Beauty Retailing - UK - January 2013

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"As affordable quick fix beauty treatments have become more established in the UK, we've seen greater spontaneity from consumers, a shift in channels to market and an opening up of the mass market".

– Hilary Monk, Senior Retail Analyst

In this report we answer the key questions:

- How has the beauty treatments market changed and what opportunities has this delivered to store based retailers?
- How engaged are beauty shoppers with m-commerce and how can retailers capitalise on this?
- How is new technology driving innovation in beauty product testing?
- How can retailers leverage the power of personal recommendations and trust?
- Who are the retail winners and losers?

VAT rises at the start of 2010 and 2011 contributed annual uplifts both to consumer spending on beauty and personal care (BPC) goods and to sector sales by health and beauty specialists. With no such effect in 2012, we expect annual growth for both these measures to have been more subdued.

This is not to say pessimism abounds for BPC retailing, even in tough economic times, with pockets of opportunity for stronger growth.

Within the overall BPC category, beauty products are forecast stronger growth than their more functional personal care counterparts, in part due to the resilience of the aspirational, premium segment. There is also less scope both for trading down by consumers and for ongoing price promotion by retailers in beauty products than in more functional personal goods.

Conversely, discount retailers such as grocery discounters Aldi and Lidl and non-food discounters such as Poundland, B&M Bargains and 99p Stores are becoming more important as channels for lower-value BPC goods.

And strong growth is expected to continue in the online channel. Mintel estimates online sales of beauty and personal care goods rose by around 19% in 2012, with the online channel capturing a little over 7% of all consumer spending on BPC products in the year. We expect an increase in online sales of around 18% for 2013, although future growth rates are likely to subside as the online channel matures.

As ever, our report includes extensive consumer research including, this year, analysis of how consumers combine online and offline browsing and shopping, and attitudes to shopping for beauty products via smartphones.

DID YOU KNOW?

This report is part of a series of reports, produced to provide you with a more holistic view of this market