

Connected  
Thinking



Influencing the  
Future of Beauty

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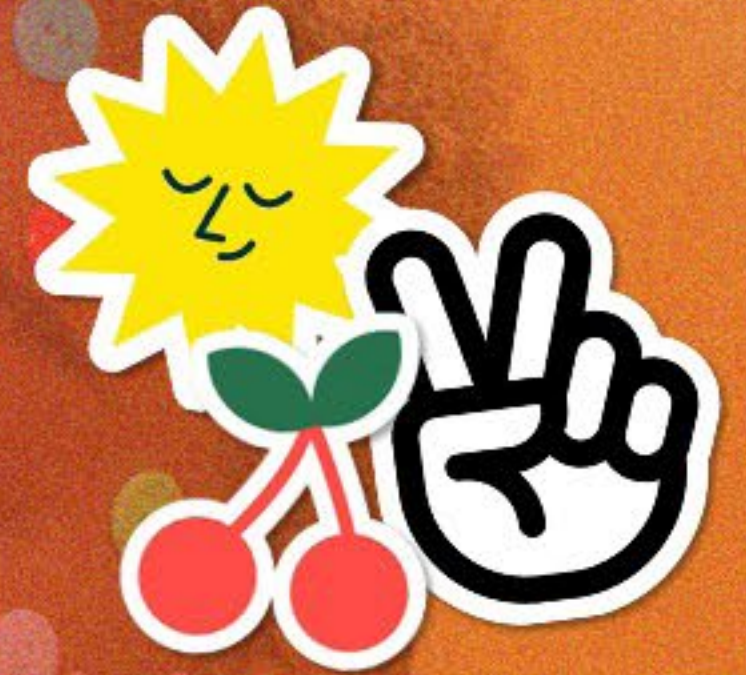
# The beauty space has never seen as much change as it has over the last 12 months.

From the rise of personalisation thanks to AI innovations, to a renewed view of what beauty brands really mean to their customers, we're seeing a craving for connection and community more than ever before.

And with the industry set for exponential growth over the next few years, how can brands stay relevant and innovate, whilst maintaining relationships with existing customers?



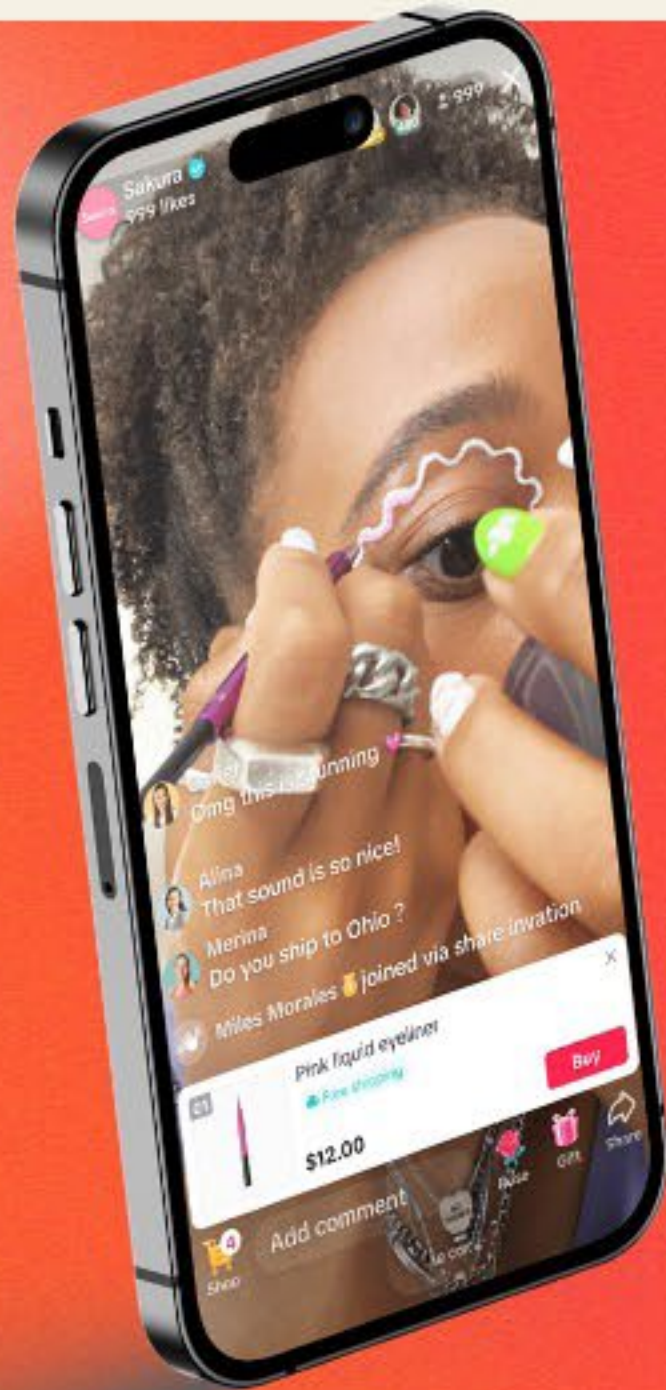
This is an industry set to  
grow exponentially.



The Beauty industry is expecting to see a growth rate of 6% per year between 2022 and 2027 and represent **\$580B** in retail sales by 2027.

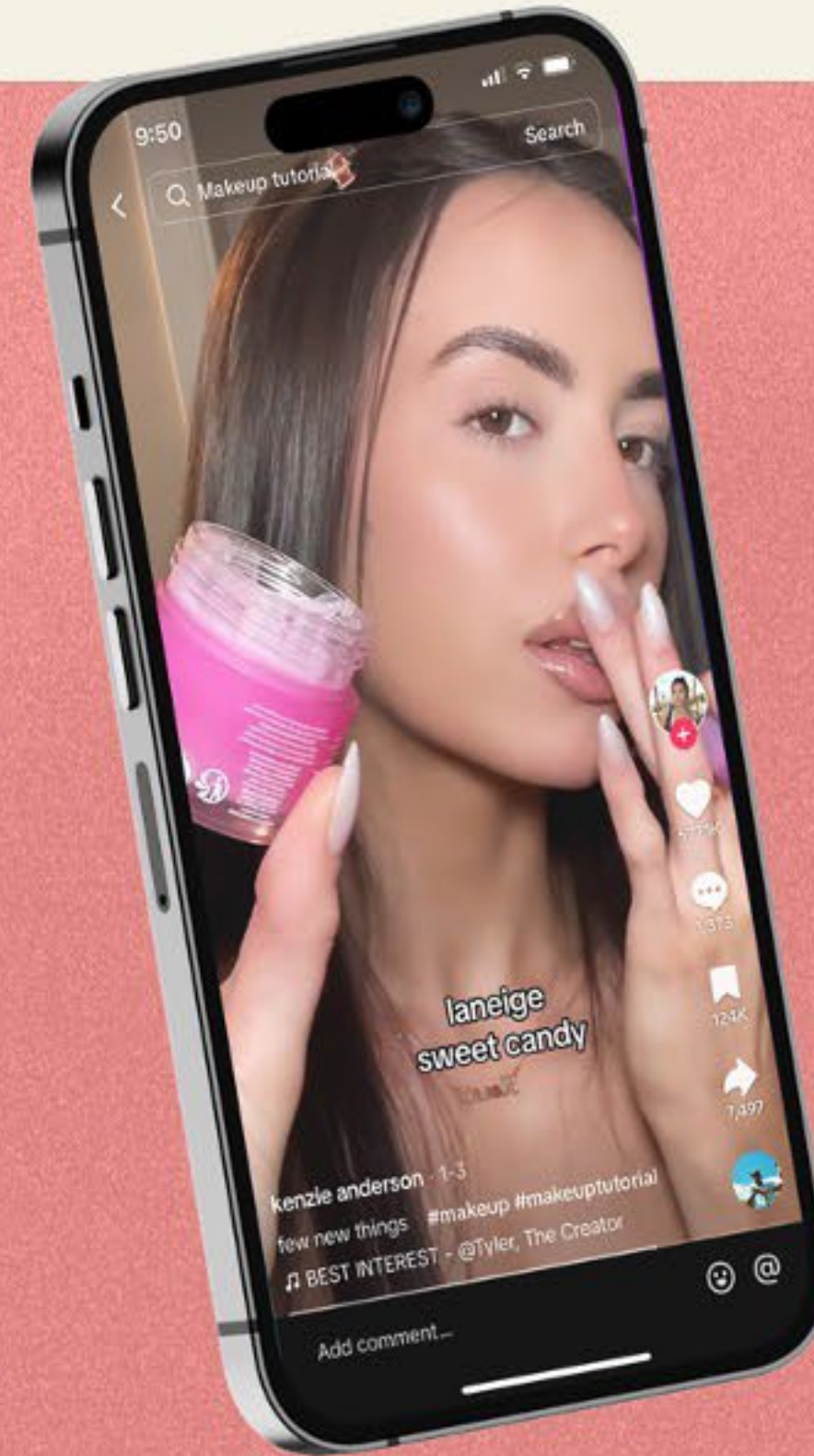


## Gen Z Creators produced:



# 72%

of Q1's most  
engaging  
makeup  
adverts

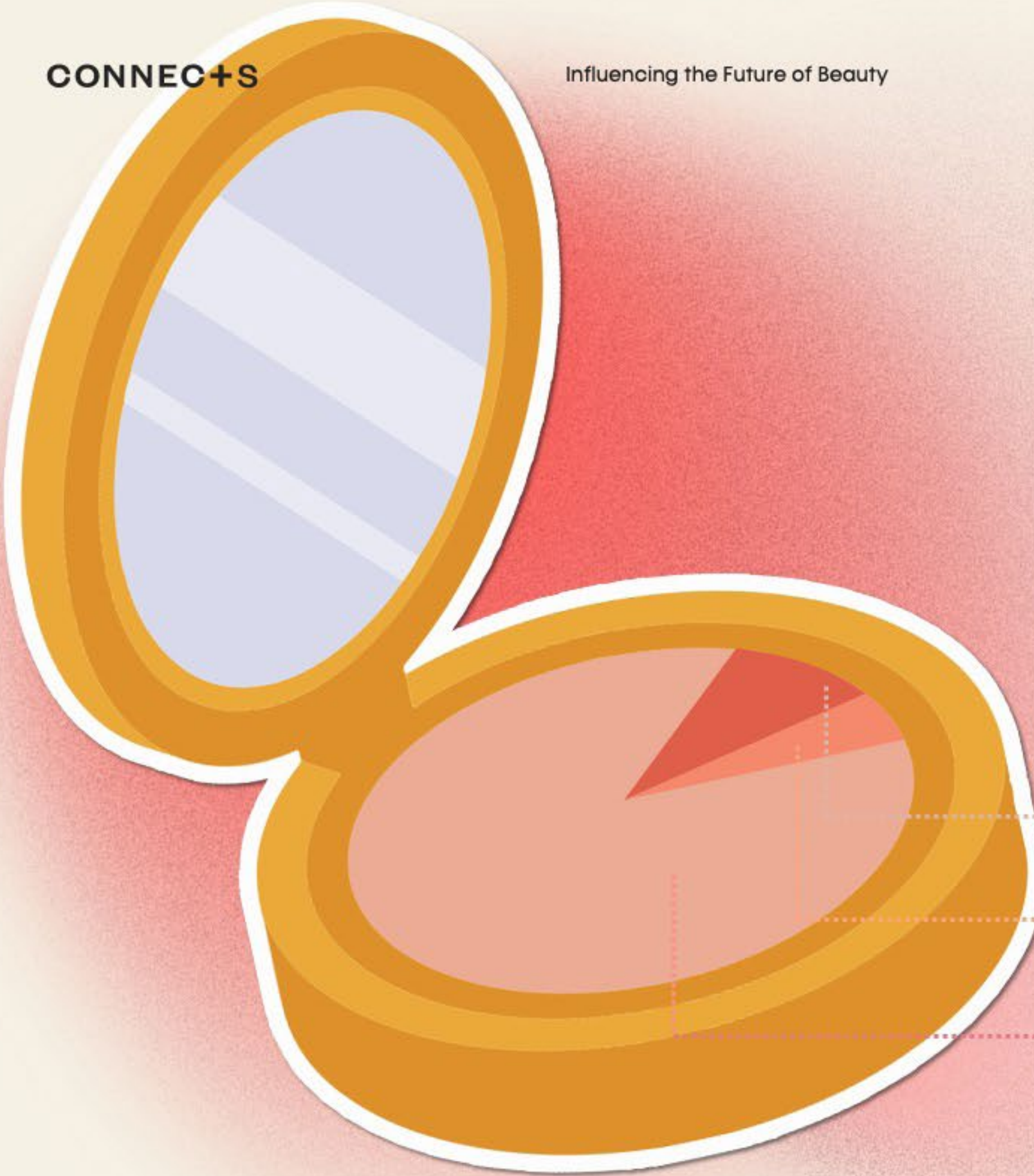


# 76%

of the most  
engaging **organic**  
makeup adverts

TikTok has become the 2nd largest beauty e-commerce retailer in the UK and the 9th largest in the US.

85% of TikTok Shop sales are in the beauty and personal care category.



|                   |
|-------------------|
| 11% Food          |
| 4% Household Care |
| 85% Beauty Care   |



As we look to the future, who are the beauty brands winning the love of Gen Z & beyond?

And where do Creators fit into the marketing mix?

# The Power of UGC

A woman with a surprised expression, hands on her cheeks, with the title 'The Power of UGC' overlaid. The background is a warm, orange-toned image of her face and hands.

"Engagement improves by 28% when customers see both UGC and official brand content."



User-generated content (UGC) is hardly a new tactic in the marketing toolkit, but it's one that beauty brands in particular have been leaning heavily into in 2024.

It's not a case of one or the other; UGC should bolster other marketing activity - including creator content.

The rise in this trend has even impacted the way in which many Creators produce their own content – with a shift to quickly produced, lo-fi assets rather than the heavily stylised shots of the past.

# 76%

of Gen Z consumers have created UGC about a brand or product, highlighting the significant impact of UGC on this group.



# 86%

of millennials view UGC as a reliable indicator of the quality of a brand or service



Given the stats, it's no wonder some brands have made UGC a cornerstone of their marketing strategies.

By encouraging their customers to create and share content, they not only boost sales, but build brand loyalty and foster a sense of community too.



img source: [Rhode Instagram](#)



img source: [Sol de Janeiro Instagram](#)



img source: Glossier

## So, who are the beauty brands winning the love of Gen Z?

We surveyed a group of Gen Z beauty lovers about their favourite brands – these three came out on top.\*



Spearheaded by Hailey Bieber, Rhode's success has been aided by trending content moments.

From the #Strawberry Girl aesthetic, to \*that\* viral phone case, even a quick mirror selfie is a valuable marketing asset to the brand.

Cult skincare brand Sol de Janeiro have built a loyal fan base – you'll spot their body mist or bum bum cream a mile off thanks to their vibrant packaging.

The hashtag #soldejaniero has a whopping 1.3 billion views on TikTok and it's reported that 82% of all Sol de Janeiro sales now come from shoppers that have interacted with UGC.



Glossier has long been ahead of the curve when it comes to understanding how Gen Z interact with brands.

Much of their social content strategy has always relied on UGC – according to their founder, 70% of their online sales come from peer referrals, so making the real customers the faces of their social channels perfectly marries their marketing and sales approaches.

# Takeaway

## Insight

In a survey we conducted with Gen Z beauty-lovers, 100% of respondents said a piece of social content has influenced them to a beauty purchase\* – and the brands they stated who influenced to purchase include those nailing their UGC strategies such as Glossier, REFY and Rare Beauty.

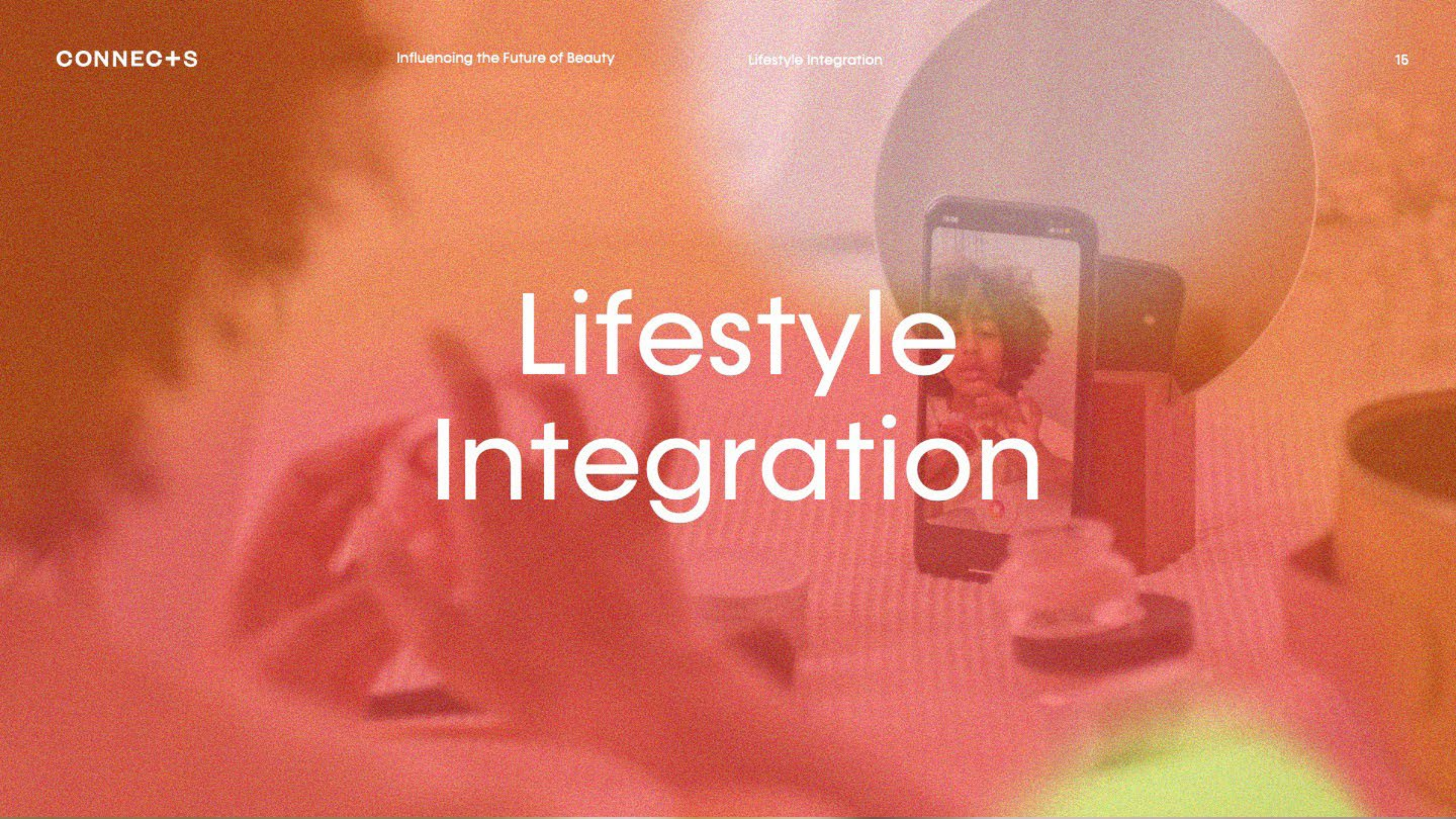
As we look to the future, the brands that successfully harness the power of UGC will be the ones that lead the industry forward.

## Action

By considering UGC across various touchpoints and leveraging audiences as Creators alongside Creator-led content, beauty brands can capture the attention and loyalty of Gen Z and other key demographics.



# Lifestyle Integration

The background is a blurred photograph of a person holding a smartphone. A large, semi-transparent circular graphic is overlaid on the right side of the image. The text 'Lifestyle Integration' is centered in a large, white, sans-serif font.

# The Beauty brands making an impact in 2024 aren't just selling a product. They're selling a lifestyle narrative.



We are seeing brands position themselves as integral parts of their consumer's lives, offering personalised experiences that build deeper connections.

## CONNEC+S

As Gen Z's number 1 beauty brand, of course e.l.f cosmetics have long thought beyond the beauty space. The brand's recent partnership with the organisation 'Hot Girl Walk', tapped into a trending TikTok movement.

The campaign video featured Olympian Gabby Douglas and is tied to a real-life activation – the brand announced it will sponsor an IRL Hot Girl Walk.

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# The HOUSE of NYX COSMETICS

Img source Nyx cosmetics [Tiktok](#)



NYX knows that festival season is a huge marketing moment for its UK consumers. For Wireless Festival last month, they created the NYX Festival house to hero the brand's Fat Oil Lip Drip.

Guests were invited to bejewel their Fat Oil lip glosses, personalise their merch, and get festival-ready at the NYX house. The results – an abundance of branded content featuring a range of Creators and fans of the brand.

## CONNEC+S

La Roche-Posay's sunscreen is a cult product that many swear by. Their recent pop-up at Battersea Power Station, the 'Anthelios Tennis Club' proved that you don't need to be selling a new product, to catch-up with your community.

The Tennis Club offered 1-2-1 skin assessments with a dermatologist for SPF matching and free samples. The pop-up tapped into this summer's Tenniscore trend, whilst also working with the experts, which we know is a driving force for some people's beauty shopping habits.

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Img source Backlash LinkedIn

The idea of Brand Communities has been increasing in popularity in the past few years, this isn't news – we produced a whole report on 'The Power of Community' back in March.

And the data doesn't lie, we know that community is hugely important to Gen Z in particular.



"54% of Gen Zs say that their favourite brands are the ones that make them feel like they're part of a community."



As brands seek to improve relationships with their customers in order to improve retention, what value can a community bring to your brand?

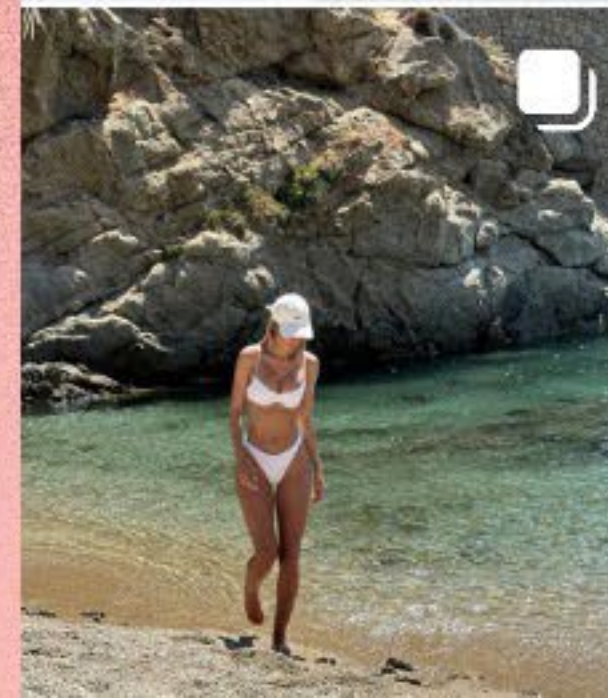
# Who's leading the charge?

We're sure you saw REFY's recent community trip, an experience that engaged real customers and fans of the brand. REFY used Instagram's Broadcast Channel feature to find and pick their lucky winners.

The content off the back was cute and casual rather than polished to perfection.

Brands with active communities are projected to experience a 20% increase in revenue due to enhanced customer loyalty and repeat purchases.

We're interested to see how many other brands move forward with this approach...





[@refybeauty Instagram](#), [@rhode Instagram](#)

# Takeaway

## Insight

Building a strong community requires a 360 approach spanning events, IRL activations and cross-category partnerships.

When asked which beauty brands they recall seeing advertising from in the last 3 months, our Gen Z survey results showed Rhode and REFY on top. It's easy to see why with memorable touchpoints from both brands building positive brand sentiment both on and offline.

## Action

It's time to speak your audience's language, embrace the unexpected, and meet your consumers where they are.

The brands that can successfully position themselves as integral parts of their consumers' lifestyles will be the ones that thrive.

# Spotlight on Sustainability

A woman with long blonde hair is sitting on the grass in a field of yellow flowers, looking to the side. In the background, a man and a woman are sitting on the grass. The image has a warm, orange-toned filter.



Sustainability is no longer just a consideration for consumers; it has become a driving force - shaping product development and marketing strategies.



Today's consumers are increasingly prioritising sustainability, clean beauty, and brand ethics in their purchasing decisions.



# 69%

of consumers have become more interested in sustainability over the last couple of years.



Consumers are demanding more from brands, using their purchase power to force change upon the industry –

**25% say brands don't make it easy for them to shop in a sustainable way.**



**45%** of surveyed Gen Z respondents said they would 'stop using beauty products if the brands behind them were not inclusive or socially responsible.'





## Several brands are setting the standard in the beauty industry.

These brands are not only addressing sustainability concerns but also promoting social responsibility.

And it's worth their while - it's reported that sustainable products drove 10% growth in the beauty and personal care sector from 2020 to 2023.

Who's  
getting  
it right?



Img source [Rare Beauty](#)



Img source [Medik8](#)



Img source [Fenty Beauty](#)



# Who's getting it right?



## Rare Beauty

Selena Gomez's beauty brand was named one of Times' Most Influential companies for 2024, thanks to being set up alongside a philanthropic arm 'Rare Impact Fund'. The brand has also been applauded for its accessible packaging.

If brands want to appeal to Gen Z they need to put their money where their mouth is (quite literally in Rare Beauty's case).



## Medik8

The brand is on a mission to become the world's most sustainable professional-led skincare brand, proving how a brand can be sustainable and take a science-first approach to skincare.

It has a bold target to be a zero-waste-to-landfill company by 2025 and plans to have 100% traceable and responsibly sourced ingredients by 2030.

## FENTY

Known for its inclusive product range, Fenty has turned to advocating for and supporting diversity and inclusion within the beauty industry.

Rihanna announced that Fenty would be the premium partner of both the 2024 Olympic and Paralympic Games – helping to further drive global representation and unity for all.



# Takeaway

## Insight

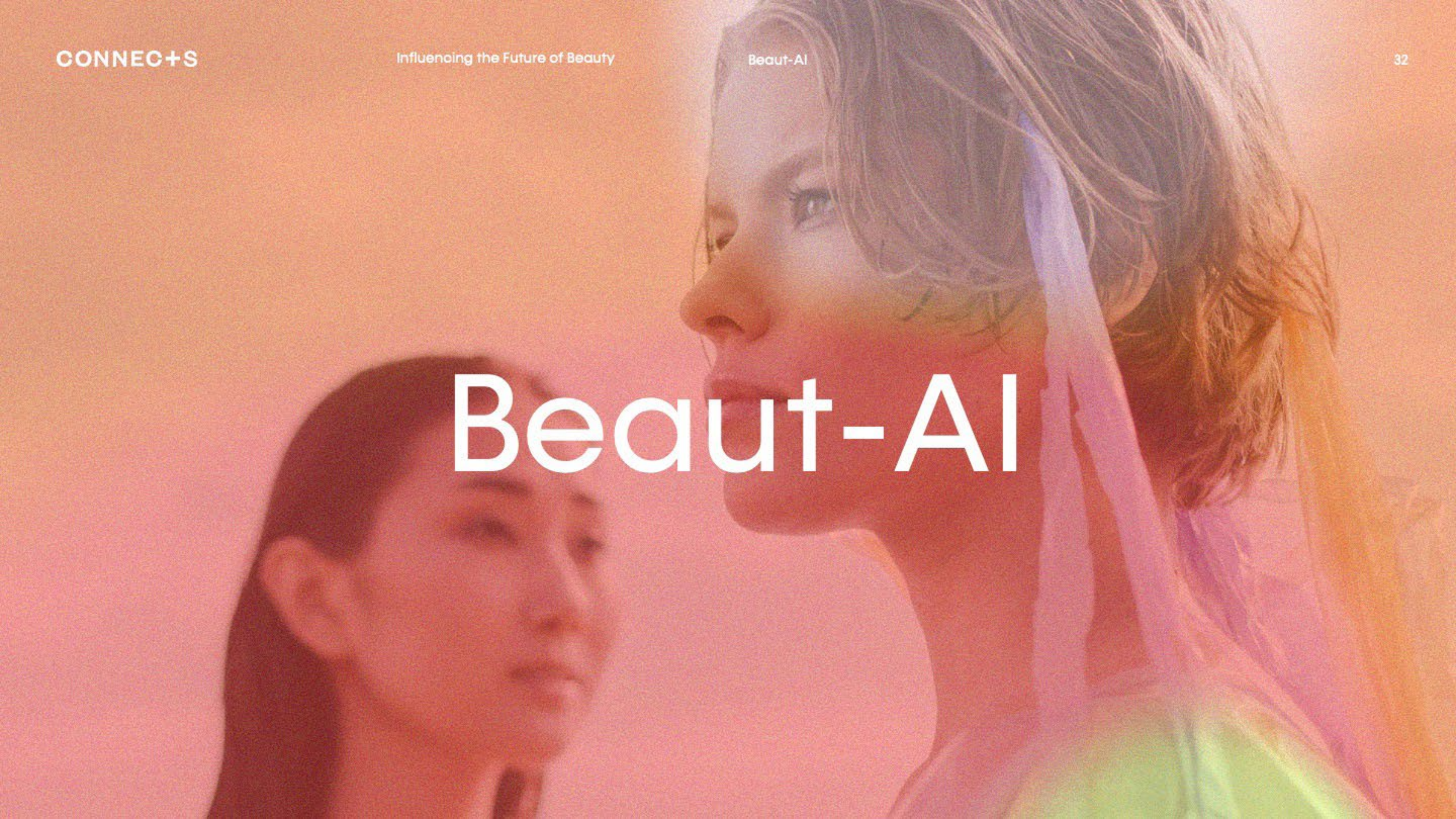
With 69% of consumers becoming more interested in sustainable practices in the last couple of years, shoppers are looking for sustainable values that match theirs, choosing brands based on their environmental impact, pledges and brand ethics.

## Action

Brands need to be transparent and able to clearly communicate their efforts for customers to see if they want to resonate with a Gen Z audience.



# Beaut-AI

The background of the page features a woman with blonde hair and a purple headband, looking upwards. In the foreground, there is a blurred image of another woman with dark hair, also looking upwards. The overall color palette is warm, with shades of orange, pink, and purple.



It is predicted that more than **70%** of beauty brands will use AI for product development by 2025, according to a Gartner survey.

## What AI trends are making waves in the beauty-sphere?

### Advanced colour-matching

AI-powered virtual try-on tools let customers see how different beauty products will look on them without physically trying them, using facial recognition and AR.

Some brands have taken this tech one-step further, using the tech to collect data and create bespoke products based on your skin tones.

### Virtual Assistants

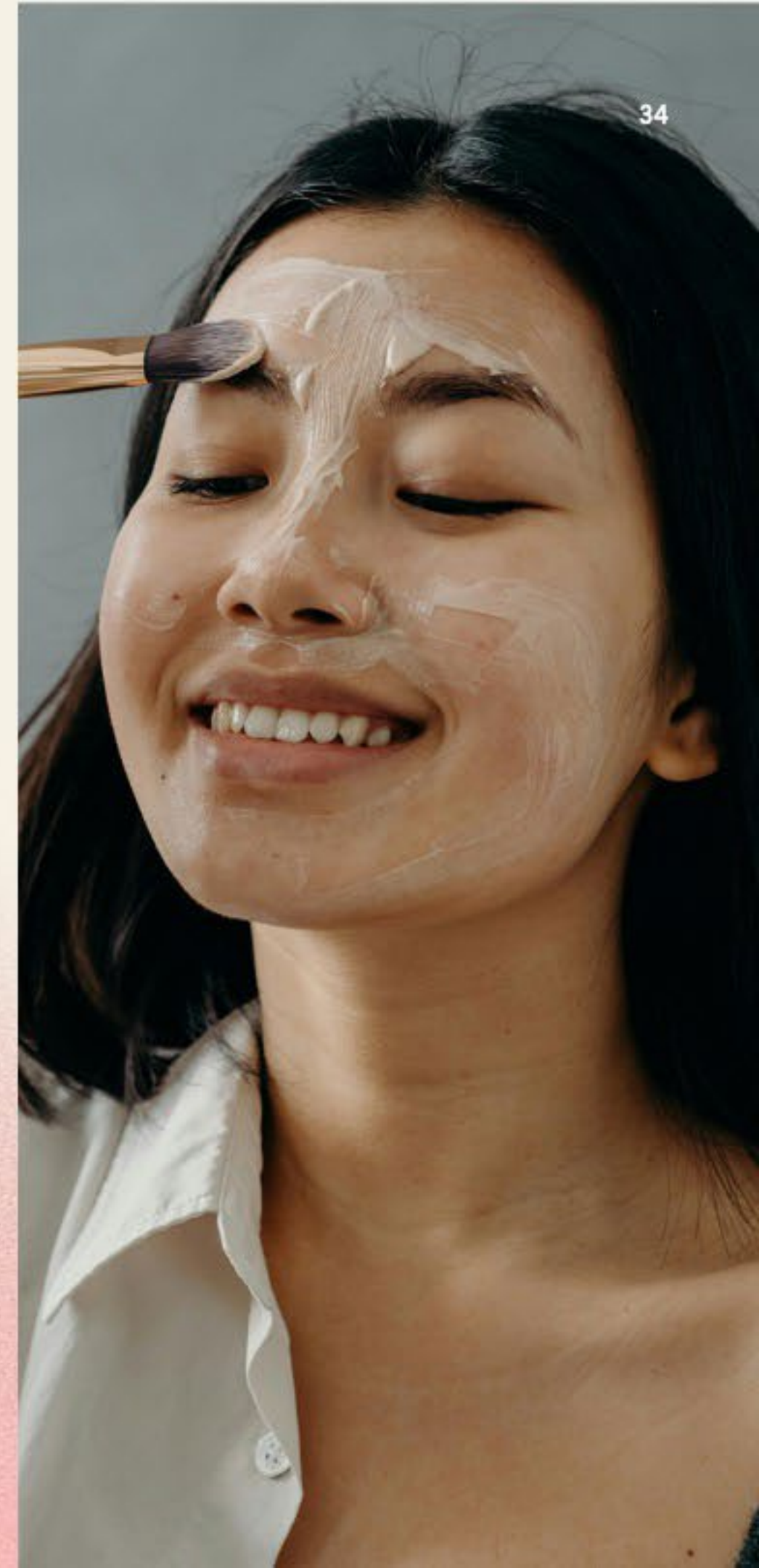
Beauty players have been leveraging AI to offer personalised shopping experiences through integrated AI chatbots.

These chatbots can guide customers through the product selection process, providing tailored product recommendations based on their specific skin concerns or makeup preferences, enhancing the customer journey.

### Skincare analysis

AI skincare analysis technology is being used to analyse aspects of the skin such as texture, pigmentation, hydration and pore size.

The technology can then offer personalised recommendations and skincare routines tailored to the individual.



# 50%

Of consumers prefer AI-powered recommendations for beauty products, highlighting the demand for personalized experiences



# 68%

of Gen Z consumers desire personalised recommendations for skin and beauty products

# Dcypher

It's reported that over half (56%) of consumers says they'll become repeat customers after a personalised experience, so Dcypher saw a gap in the market.

Leading the charge in the personalised beauty space, Dcypher describes itself as the world's first AI foundation, with mixed-to-measure technology, promising the perfect results every time.

The brand uses facial recognition technology to match your foundation perfectly to your skin tone, while consumers select their desired coverage, finish and skin type to develop a bespoke formula for each consumer.



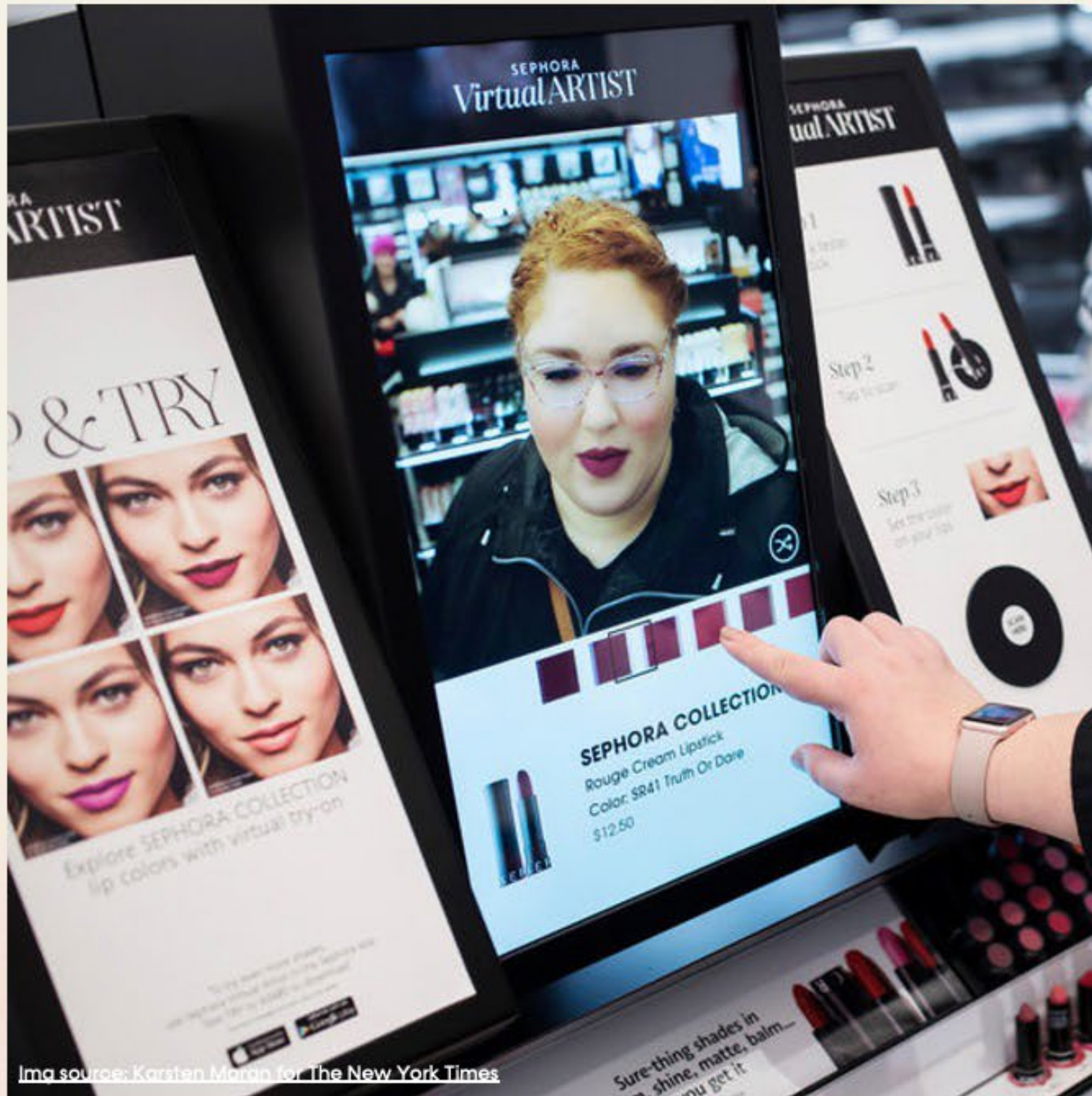


Image source: Karsten Moran for The New York Times

# Sephora

Looking to offer its customers a convenient and efficient way to access their beauty services, global retailer, Sephora, introduced a virtual 'artist' so effective that the brand gets an 11% higher conversion rate as compared to other channels.

Customers can seamlessly book in-store makeover appointments through the bot.

It also allows users to scan images, objects, or even the face of a celebrity, employing advanced

technology to analyse and match shades. For instance, customers can scan a celeb or influencers face and receive a curated list of matching lipsticks available at Sephora.



# Takeaway

## Insight

We know that over half of consumers are likely to become customers to a brand if offered a personalised experience – demand for this innovation is only on the rise.

## Action

As AI continues to advance, it is essential for brands to strike a careful balance between leveraging the tech and maintaining the human elements that foster trust and authenticity. Dove, for example, have committed to never using AI to distort women's images in a bid to 'keep beauty real'. By striking the balance, brands can harness the full potential of AI while ensuring they remain connected to the evolving needs and preferences of their consumers.



# CONNECT+S

Get in touch with our team to discuss how Creators can fit into your marketing strategy.



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