

Findings Report 2019

PERSONAL CARE SHOPPING TRENDS



Welcome to the inaugural Personal Care Shopping Survey commissioned by Red Door Interactive.

Our objective for this research is to better understand the behaviors and preferences of consumers in a retail landscape under constant transformation by digital technology. Specifically, we are seeking to answer a seemingly simple question:

“Why do people shop where they shop?”



The insights revealed in this research are especially valuable to marketers who need to identify the best channels on which to distribute their products, both online and offline, and where to make strategic investments (or not). Decisions about the downsizing and closure of brick-and-mortar stores, the perceived “death of the shopping mall,” and the recalibration of the shopping experience toward delivery services, are topics marketers grapple with daily. Not to mention figuring out the Amazon.com part of the equation.

As such, we are excited to share our Personal Care Shopping Trends 2019 Findings Report.



Personal Care Shopping Trends 2019

METHODOLOGY



We fielded an online survey via SurveyMonkey between September 26-27, 2018, and data was collected from a random sampling of 300 people ages 18-65 in the United States. SurveyMonkey provided respondents.

In addition to the survey data, proprietary research from the world's leading third-party providers helped to inform and validate our findings at a larger scale. Samples of the reports we referenced include:

- World Market For Beauty & Personal Care (WARC)
- Digital IQ Index Personal Care 2018 (Gartner L2)
- Amazon's Health & beauty Sales Keep Growing (eMarketer)
- Selling to Skintelligent Millenials (WGSN)



WARC

Gartner L2



WGSN



01

Personal care product discovery primarily occurs in traditional marketing channels like TV and in-store promotions, but social media and search engines increasingly influence where consumers find new brands.

05

Amazon.com has a growing presence where shoppers research and purchase personal care products online.

02

A majority of personal care products are purchased offline, but the accelerated growth of e-commerce sales, and mobile and voice-assisted shopping is set to transform the category.

06

Amazon.com increases shopper confidence with ratings and reviews but also encourages consumers to find a lower price.

03

Shoppers' top reasons for purchasing personal care products offline are immediate access, convenience, and trying out merchandise.

07

Providing samples is essential to convert shoppers from brands they currently use and instilling buyer confidence via reviews, demonstrations, and realistic product descriptions is a necessity – both online and offline.

04

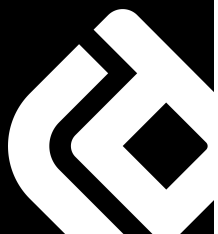
Omnichannel e-commerce capabilities are increasingly important for personal care retailers to bridge the gap between the physical world and digital.

DATA ANALYSIS & COMMENTARY



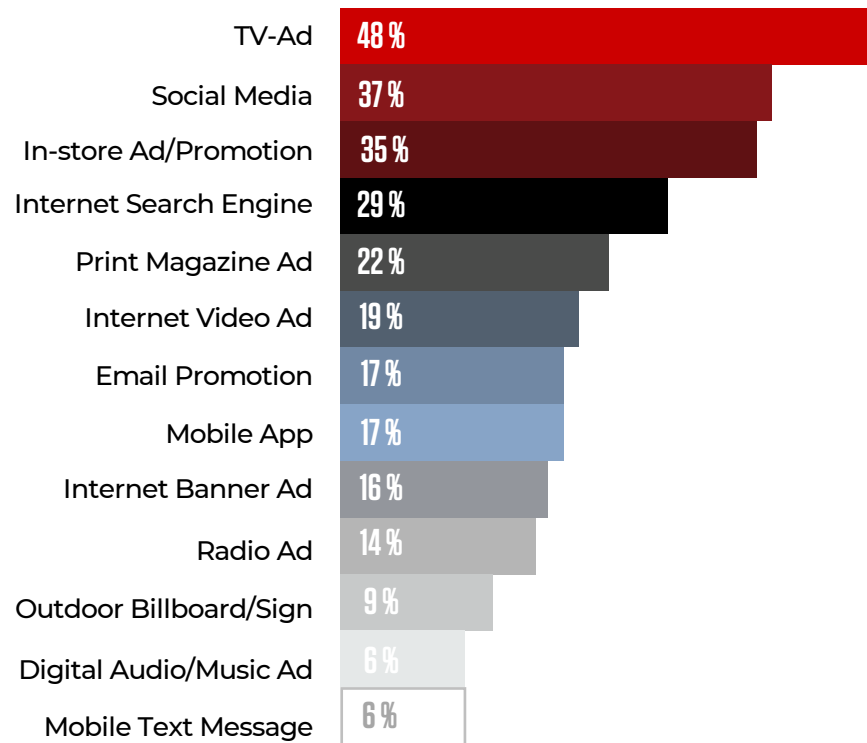
01

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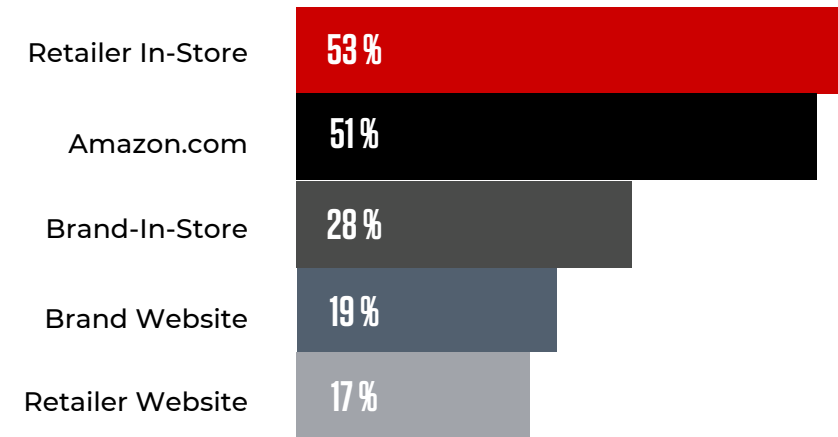


Personal care product discovery primarily occurs in traditional marketing channels like TV and in-store promotions, but social media and search engines increasingly influence where consumers find new brands.

MARKETING CHANNELS



SHOPPING LOCATIONS



Which of the following sources has aided in your discovery of new personal care products in the last 12 months?

Personal care product discovery primarily occurs in traditional marketing channels like TV and in-store promotions, but social media and search engines increasingly influence where consumers find new brands.

01

Three of the top-five sources of personal care new product discovery are traditional marketing channels including TV ads (48 percent), in-store ads (35 percent), and print magazine ads (22 percent). Even so, over one-third of product discovery happens on social media (37 percent) and about the same through search engines (29 percent).

TOP SOURCES OF NEW PERSONAL CARE PRODUCT DISCOVERY

**48%**

TV Ads

**37%**

Social Media

**35%**

In-Store Ads

**29%**

Search Engines

**22%**

Print Ads

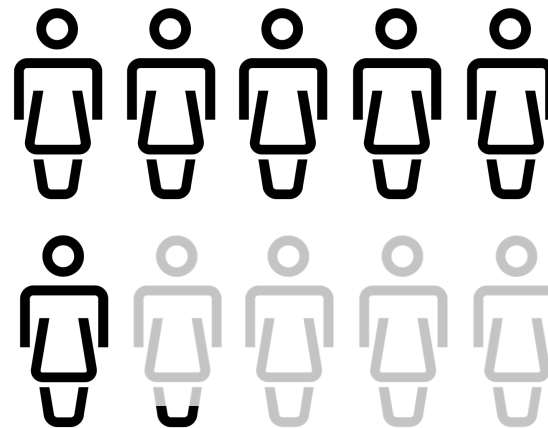
01

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02

Of the social media channels, Instagram is giving rise to new brands that have been created with “insta visuals” in mind and new generation “skinfluencers.” 64 percent of women 18-44 use Instagram for beauty inspiration¹.

SOCIAL MEDIA



**64% of
women**

18-44 use Instagram
for beauty inspiration

¹WGSN, Selling to Skintelligent Millennials: Retail Strategies, www.wgsn.com

01

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03

Impressively, over half of personal care product discovery occurs on Amazon.com (51 percent) rapidly closing in on retail stores (53 percent). This has made health and beauty the third-most-purchased category on Amazon in 2019 and forecast to reach \$16B, a 38 percent increase over 2017².

PERSONAL CARE ON AMAZON

**51%**

Discovery on Amazon

**3rd**

Most-purchased category on Amazon

\$16B

Forecasted personal care product spend in 2019

²Edison Trends, as cited by eMarketer, www.emarketer.com

01

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04

Digital audio ads contributed to just 6 percent of personal care product discovery potentially underscoring a nascent opportunity. By 2020, digital audio ad spending is forecast to rise to \$4.1B compared to \$2.9B in 2018³.

**\$4.1B**

Forecasted digital audio ad
spending in 2020
(\$2.9B in 2018)

³Jack Myers TomorrowToday, "2000-2020 Advertising, Shopper Marketing and Trade Communications Data and Forecasts" as cited by eMarketer, www.emarketer.com

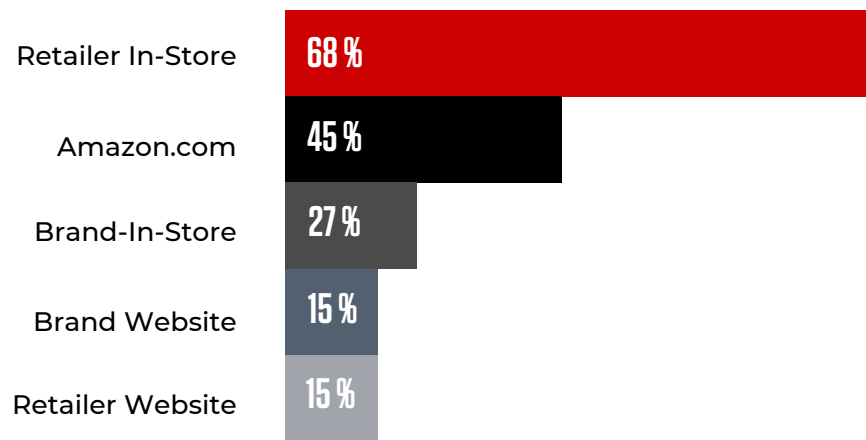
02

A majority of personal care products are purchased offline, but the accelerated growth of e-commerce sales, and mobile and voice-assisted shopping is set to transform the category.

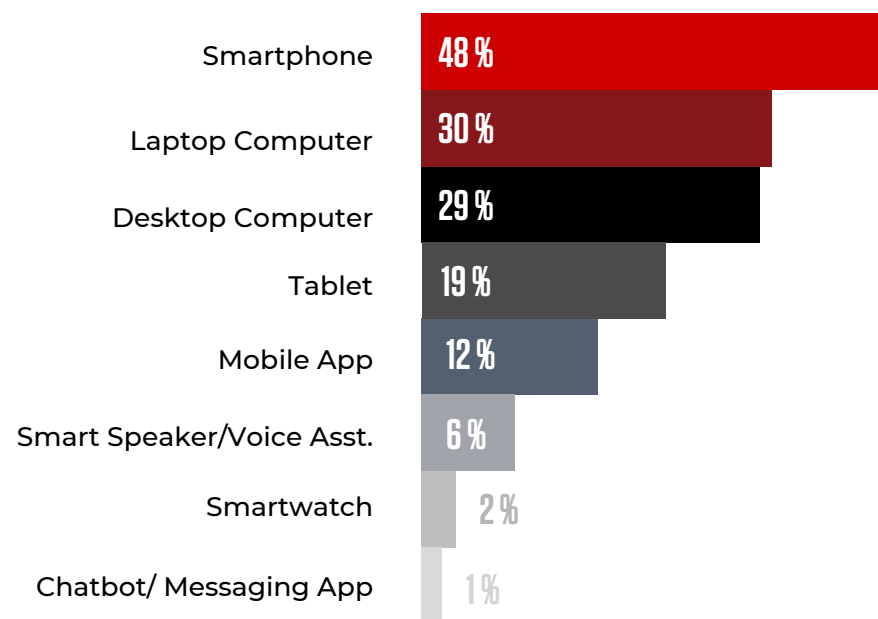


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SHOPPING LOCATIONS



DEVICES & APPS



Where have you purchased personal care products the last 12 months?

A majority of personal care products are purchased offline, but the accelerated growth of e-commerce sales, and mobile and voice-assisted shopping is set to transform the category.

01

95 percent of our survey respondents say they shop for personal care products at brick-and-mortar store locations.

68 percent of shoppers reported purchasing in a retail store followed by 27 percent at a specialty brand store.

WHERE SHOPPERS MAKE PERSONAL CARE PURCHASES

**95%**

Brick-and-Mortar Locations

**68%**

Retail Store

**27%**

Specialty Brand Store

02

A majority of personal care products are purchased offline, but the accelerated growth of e-commerce sales, and mobile and voice-assisted shopping is set to transform the category.

02

Amazon.com is the second most popular shopping location where 45 percent of survey respondents said they purchased personal care products in 2018.



ONLINE SHOPPING

45%

Of respondents purchase personal care products on Amazon

03

Even though most personal care product purchases happen offline, the digital channel will develop into the most critical driver of future sales forecast up from \$36.17B in 2018 to \$65.55B in 2022 which is an 81 percent increase¹.

**\$7-15B**

Forecasted sales driven by digital channels over the next few years. (*\$1.7B in 2018*)

02

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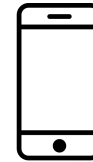
04

48 percent of personal care product shoppers buy on smartphones making mobile optimization a marketing imperative – especially as more purchases occur digitally.

05

According to The Harris Poll, 39 percent of consumers say they would purchase personal care and wellness products via voice assistant² (topping all other devices), but just 6 percent of our survey respondents said they had done so.

PERSONAL CARE PURCHASES ON DEVICE

**48%**

Smartphones

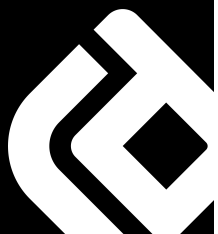
**6%**

Voice Assistance

²Harris Poll, as cited by eMarketer, www.emarketer.com

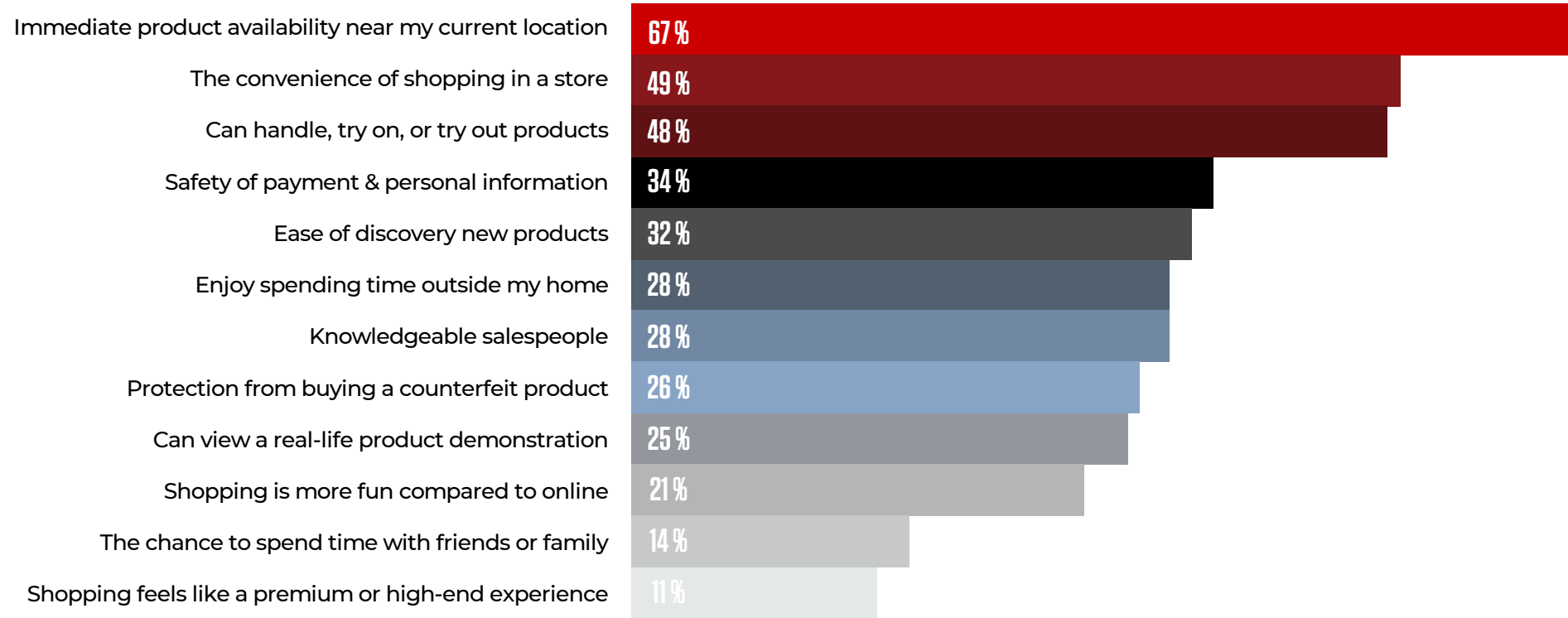
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Shoppers' top reasons for purchasing personal care products offline are immediate access, convenience, and trying out merchandise.



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SHOPPERS' REASON FOR PURCHASING OFFLINE IN-STORE LOCATION



03

Shoppers' top reasons for purchasing personal care products offline are immediate access, convenience, and trying out merchandise.

01

67 percent of survey respondents cited immediate access to personal care products for why they shop offline. In the case of fast moving consumer goods, people remain conditioned to restocking after depletion rather than proactively keeping products at hand. Subscription services have yet to take hold.

**67%**

Of shoppers buy offline for immediate access to personal care products.

02

Concerns about choosing the right colors and need for consultation with knowledgeable sales people are especially important for consumers who choose to shop offline. However, digital beauty tools and connected devices that allow for real-time diagnosis, more tailored recommendations, and instant solutions are closing the gap between digital and in-real-life experiences. These tech-enabled solutions have made e-commerce the fastest growing channel in beauty and personal care¹.

¹WARC, World Market For Beauty And Personal Care, www.warc.com

03

Shoppers' top reasons for purchasing personal care products offline are immediate access, convenience, and trying out merchandise.

03

When consumers shop for personal care products online, they rely on product reviews (44 percent) and product formulas/ingredients (32 percent) to inform their purchasing decisions. E-commerce sellers must view these as essential website features. Free samples, trial sizes, videos, and demonstrations are also enticing for shoppers.

SHOPPING ONLINE FOR PERSONAL CARE PRODUCTS

**44%**

Product reviews

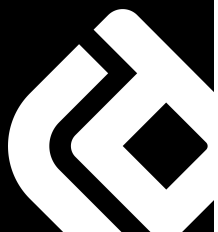
**32%**Product formulas/
ingredients

¹Age of Majority, December 2017, as cited by eMarketer, www.emarketer.com

²EventTrack, "Experiential Marketing Content Benchmarking Report," August 2017, as cited by WARC, www.warc.com

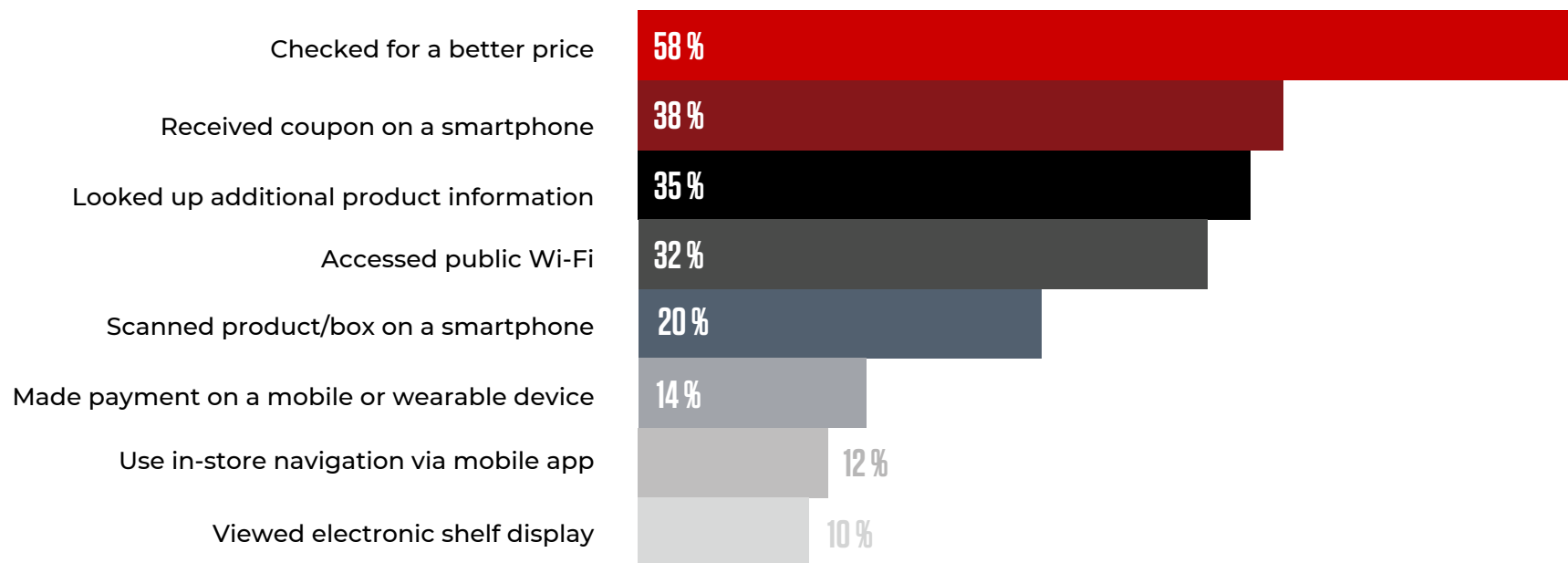
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ACTIONS DONE IN-STORE WHILE SHOPPING



Which of the following actions have you done in a store location when shopping for personal care products?

Omnichannel e-commerce capabilities are increasingly important for personal care retailers to bridge the gap between the physical world and digital.

01

58 percent of personal care shoppers have checked their smartphone for a better price, 38 percent have received a coupon, and 35 percent have looked up additional product information.

02

Failing to provide a mobile optimized experience and the convenience of digital payments and in-store navigation are missed opportunities for brands and retailers hoping to gain a competitive advantage.

SHOPPER SMARTPHONE USE

**58%**

Check for a better price

**38%**

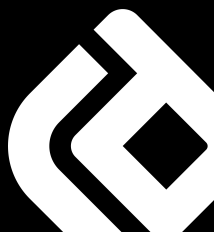
Receive a coupon

**35%**

Look up additional product information

05

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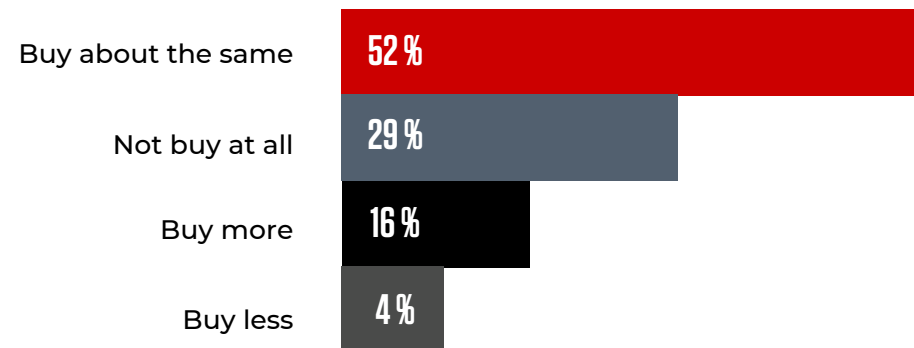
SHOPPED FOR PERSONAL CARE PRODUCTS ON AMAZON.COM

Last 12 Months



PLAN TO BUY PERSONAL CARE PRODUCTS ON AMAZON.COM

Next 12 Months



Have you shopped for personal care products on Amazon.com in the last 12 months?

How many personal care products will you buy on Amazon.com in the next 12 months?

Amazon.com has a growing presence where shoppers research and purchase personal care products online.

01

64 percent of the survey respondents shopped for personal care products on Amazon.com in the last 12 months. The number is set to climb as 68 percent expressed the intent to buy about the same or buy more personal care products on Amazon.com in the next 12 months.

02

Compared to beauty brands, skincare is more commonly purchased on Amazon, likely due to items such as moisturizer, body wash or lip balm being bought on price and product attributes rather than than subjective qualities like color or coverage¹.

AMAZON.COM SHOPPING TRENDS



64%

Purchased
personal care
products from
Amazon.com

Last 12 months



68%

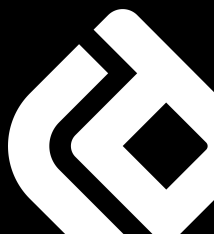
Intent to
purchase
personal care
products from
Amazon.com

Next 12 months

¹Edison Trends, as cited by eMarketer, www.emarketer.com

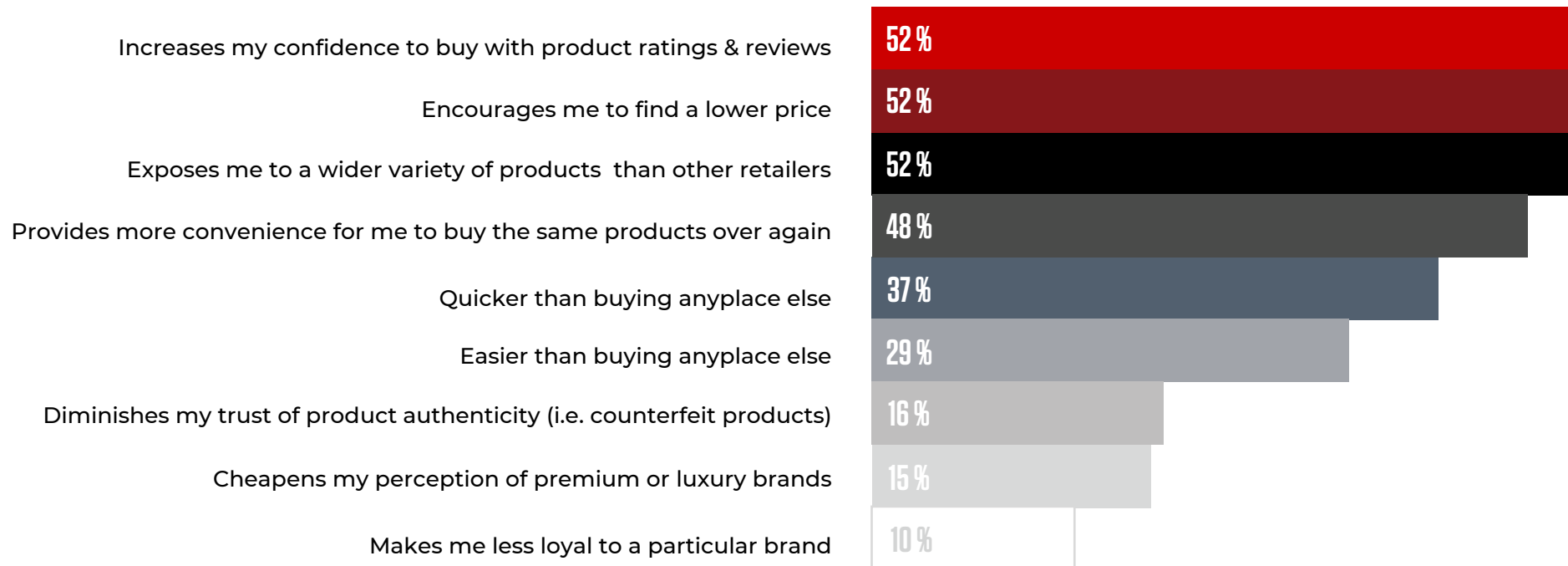
06

Amazon.com increases shopper confidence with ratings and reviews but also encourages consumers to find a lower price.



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AMAZON.COM INFLUENCE ON PERSONAL CARE PRODUCT SHOPPERS



For you personally, how does shopping on Amazon.com influence your choice of personal care products?

Amazon.com increases shopper confidence with ratings and reviews but also encourages consumers to find a lower price.

01

Our survey underscored the importance of ratings and reviews in the personal care product decision journey with 52 percent of respondents saying they increase confidence to buy.

PRICE VS. LOYALTY



52%

Of shoppers are influenced by Amazon to find a lower price



10%

Of shoppers say Amazon makes them less loyal to a particular brand

Amazon.com increases shopper confidence with ratings and reviews but also encourages consumers to find a lower price.

02

52 percent of survey respondents also said Amazon encourages them to find a lower price, but just 10 percent indicate Amazon makes them less loyal to a particular brand.

PRICE VS. LOYALTY



52%

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10%

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Amazon.com increases shopper confidence with ratings and reviews but also encourages consumers to find a lower price.

03

A common belief among luxury or premium brand marketers is that Amazon.com cheapens consumer perception of their brands, but just 15 percent of survey respondents indicate that is true.

PERCEPTION OF BRAND ON AMAZON

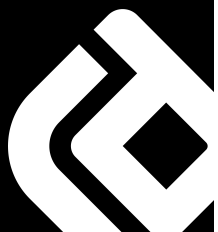


15%

Of shoppers say
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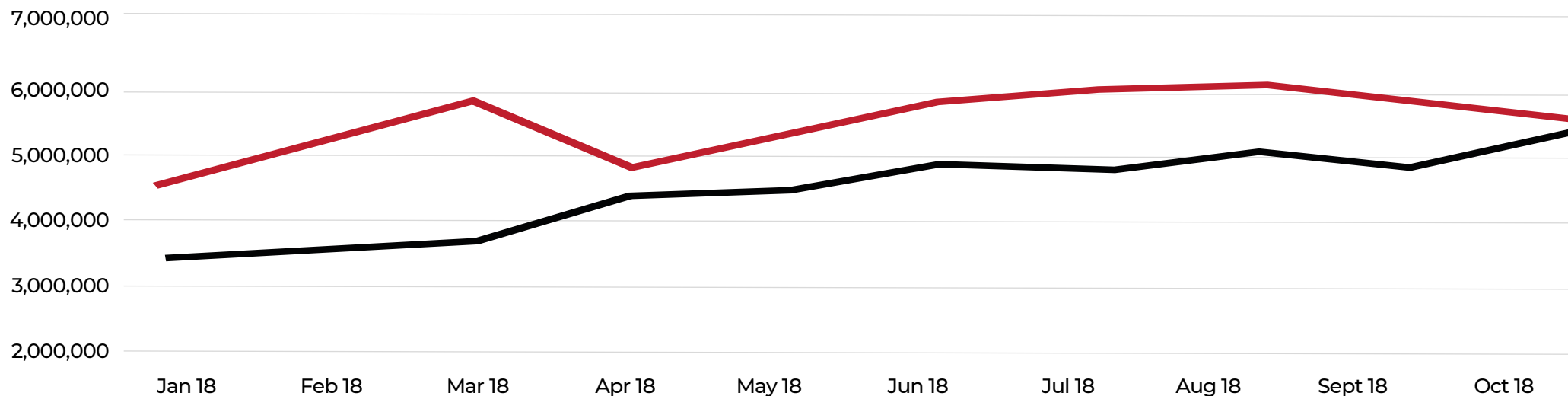
07

Analysis of the e-commerce landscape shows legacy product manufacturer brands slowing the pace of disruption from new DTC start-ups.



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DTC vs. Brand Site Monthly Unique Visitors (Aggregate Comparison)



DTC Sites
 Examples: DOLLAR SHAVE CLUB QUIP HARRY'S hims Honest

Brand Sites
 Examples: Gillette Schick Colgate Crest Pampers

Analysis of the e-commerce landscape shows legacy product manufacturer brands slowing the pace of disruption from new DTC start-ups.

01

Successful CPG personal brands are capturing a greater share of unbranded search traffic from product ingredient keyword phrases (jumping 18 percent on Google over the past 24 months), and solution-oriented keyword searches like “What is?” and “How to?” (up 9 percent on Google)¹.

02

Brand manufacturers have the unique opportunity to leverage shopper data across their product portfolios as well as retail and distribution channels – something the pure-play digital DTC brands cannot. Data is most useful for personalizing incentives and recommendations.

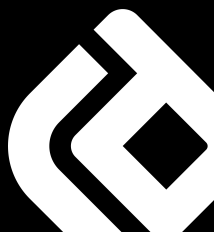
03

The growing influence of Amazon.com cannot be overlooked, and increased allocation of budget towards Amazon Headline Search Ads can boost product conversion both on Amazon and brand manufacturer websites from a subsequent lift of branded search terms on Google.

¹Gartner L2, Digital IQ Index Personal Care 2018, www.l2inc.com

08

Providing samples is essential to convert shoppers from brands they currently use and instilling buyer confidence via reviews, demonstrations, and realistic product descriptions is a necessity – both online and offline.



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REAL PEOPLE
PACKAGING
ECO-FRIENDLY
REVIEWS
QUALITY
SAMPLES / TRIALS
HELPFUL TUTORIALS
VIDEOS REWARDS

- 01** Because of the high price point of premium products, shoppers expressed the need to try free samples or trial size items – especially when considering to switch brands.
- 02** Shoppers appreciate friendly, knowledgeable salespeople who can advise them on personal questions and concerns. Providing similar help online is a necessity.
- 03** E-tailers seeking to gain a competitive edge should implement personalized shopping features through AR and AI while also finding a better way to portray colors and fragrance.
- 04** While shoppers expressed the need for retail and product innovation, they also mentioned frustration due to discontinued items and too frequent package design updates.

If you could offer one piece of advice to a personal care product retailer to improve your shopping experience, what would that be?

A modern office interior with a staircase, a reception desk, and a lounge area. The space is dimly lit with industrial-style lighting. The staircase has a dark metal railing. The reception desk is a long, dark wood counter. In the foreground, there is a modern chair and a table.

ABOUT RED DOOR INTERACTIVE

Red Door Interactive uses data, technology, and top industry talent to inform the development of breakthrough creative and implement smarter marketing practices, ultimately driving more revenue for our clients.





THANK YOU.

Please direct questions and
feedback regarding this report to:

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