipstick effect' – a shift in how consumers use and buy makeup will significantly challenge the category this time around.

Net spend on BPC is already in decline, and women are cutting back on the purchase of premium brands. As such, the prestige sector will be significantly impacted, with ongoing disruptions to the travel industry impacting sales of makeup at the luxury end.

As consumers seek to be more mindful about consumption, NPD should focus on areas that consumers are motivated by, such as sustainability and supporting 'human' causes. 2020 could also be the time for brands to invest and innovate in technology to offer a new shopping experience for the makeup buyer. Physical sampling will be impacted, but the use of AR/VR could gamify the shopping experience and engage the shopper both in-store and online.

Key issues covered in this Report

- **The impact of COVID-19 on the colour cosmetics market**
- **How the market will fare post-COVID-19**
- **The value of individual segments and brand performance in 2019**
- **Launch activity opportunities for 2020**
- **Shifts in purchase of colour cosmetics, and purchase behaviours in last 12 months**
- **Interest in products and services that can drive purchase of makeup**
- **Usage motivations for face makeup and important claims for colour makeup.**

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Products covered in this Report

For the purposes of this Report, Mintel has used the following definitions:

- **Face makeup: foundation, concealer, face powder, BB/CC cream, tinted moisturiser, blusher, bronzer, primer, highlighter, colour correctors, contouring products**
- **Eye makeup: mascara, eyeliner, eyeshadow, eyebrow products, false eyelashes**
- **Lip makeup: lipstick, lip gloss, lip liner, tinted lip balm**
- **Nail makeup: nail polish, gel/UV nail polish, false nails.**

Within this Report, we also discuss base and point colour makeup. Base makeup refers to products for the face that create an even cover for the skin, primarily foundation, concealer, BB/CC creams and face powder. By contrast, point colour refers to makeup products that are designed to draw attention to specific areas, such as eye, lip and nail makeup.

Nail care products (eg cuticle cream, buffers and French manicure) are excluded. Body glitter products and instant tanning products are also outside the scope of this Report.

COVID-19: Market context

The first COVID-19 cases were confirmed in the UK at the end of January, with a small number of cases in February. The government focused on the 'contain' stage of its strategy, with the country continuing to operate much as normal. As the case level rose, the government ordered the closure of non-essential stores on 20th March.

A wider lockdown requiring people to stay at home except for essential shopping, exercise and work 'if absolutely necessary' followed on 23rd March. Initially, a three-week timeframe was put on the measures, which was extended in mid-April for another three weeks.

The Health Protections Regulations 2020 came into effect on 15th June allowing the reopening of all non-essential stores in England and the mandatory use of face masks on public transport. Pubs, restaurants, hotels and hairdressers reopened on 4th July and beauty salons reopened on 13th July, whilst the use of face masks in shops and supermarkets will be mandatory from 24th July.

Our economic assumptions are based on the illustrative scenario included in the Bank of England's Monetary Policy Report, released on 7th May 2020 (https://www.bankofengland.co.uk/-/media/boe/files/monetary-policy-report/2020/may/monetary-policy-report-may-2020.pdf). The scenario suggests that UK GDP could fall by 14% in 2020, recovering by 15% in 2021, and that unemployment will reach 8% by the end of the year, easing slightly to 7% by the end of 2021. The current uncertainty means that there is wide variation on the range of forecasts, however, and the numbers presented in the BoE's illustrative scenario are at the more pessimistic end of the spectrum.

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