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eCommerce Beauty Spotlight

As we emerge from
BEHIND THE MASK

85%*

In-store shopping percentage of total beauty sales pre-Covid-19

*According to a recent McKinsey study

3%*

YoY overall growth for beauty sales in 2020

*According to forecasted sales for 2020 vs. 2019 via Euromonitor International and IBIS World Inc.

51%*

YoY online growth for beauty products in 2020

*Source: 1010data eCommerce Market Intelligence Beauty sales from 2019 to 2020.

The COVID-19 pandemic has fueled the eCommerce surge, inspiring consumers to embrace new shopping behaviors even in categories like beauty, previously known to be highly impenetrable to online sales growth. This Beauty spotlight highlights some of the greatest growth achieved online in the beauty category in 2020, and we will continue to track online growth as consumers begin to emerge from behind the mask.

2020 YEAR-OVER-YEAR GROWTH IN ONLINE BEAUTY SUB-CATEGORIES

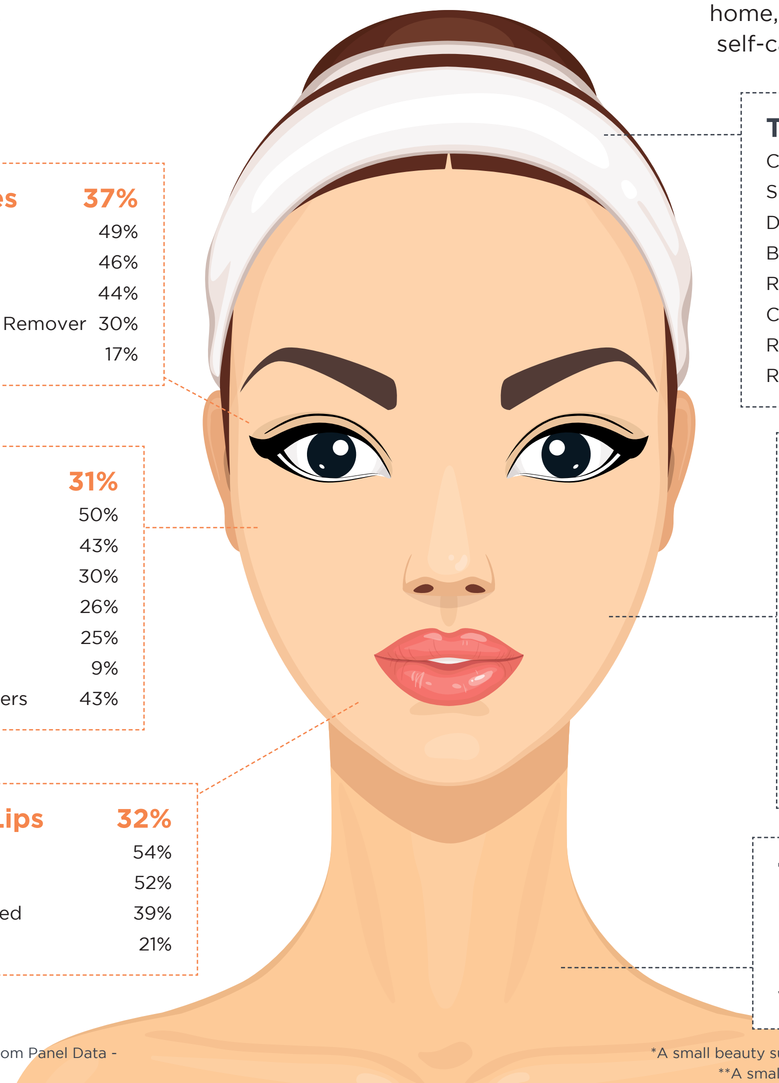
Even while quarantining, makeup and self-care have been a priority to consumers

40%
Online Makeup Sales Growth

Even categories like lips and blush, fully masked in public appearances, experienced growth.

59%
Online Self-Care Sales Growth

Instead of spending at salons or spas, consumers opted to learn new skills at home, furthering their investment in self-care throughout the pandemic.



Total Eyes	**37%**
Brows	49%
Mascara	46%
Eyeliner	44%
Eye Make Up Remover	30%
Eyeshadow	17%

Total Face	**31%**
Bronzer	50%
Concealer	43%
Foundation	30%
Blush	26%
Powder	25%
Highlighter	9%
Makeup Removers	43%

Total Lips	**32%**
Balm	54%
Care	52%
Balm Tinted	39%
Color	21%

Total Hair	**60%**
Conditioner	72%
Shampoo	59%
Dry Shampoo	33%
Building Fibers	11%
Regrowth Shampoo & Conditioner	44%
Regrowth Topical	52%
Removal Topical	118%

Total Face	**47%**
Acne Wash	63%
Complexion Care	52%
Skin Combo*	-14%
Cleansers	70%
Cleansers – Men's	53%
Masks	53%
Scrubs	75%
Toners	54%
Wipes	34%
Moisturizers	55%

Total Body	**89%**
Bar Soap	95%
Body Wash	102%
Hand and Body Lotion	81%
Wash Combo Other**	3%

1010data Market Intelligence eCom Panel Data - YoY Growth from 2019 to 2020

*A small beauty subsegment containing bundled skincare items
**A small wash subsegment containing bundled items.

Nail Color
145%

Total Fragrance
45%

Women	48%
Men	41%

Consumers found other ways to express their creativity and beautification needs by focusing on other parts of the body that aren't always constrained by a mask.

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CATEGORIES DRIVING ONLINE GROWTH IN BEAUTY

Body Care **69%**

While Amazon.com still holds the primary share for the skin care sub-category that saw 69% year-over-year growth, they had a slight decline in total share that was picked up by Target.com and Walmart.com.

	Top 5 eCom Merchants by Category Share	2020 YoY Category Sales Growth
1	amazon.com - direct	86%
2	amazon.com - market	44%
3	amazon.com - subscription 1P	137%
4	walmart.com - pickup + delivery	116%
5	target.com	192%

Facial **#2**

CeraVe, with products in both body care and facial sub-sectors, jumped from outside of the top 10 list in the Beauty space to holding steady at the #2 brand in 2020.

	Top 5 eCom Merchants by Category Share	2020 YoY Category Sales Growth
1	amazon.com - market	30%
2	amazon.com - direct	52%
3	sephora.com	31%
4	ulta.com	86%
5	macys.com	35%

Fragrance **5442%**

While Amazon.com 3P Subscription sales make up a small share of total sales, the year-over-year growth in the fragrance category from 2019 to 2020 was 5442%.

	Top 5 eCom Merchants by Category Share	2020 YoY Category Sales Growth
1	macys.com	95%
2	amazon.com - market	28%
3	amazon.com - direct	-5%
4	ulta.com	83%
5	sephora.com	71%

Hair **271%**

The hair care brand with the greatest year-over-year growth at 271% was Kirkland Signature with Maui Moisture following closely behind at 252% year-over-year growth.

	Top 5 eCom Merchants by Category Share	2020 YoY Category Sales Growth
1	amazon.com - market	23%
2	amazon.com - direct	77%
3	ulta.com	76%
4	amazon.com - subscription 1P	158%
5	target.com	186%

Lip **756%**

Interestingly, the two largest growth retailers in this category were grocer websites - Shoprite.com which grew the category 756% year-over-year, and HEB.com which grew the category 249%.

	Top 5 eCom Merchants by Category Share	2020 YoY Category Sales Growth
1	amazon.com - market	43%
2	sephora.com	51%
3	ulta.com	136%
4	amazon.com - direct	41%
5	nordstrom.com	-9%

Make-up **-4.3** Share Points

While Sephora.com lost 4.3 share points in makeup sales year-over-year, Amazon grew their makeup share points by 4.6 year-over-year.

	Top 5 eCom Merchants by Category Share	2020 YoY Category Sales Growth
1	amazon.com - market	42%
2	sephora.com	15%
3	ulta.com	53%
4	amazon.com - direct	47%
5	macys.com	15%

Source: 1010data Market Intelligence eCom Panel Data - YoY Growth from 2019 to 2020

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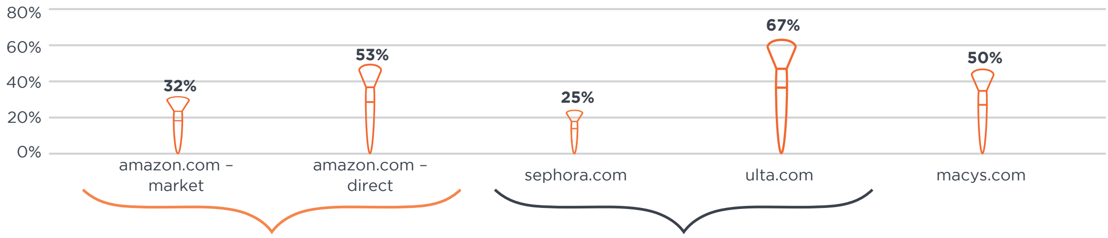
WITHOUT AN ONLINE PRESENCE, YOU ARE ALREADY MISSING OUT

eCommerce data provides visibility to emerging trends
and greater insight to future consumer behaviors

2020 Total eCom Beauty Sales - YoY Growth for Top 5
Merchants by Panel Market Share



159% Amazon Highlights

Within Amazon's share, both skincare and makeup had nearly 60% year-over-year growth, where fragrance only grew 11%. The big winner via Amazon was nailcare with 159% year-over-year growth.

54% Specialty Beauty Battle

Ulta's comparative online growth can be attributed to two main reasons - cost & location. The average price at Sephora.com ran nearly 54% higher than Ulta.com in 2020, and many consumers adopted more conservative spending habits. Regarding location, Sephora has heavy exposure in mall locations, while Ulta has more freestanding locations, that facilitate easier curbside pickup experiences.

Picking Up Steam

While total sales make up a smaller percentage of our total eCommerce beauty panel sales, significant year-over-year growth occurred via Instacart and at Target.com. Much of Instacart's success this year can be attributed to their recent partnership with Sephora for Same-Day Delivery and Target's increased beauty demand.

Top Performing Online Beauty Categories and Year-Over-Year Growth

instacart

TARGET

Instacart experienced **319% year-over-year growth** within our panel, which was the greatest tracked within the beauty category.

instacart	Category	TARGET
334%	Body Care	192%
336%	Facial Care	154%
264%	Hair Care	186%
473%	Makeup	126%

Target.com experienced **162% year-over-year growth** within our panel, which was second largest tracked within the beauty category.

Source: 1010data Market Intelligence eCom Panel Data - YoY Growth from 2019 to 2020

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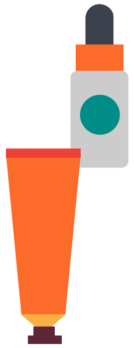
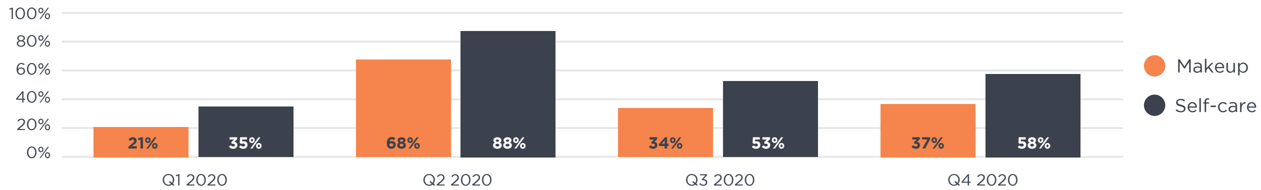


ECOMMERCE GROWTH WILL DICTATE A NEW PROMOTIONAL CADENCE

The impact of the pandemic encouraged consumers to stock up on makeup and self-care products, which led to 40% and 59% year-over-year growth respectively. Q2 in 2020 was most significantly impacted by this behavior, but in looking at total beauty spend throughout the year, the self-care sub-category also maintained better sustained growth, proving that even while spending most time at home, self-care has been a priority to consumers. As we head in to 2021, we predict a more competitive eCommerce environment which will drive a new promotional cadence that will also impact in-store offers.

2020 Growth by Quarter – Online Beauty Spend



BOPIS* To The Rescue

*Buy Online Pick Up In-Store

ULTA BEAUTY **277%**

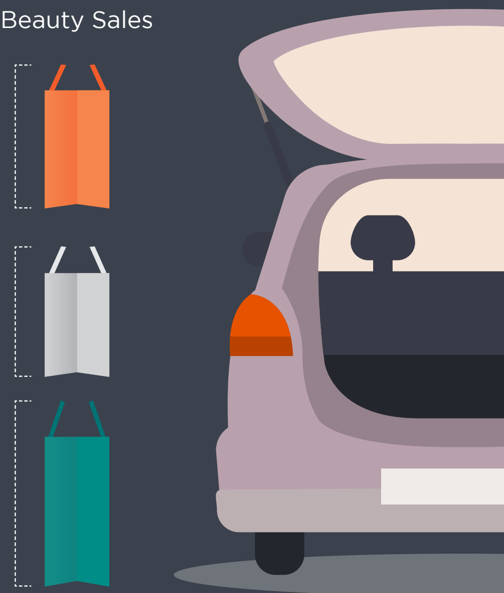
In later May, specialty beauty retailers like Ulta & Sephora began to re-open physical stores, yet category spend continued to grow online. Ulta's call to re-launching its curbside pick up and buy online pick up in store (BOPIS) fulfillment options, paid off in spades. Their BOPIS sales grew 277% year-over-year while delivery grew 49%. Overall, Ulta grew its year-over-year share of BOPIS sales from 8% to 17% of its total online sales in 2020.

Q2 2020 YoY Monthly Growth in Online Beauty Sales

75% April

68% May

97% June



77% October 2020 YoY Monthly Growth in Online Beauty Sales

One noteworthy difference in promotional online activity in 2020 for beauty occurred in October during Amazon Prime Days. Retailers that participated with competitive offers also saw a significant increase in sales.

primeday

Source: 1010data Market Intelligence eCom Panel Data - YoY Growth from 2019 to 2020

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BRANDS TO KEEP AN EYE ON

A Growing Opportunity Online for Clean Beauty

The clean & organic beauty sub-categories grew by 56% year-over-year. Many clean beauty lines available at merchants like Target, Walmart & Amazon such as ArtNaturals, Love Beauty and Planet, Raw Sugar, Pacifica, and Mrs. Meyers grew 2-3x that rate or more. Within fragrance specifically, new non-toxic brands are seeing large growth trends compared to the segment as a whole.

2020 Year-Over-Year Growth for Popular Clean Brands

artnaturals	Love Beauty and Planet	Raw Sugar	Pacifica	Mrs. Meyer's Clean Day
123%	131%	264%	110%	176%

Clean* & Organic Brands Online Sales Growth Versus Total Segment Growth from 2019 to 2020

Fragrance
45%

Pure Instinct	980%
Ellis Brooklyn	147%
Pacifica	113%

Hair Care
61%

Raw Sugar	341%
Love Beauty and Planet	127%
Pacifica	105%

Skin Care
56%

Versed	450%
Youth to the People	140%
Dr. Bronner's	107%

Makeup
33%

Kosas	83%
Burt's Bees	54%
Juice Beauty	74%

Personal Care
278%

Olivia Care	8074%
ArtNaturals	4609%
Raw Sugar	1965%

Sun Care
55%

Pacifica	182%
Drunk Elephant	101%
ArtNaturals	89%

*Clean is defined as plant-based, sustainable & non-toxic ingredients in this report

Source: 1010data Market Intelligence eCom Panel Data - YoY Growth from 2019 to 2020

SUCCESSFUL RETAILERS AND BRANDS NEED DATA MORE THAN EVER

Now more than ever, as we emerge from behind the mask, retailers and brands need to have access to understanding a consumer's online journey—at a granular level—to determine where they might be going next. These fast-changing trends in Beauty are just one indicator of the growth and structural changes in consumer behavior we will see in the months to come.

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1010DATA METHODOLOGY

eCommerce Data

Although 1010data utilizes multiple panels that track millions of panelists, 1010data is projecting up to the total U.S. population. Panel-based projections are not intended to perfectly correlate to actual sales on an absolute dollar sales basis. The strength of 1010data's ecommerce data lies in share performance and trends over time.

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