



Uphill Battle

The barrier to entry for creating a beauty brand might be relatively low, but trying to scale a brand in today's crowded digital landscape is increasingly difficult. For more, see pages 6 and 7. *Plus: All hail the microinfluencer and the coffee dynasty looking to give skin care a jolt.*

ILLUSTRATION BY LUISA JUNG

Beauty Bulletin

Decorté Kicks Off Purple Ribbon Project With WIN and Perfect Corp.



Decorté's Purple Ribbon Project.

● **Decorté has kicked off** its first annual Purple Ribbon Project in support of survivors of domestic violence.

Through November, the Kosé-owned brand will donate 50 percent of proceeds from its Purple Ribbon Gift Set, which includes the Decorté Liposome Advanced Repair Serum and the Liposome Advanced

Repair Night Cream, to nonprofit organization WIN.

The limited-edition set retails for \$140.

Based in New York City, WIN provides safe housing for women and their children who have suffered domestic violence, aiming to curb the staggering rate of homelessness among women who flee dangerous

situations and set them up for success as they forge ahead.

"What we loved about WIN is that not only do they provide shelter, but they also help survivors achieve a brighter future through services and classes," said Kosé America's general manager, Sharon del Valle, noting Decorté has pledged a minimum donation of \$30,000.

Also as part of the initiative, the brand is launching a Purple Ribbon AR filter in partnership with beauty tech company, Perfect Corp., which went public earlier this week.

Available on the YouCam Makeup app through Nov. 26 (the International Day for the Elimination of Violence Against Women is Nov. 25), the filter features the domestic violence ribbon alongside a purple-lit Empire State Building, and allows users to virtually try on Decorté lip and eye products.

"When Kozaburo Kobayashi established Kosé, he had this idea of creating hope for people through beauty, so this initiative is a continuation of that mission," del Valle said. -By Noor Lobad

BY THE NUMBERS

Prestige Versus Mass Beauty at A Glance

Economic uncertainty is prompting industry transformation, particularly in the mass channel.

BY NOOR LOBAD

Sales slumps could be on the horizon for mass beauty brands, data from NielsenIQ indicates.

While prestige beauty has seen double-digit year-over-year growth across categories despite economic headwinds, mass beauty's performance tells a different story, with signs of slowdown emerging particularly in skin care sales during the year ending Sept. 10 versus the year prior.

Although prestige beauty saw a 20 percent increase in skin care sales, mainly propelled by eye creams and facial moisturizers, mass sales in the category declined by 4 percent during the same period — the first sign of a comedown following a swell in sales during the pandemic.

"On the mass side, beauty sales are a bit more of a mixed bag, as mass consumers are more likely to be struggling with inflationary pressures," said Anna Mayo, vice president, content and strategy, beauty, at NielsenIQ.

Mayo said there were bright spots in mass skin care, though, with spending on facial wipes and treatments rising by 15 percent and 9 percent, respectively.

Meanwhile, the boom in prestige hair care is fueled by sales across the regimen, with hair tools, treatments and shampoos seeing respective increases of 56 percent, 49 percent and 37 percent.

While mass hair care's growth was more muted at just 2 percent, hair accessories and straightening treatments increased 13 percent and 26 percent respectively in the channel.

Here, beauty categories' year-over-year sales increases and declines in the prestige and mass sectors, per NielsenIQ, for the year ending Sept. 10 versus the year prior.

1. COSMETICS AND NAIL

Prestige: +39%
Mass: +7%

2. FACIAL SKIN CARE

Prestige: +20%
Mass: -4%

3. FRAGRANCE

Prestige: +24%
Mass: +10%

4. HAIR CARE

Prestige: +39%
Mass: +2%

5. SUN CARE

Prestige: +34%
Mass: +23%

The Ordinary Teams With The Solutions Project

● **The Ordinary** is joining forces with The Solutions Project to promote sustainability by supporting marginalized groups who are charting the way toward climate justice.

From Nov. 15 through Nov. 21, the Canadian skin care brand will donate 1 percent of sales to the environmentalist advocacy group, which was founded by actor Mark Ruffalo alongside Mark Jacobson and Marco Krapels in 2013, and funds BIPOC-led grassroots organizations on the frontlines of the climate crisis.

"Climate change is everyone's problem — you can't just look at what you do internally," said Jackie Kankam, director of sustainability and social impact at The Ordinary's parent company, Deciem, adding that while the brand harnesses renewable energy and is carbon neutral certified, it recognizes that the work does not stop there.

"We looked to The Solutions Project because we wanted to do something in the U.S., and they work with grassroots organizations, which is

really important to us, because we started off small and scrappy," Kankam continued.

The partnership is an accompaniment to The Ordinary's annual Slowvember initiative, in which the brand ceases online and in-store direct-to-consumer transactions on Black Friday and instead offers a 23 percent discount through November leading up to the day.

"November is all about 'buy, buy, buy,' and if you look at hyper-consumerism and Black Friday, those just aren't sustainable. With our monthlong discount, we want people to stop, pause and only buy what they need," Kankam said.

The Ordinary will donate a minimum of \$100,000 in Canadian dollars to The Solutions Project, which will distribute the funds to grantees across the country.

The Ordinary is also releasing a short, documentary-style film highlighting how the adverse effects of climate change disproportionately impact indigenous and marginalized

communities.

Filmed over the course of five days in Labrador, Canada, the film features an Indigenous mother who describes how the climate crisis and rising energy costs have negatively impacted her, both as a caretaker and an individual, with the aim of educating consumers about the oft-overlooked consequences of climate change. -By Noor Lobad



The Ordinary's Slowvember initiative.



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Japanese Beauty And Lifestyle Boutique Biën Opens in Paris

Most of the 25 beauty and wellness brands carried by Biën are exclusive in France. BY JENNIFER WEIL

PARIS — Biën, a Japanese beauty and lifestyle boutique, is opening Friday in the heart of Paris.

Step inside the streamlined, light-filled store located at 10 Rue Casimir Delavigne, a stone's throw from the Luxembourg Gardens, and a sense of peace descends.

To the right, there's a wall decorated with Japanese beauty products cherry-picked by Keiko Suyama, who runs a consulting company and has created Japan-related retail concepts for the likes of Le Bon Marché department store, where she opened the Bijo beauty and wellbeing bar, and the Maison de la Culture du Japon.

To the left, on Biën's ground floor, delicate ceramics are on display, while up one flight of stairs is a table set for workshops and treatments, such as hand or head massages.

Downstairs, central to the 755-square-foot retail space, is a bar made of Japanese cypress,

where people can taste teas and get personalized advice. Hanging from the ceiling is eye-catching bulbous white lighting made of puckered fabrics treated with a tie-dye technique, without the dye.

Suyama cofounded the store with creative director Sadaharu Hoshino. Their idea is to connect brands, craftspeople and artists all linked by an aesthetic sense of beauty.

Suyama explained they would like people "to feel the real Japanese minimalist aesthetic," and "the beauty of usage. We really want to [have] some new experiences here."

Biën is a concept store. "We are also the distributor and agent of small niche beauty brands," said Suyama. "Almost all the brands are exclusive to us."

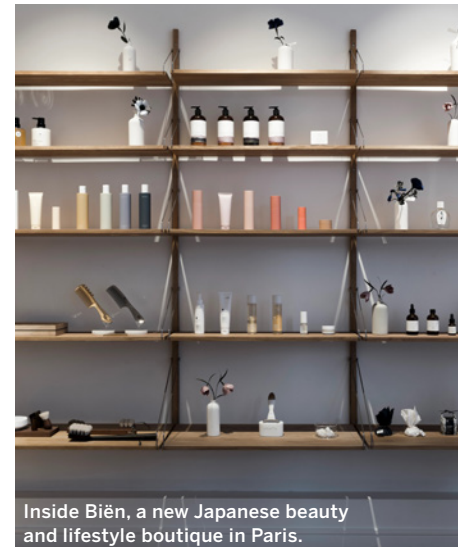
Here, beauty products, clothes, edibles and other lifestyle products are being sold. The lion's share of the offer is focused on beauty and well-being brands, which are a

combination artisanal and high-tech labels. The 25 carried by Biën have been chosen for how they reflect the Japanese sense of beauty. An emphasis is placed on clean products, with formulas chockablock with natural ingredients, especially plants from Japan.

Some examples of those are Eau de Ki, a purifying and moisturizing lotion dating from 1926; Ruhaku, billed to be the first organic skin care brand from Okinawa, and Ipsum Alii, with formulas infused with Kampo medicinal herbs. Selected for their luxurious active ingredients are Makanai gold leaf facial masks and Cokon Lab, with products enriched with silk from Yamaga. Suyama honed in on Waphyto for its combination of phytotherapy- and biotechnology-culled ingredients.

Biën's beauty mix also includes a healthy quotient of tools — such as the Suwada artisanal nail clipper, Shaquda brushes made in the traditional since the end of the Edo period, and beauty rollers from Ya-Man and Slim Cera.

The textile collection was created by Hoshino, and that will be expanded with exhibitions by Japanese artists and artisans, such as Hosoo creations from Kyoto. There are Japanese teas enriched with antioxidant plants, collagen beauty drinks and other snacks.



Inside Biën, a new Japanese beauty and lifestyle boutique in Paris.

Biën's lifestyle selection encompasses Kaikado tea canisters and tea utensils from the Asahi Yaki house, which has been operating for 16 generations.

"I am really glad to work with those artisans because the new generation is around 40, 45 years old, and they are still continuing to bring their heritage, but they are [also] trying to make something very new and [usable] in modern life," said Suyama.

Exhibitions of various designers and artists will be regularly showcased at Biën, which also might house a beauty institute in the future.

The boutique is open Monday to Wednesday from noon to 6:30 p.m. by appointment only, then open to the public from Thursday through Saturday from noon to 7 p.m.

Amarey Looks to Give Skin Care a Jolt

The three sisters who founded the coffee-based brand hail from the family behind the renowned Illycaffè coffee company. BY SANDRA SALIBIAN

MILAN — It all started with a cup of coffee.

It couldn't be otherwise for sisters Andrea Dominique, Jaqueline and Micaela Illy, who hail from the Italian family behind the renowned Illycaffè coffee brand and who have recently launched Amarey, the latest addition in the increasingly populated landscape of Italian indie beauty brands.

"It all started with a moka pot in the middle of the sea. It's a family tradition to spend long periods on a sailing boat, rarely going ashore, and the challenge has always been to create as little waste as possible," said Andrea Dominique Illy, explaining that on these occasions coffee grounds are often repurposed in beauty rituals by the sisters and their mother. "The coffee scrub was almost the only gesture we treated our skin with, but the effect was exceptional. It's from there that we studied the properties of coffee for cosmetics," she added.

In launching the skin care label, the sisters' goal was to enhance every part of the Coffea Arabica plant and transfer its benefits from the

food industry to the beauty world. In doing so, the Illys also wanted to promote an approach that shifted from a linear to a circular business model as they leverage waste and leftovers of coffee production in Amarey's formulations.

"Amarey is the change we dream to see, the change from linear to circular, from extractive to regenerative, from unconscious to conscious," said Jacqueline Illy, noting that "although there are national and international strategies and policies [encouraging] the implementation of the circular economy, in the production world everything still revolves around virgin raw materials."

According to the company, out of the more than 2.25 billion coffee cups drunk per day across the globe, only 10 percent of the coffee cherries — the fruits containing the raw coffee beans — is used to produce the beverage. Amarey aims to repurpose the rest and leverage coffee's antioxidant properties and benefits, which are said to include the prevention of cellular skin damage, the reduction in inflammation and puffiness

and helping to counteract signs of photoaging, such as discoloration and wrinkles. Of African-Yoruban origins, the name itself was picked to evoke this natural power, as it stands for "possessing great strength."

The brand's formulations, which are developed in collaboration with Illycaffè's Università del Caffè academy and the Biofarma company, are based on regenerated Arabica coffee extract, coffee flowers and coffee powder, as in the case of a solid cleanser. The addition of niacinamide defines the Antioxidant Lift serum, while a hydrating face cream is enriched with vitamin E. Prices range from 24 euros for the cleanser to 52 euros for the serum.

Packaging was also conceived to reduce the impact on the environment, as it favors recycled glass, where possible, and recycled plastic. Secondary packaging derives from coffee silverskin, made of cellulose leftovers of the coffee beans' roasting.

In addition to retailing on the Amarey e-commerce, the line is being sold at Rinascente department store



in Milan until Nov. 14. Here, the brand is displayed on the fourth floor as part of a special area dedicated to emerging beauty players with a sustainable approach.

"[Customers] are liking the project. The coffee [element] attracts them, the research convinces them, but eventually the product make them come back. The greatest satisfaction has been seeing customers return with friends after getting results with our products. This positive word-of-mouth confirms that we are on the right track...but it's still a long journey," said Micaela Illy, who handles the financial part of the company. Andrea Dominique and Jacqueline spearhead formulations and marketing, respectively.

Next up, Amarey will add a body scrub to the range by the end of the year, while the formulation for an eye cream is being developed.

Beauty Industry Veteran Patrizio Stella On New Role at Desire Fragrances Group

Recently named CEO of the fragrance manufacturer, Stella outlined the strategy for targeting 200 million euros in revenues. BY SANDRA SALIBIAN



Patrizio Stella

MILAN — “I would like that in five years’ time someone else, from another company, sits here and cites Desire Fragrances as [an example] for the results to achieve,” said Patrizio Stella.

The beauty industry veteran was only appointed chief executive officer of the fragrance manufacturer in September, but he has already outlined ambitious, long-term plans to accelerate the growth of the firm by expanding its structure, portfolio and distribution footprint.

With a degree in political sciences, Stella has worked across many roles in the industry, starting his managerial career in Procter & Gamble Italia, before being named perfume and cosmetics worldwide managing director of Bulgari Parfums et Cosmétiques and successively becoming European CEO of Parfums Christian Dior and CEO and country general manager of LVMH Beauty Italia. In 2016, he cofounded and helmed Brands Beyond Beauty Group, launching, building and repositioning Chopard Parfums, Philipp Plein Parfums and Elie Saab Parfums.

Leaving executive roles at Brands Beyond Beauty behind, Stella is on a repositioning mission for Desire Fragrances, too, as he aims to elevate the Luxembourg-based group that has outposts in Varese, Italy; Switzerland; the Netherlands; the U.K., and in the U.S.

“I thought there was a very interesting opportunity in the market for us,” said Stella about joining the international firm. “I’ve appreciated some of the pillars of this company,

which are the great creativity, strong ability in developing quality products and at the same time the openness to change and grow which looked very interesting. The combination of these elements convinced me this was the right challenge to [pursue].”

The firm has more than 30 years of expertise in the design, manufacturing, marketing and distribution of fragrances and bath and body products under license for companies including Liu Jo, Sergio Tacchini, Alfa Romeo, Tonino Lamborghini, and, most recently, Head, which comprises the eponymous American tennis racket brand and Austrian ski-equipment manufacturer Tyrolia, among others. This portfolio represents a lifestyle division that Stella intends not only to consolidate but flank with two new business areas, one grouping prestige and luxury brands and the other dedicated to proprietary labels.

“The Prestige and Luxury division is the one more affiliated with my past experiences and is the right completion of the lifestyle one. It implies a different organization and geographical expansion, with a higher-positioned distribution and investments in communication. But the idea is that we will be in the condition to announce some partnerships in this segment already in 2023,” teased Stella.

As for the proprietary brands, the executive underscored that Desire Fragrances already has a small brand for kids named Petite Beauté, which will be further developed and flanked with acquisitions that could even go beyond fragrances.

“In general, we’re thinking of evolving this in a beauty company, so we will progressively look also to selective makeup brands and, one day, to skin care labels,” said Stella, underscoring that this wider approach could affect both licenses and proprietary brands.

In light of this strategy, Stella envisions reaching 200 million euros in revenues in five years. The executive didn’t disclose 2021 sales numbers in total, but said the company’s products generated 70 million euros in retail sales last year. The CEO also expects Desire Fragrances to report double-digit growth in revenues this year and revealed that 2023 will already mark “an important turnaround” for the company.

This will be mainly propelled by the launch of new fragrances across existing brands, starting from Liu Jo — the most in-demand label in the portfolio — and Head, for which key fragrances will be introduced next month and rolled out globally in the first quarter of 2023. Argentinian tennis player Diego Schwartzman has also been tapped as the face of the advertising campaign.

Asked about the scouting process for potential brands to add to the portfolio, Stella said to look for partners “that want to leverage beauty not just as a mere extension of sales generated in their core business but as an opportunity to mutually influence one another.”

“It might sound like rhetoric, but in my personal experience, when this [synergy] occurred, that marked the success of the beauty line and the real development of the core business,” he said. More pragmatically, the CEO noted that for the Prestige and Luxury division the company’s “natural targets are brands that in their core business

generate between 100 million euros and 600 million euros in revenues and want to be present or improve their presence in the beauty industry.”

The portfolio’s expansion will inevitably influence distribution, based on a mix of distributors and direct contacts with retailers and department stores. The company works with around 15,000 doors globally covering the different targets and positioning of its brands, but aims to increase its footprint to reach 25,000 doors. As for geographies, Desire Fragrances’ main markets are Europe and the U.S., accounting for 45 and 30 percent out of total sales, respectively. The remaining revenues are mainly generated in the Middle East and Asia, where Stella aims to further expand moving forward, also considering the addition of prestige brands that could best resonate in these regions.

At the same time, investments in marketing will aim to engage younger generations with a communication and brand-building boost on social media and online platforms. Collaborating with celebrities and leveraging the visibility and engagement during special events, especially sports-wise, will add to the strategy.

As for the corporate structure, new hires will further help spur growth. Citing a lesson learned in former experiences, the executive added that “for how obvious it might sound, it’s also key to surround ourselves with people of quality, which will encourage other people to be involved in a project of this kind, too.”

“People of value attract people of value....And I know for sure that [having just] a man alone at the top doesn’t work in politics nor in business. Those days are gone,” concluded Stella.



Head fragrances.



Liu Jo's perfumed body lotion and fragrance mist.



Is Beauty's Digital Gold Rush Over?

The digital revolution lowered the barrier to entry in beauty — but these days, building a brand can be more expensive than ever. BY JAMES MANSO

LOOKING TO BUILD A BEAUTY business in the post-pandemic world? It'll cost you.

While the barriers to entry in creating a new brand are still relatively low — at least in terms of sourcing formulas and packaging, building out a backend and manufacturing products, the days of rapidly scaling such a business digitally, à la Glossier or Drunk Elephant, which sold for \$845 million to Shiseido just seven years after its inception, look to be long gone.

Catalyzed by Apple's iOS 14 privacy update and accelerated by the pandemic-induced migration to digital sales, competition across platforms has fierced while returns on investment have shrunk, brand founders report. Add to that a proliferation of social media platforms where visibility is critical, plus a slew of celebrity beauty brands looking to monopolize the spotlight — and the great Indie heyday of the pre-pandemic era looks to be over.

"It's changed so much in the past six-and-a-half years," said Marianna Hewitt, cofounder of Summer Fridays, of the brand landscape. "The barrier now is that you have to break through a lot of noise — there are just so many options and it's really overwhelming for consumers."

"The cost of acquisition in the digital landscape has become astronomical," agreed Divya Gugnani, cofounder of Wander Beauty and founder of Concept to Co. "Pre-COVID[-19], there were many brands really focused on building d-to-c [direct-to-consumer], and then maybe retail. When stores closed, every brand that was spending money on brick-and-mortar reallocated their budgets to digital. It became more expensive than ever."

Trying to attract eyeballs — and open wallets — to their brands has never been more challenging or expensive, multiple founders reported to WWD.

"It's the toughest time because of market saturation and the way the world has turned," said Emily Parr, cofounder of HoliFrog Situational Skincare. "It's a highly data-driven, digital-driven world now. It's tough to scale a business and it requires a lot of money."

"The idea of having a good idea, a nice, feel-good product and launching a brand that you hope will catch fire?" she said. "Good luck."

Before launching her brand, Parr had a public relations agency and worked with many brands that were able to leverage digital to scale relatively quickly. Today, that is no longer the case.

"Digital marketing spend is the biggest disadvantage when it comes to scaling. You really can't, nowadays, self-fund a brand if you want to scale it, unless you have millions of personal dollars," she said, adding that most of the marketing agencies she has worked with turned down clients with monthly budgets below six figures.

And whereas once d-to-c seemed to be the magic words when it came to attracting outside funding, today the rules are very different. "VC [venture capital] funds only want you if you have big-name retail partnerships. If you do, you have much better chances of getting backing," said Parr. "Most brands need that backing to scale, since the [customer acquisition] costs are so high."

So what's changed? Privacy updates by mobile phone operators, combined with brands putting all of their marketing muscle behind digital channels, have made beauty's virtual landscape more saturated than before the pandemic, with brands having to shell out more money for lower engagement rates.

"When I was representing other brands, return on assets was three →

Direct-to-consumer darling Glossier is expanding into Sephora in January.



to four times the investment,” Parr said of marketing spend. “Because of the privacy updates, as I talk to other digital marketing agencies, they told me to expect between 0.8 times and two times return.”

Parr was referring specifically to Apple’s update of iOS 14, which enables users to decide if an app can track their activity through a privacy prompt, thus directly impacting ad campaign targeting and optimization.

As C. Devin Fitzpatrick, founder and chief executive officer of digital marketing firm CDF Consulting, put it, “The iOS updates really screwed up a lot of stuff. You almost had to start from scratch, and you can’t really benchmark what you used to do. It’s not just optimizing content, it’s optimizing audiences. Nobody sees your content, so you’ve got to repeat content every week, and now with everyone hiring content creators, the creative budgets have increased so much in the past three years.”

Barb Paldus, founder of Codex Labs, said “Instagram is completely different since the Apple changes on privacy. You just can’t get the same level of data, or the same depth of data. Even companies that were growing really quickly in 2018, 2019 and 2020, their growth has been halved, if not quartered.”

The privacy changes are “something that every brand is dealing with,” said Kendra Kolb Butler, founder of Albyn Beauty. “The shift has changed digital and performance marketing as we know it, just because it’s harder, it’s more difficult to reach the consumer with all the protection and privacy settings and functions.”

When Hewitt launched Summer Fridays with cofounder Lauren Gores Ireland, a marketing budget wasn’t even a necessity. At the time, both were among a handful of stand-out influencers, with a combined following of over 800,000. Today, they boast 1.1 million and 295,000 followers on Instagram, respectively. “With Lauren and I having a really big presence, we were able to push sales through our own direct-to-consumer site at the time, only being

at Summer Fridays and Sephora having a limited assortment.”

When Ron Robinson launched BeautyStat in 2019 with a single hero stock keeping unit, he said the barrier to entry — and consumer discernment — were both significantly lower than today. “It was much easier to get customers in, to launch and build a direct-to-consumer brand. The industry made the barrier to entry a lot easier,” he said. “Because of the rising media costs, a lot of those digital-native brands have now had to rethink their channel strategy. That’s what’s different for the brands coming to the market.”

All of the costs have shifted Sharon Chuter — founder of Uoma Beauty and Uoma by Sharon C. — into survival mode.

“We’re living in one of the most challenging ecosystems we’ve seen in beauty in a decade,” she said. “There’s a recession happening for the consumer, the industry itself is in complete disarray because of oversaturation and the proliferation of celebrity brands cheapening costs — the retailers are now focused on the celebrity brands and not on actual innovators,” she continued.

“We’ve seen the digital marketing landscape completely shake up. Right now is really a time of uncertainty, and it’s a time for the brands that exist today to double down on who you are,” Chuter said.

Top Three Takeaways

1. Accelerated by the pandemic and iOS 14 privacy updates, beauty’s digital landscape has seen costs and competition climb.
2. Brands are spending significantly more money for substantially lower returns than they were pre-pandemic.
3. Rising digital costs have led brands to refocus on retail partnerships.

She noted that if she was advising a fledgling entrepreneur today, her main piece of advice would be to wait. “I would say to them, ‘pause, wait a few years, let everything settle.’ It’s a lot of turbulence, a lot of change. Be very focused on your bottom line, this is not the time to start looking for ambitious growth. This is time to wait out the storm.”

Another big difference has been the proliferation of platforms. While Instagram and YouTube ruled the beauty landscape five years ago, TikTok is a top contender today, with newer entrants like Twitch, BeReal

and Roblox all vying for attention.

“Everybody’s trying to figure out what’s next: is the new frontier the Metaverse? Is it TikTok? TikTok is a very tricky platform because it’s winner-takes-all, it’s not a business platform to sustain your business every day,” Chuter said.

She posited that TikTok’s new paradigm of virality — causing brands to sell out of months’ worth of inventory in a matter of days or hours — also creates a supply chain dilemma.

“In June, we went viral three times, and now everything’s out of stock. Sometimes, virality is both a gift and a curse,” she said. “The reality is, you cannot plan for it. If you invest money and pay someone, it’s not going to necessarily go viral. It has to be organic, you cannot forecast for it. But you’re acquiring a lot of customers and a lot more data. Between July and August, we doubled our email list, but from an inventory perspective, it does create challenges. You can’t just stockpile all of your products thinking one might go viral.”

As far as content goes, it’s content made by creators — not the brands themselves — that moves the needle the most. Brit Starr, senior vice president of strategy at CreatorIQ, said brands with big budgets are reaping rewards with rising engagement rates.

“Consumers became a lot more selective about the creators and brands that they align themselves with,” she said of social media’s shifting landscape. “We’re continuing to see increased investment in influencer marketing, increased attention to how to appropriately measure and understand the impact of your efforts so you can make the most informed decisions.

Data from Tribe shows that only 19 percent of beauty brands spent less than \$200,000 on influencer marketing annually, with nearly half of brands expanding their influencer marketing teams. Starr added, though, that sales alone aren’t an accurate metric for measuring returns on social or influencer campaigns.

“The more creator content that is being generated about your brand, and the more creators are talking about your brand actively, the more consumers are searching for your brand online. That desirability aspect is super interesting,” Starr said. “Sales are a huge factor. You can do that directly through affiliate marketing, but also indirectly by having a bigger picture of your return on creator spend via the measurement of all of these areas.”

That emphasis on creator-led content has just added to expenses for brands. “Instagram is now really heavily favoring content creators, and every brand I’ve spoken to now just feels like they’re sucking on

Instagram,” Gugnani said. “When you were investing in a brand, you would want their engagement to be at least 0.5 percent. Now, if you look at the average brand in the d-to-c space, people’s engagement rates are a fraction of that.”

Albyn Beauty takes a “full-funnel approach” to digital marketing, according to Kolb Butler. “It’s impossible to predict what’s going to hit and what’s not. Everything’s important: top, mid and bottom. When things shift, whether it’s to Meta, to TikTok or whatever is performing, it causes us to just be more focused in certain areas and optimize where we can,” she said. “But the landscape is changing day-to-day, almost minute-to-minute.”

Businesses also have to cut through the clutter on search engines, not just on social media. “Pay-per-click is still very strong, and you’re seeing great returns on assets,” Fitzpatrick said. “There are branded keywords and nonbranded keywords. When you go into a retailer, all of those retailers are trying to capture brand search,” she said. “But when you’re trying to penetrate the market with non-branded keywords, there’s a million brands out there.”

Minimum order quantities across manufacturers have also risen, making it more costly for beauty startups to create smaller inventory runs.

“There are so many brands in the market, so many have financial backing, and they’re doing bigger production runs. That raises the bar for everybody,” Parr said. “When I first started HoliFrog, 5,000-piece runs were standard. Now, that’s up to 10,000. When you launch a brand, I imagine it’s very hard to find a lab that will do less than 10,000-piece runs per SKU. That’s a big financial investment.”

“The advantage is that, assuming everything lines up and you’re doing everything right, the potential for lightning in a bottle is there,” Parr continued. “But the brands that are able to do that are few and far between.” ■



Harry's was an early player in d-to-c brands.

Making 2023 Click



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The New Guard of Microinfluencers Redefining the Digital Beauty Landscape

When it comes to influencers and their number of followers, bigger isn't necessarily better. BY NOOR LOBAD



Melissa Wettig, or @meyloetta, drove \$3.3 million EMV for Colourpop in two years.

THE JURY IS IN: good things do, in fact, come in small packages.

Specifically, packages of under 100,000 followers, as is evidenced by the growing impact of microinfluencers on beauty brands' earned media value, which is a monetary value assigned to a brand's social media content and exposure.

Data from Tribe Dynamics indicates that for the top 15 U.S. beauty brands in EMV from August 2020 through July 2022, which include Charlotte Tilbury, Huda Beauty, Colourpop and E.l.f.

Cosmetics, microinfluencers generated a greater portion of EMV for each brand than any other influencer tier.

To fully grasp the significance of this, one must remember that not even five years ago, during the tail end of the Golden Era of YouTube beauty influencers, it was the cosmetics stylings of a small cohort of mega-influencers — James Charles, Nikkie de Jager, Jeffree Star and Tati Westbrook, to name a few — whose content dominated the internet, commanding audiences of sizes not

often seen anymore in today's digital beauty landscape.

This isn't because consumers are any less interested in beauty — rather, the opposite is proving true — but because consumers are beginning to turn toward niche creators, or microinfluencers, who are increasingly cultivating small followings mighty enough to make waves in a noisy social media landscape.

Far from being the spiritual successors of their YouTube beauty influencer forefathers, the main advantage wielded by today's rising

microinfluencers — who claim Instagram and TikTok as their primary platforms — is their targeted appeal.

"[Microinfluencers] have targeted, niche audiences who are highly engaged and who really resonate with what they're putting out there. As a brand that wants to be trusted, that's so valuable," said Alanah Dixon, vice president of influencer relations and social media at Anastasia Beverly Hills.

Data from Traackr backs Nixon's assessment. The influencer marketing software company compiled engagement rates of more than 1.1 million posts made by roughly 87,000 influencers in the U.S. from January through August 2022 to determine which influencer tier fosters the most engagement.

Traackr found that nano-influencers, or those with less than 10,000 followers, had the highest engagement rates, at an average of 3.35 percent engagement, while influencers with between 10,000 to 50,000 followers garnered a 2.7 percent average engagement rate. Mega-influencers, which the company defined as those with 1 million to 5 million followers, averaged a 1.44 percent engagement rate.

"Microinfluencers have this level of authenticity that makes them feel like a neighbor or family member — someone you can trust," Nixon said. "They help [Anastasia Beverly Hills] connect with audiences that we would otherwise simply never reach."

Tribe Dynamics reports that out of the \$1 billion total EMV Anastasia Beverly Hills garnered from August 2020 through July 2022, 42 percent was generated by microinfluencers.

The brand came second only to Colourpop in terms of total EMV during the period, with Colourpop ringing in \$1.3 billion by comparison. Thirty-eight percent of that total was fueled by microinfluencers, who composed more than three quarters of the 16,900 content creators the brand benefited from during the time frame.

Selena Gomez's Rare Beauty launched its microinfluencer program, the Rare Collective, just over one year ago and has seen a 21 percent year-over-year increase in EMV by the group since, according to Tribe Dynamics.

Rare Beauty's top microinfluencer during the first half of 2022 was Marwa Islam, who has 49,000 →

Nikkie de Jager, who once was the top EMV-driving influencer of many beauty brands.



followers on her main platform, TikTok, and generated \$864,900 of the brand's \$423 million EMV during the period.

Like many other fledgling beauty influencers, Islam began posting makeup videos to social media during the pandemic in an attempt to offset lockdown-induced boredom. It wasn't until 2022, when she began uploading videos of makeup looks inspired by the HBO Max hit series, "Euphoria," following the show's season two premiere in January, that her accounts began gaining momentum and brands started proposing collaborations.

"I was [creating videos] for fun, just as a way to practice something I love and enjoy in my free time," Islam said, adding that her first brand collaboration was with E.l.f. Cosmetics, in which she created an eye makeup look to promote the brand's E.l.f x Dunkin' limited-edition launch in March.

Since then, Islam has since worked with KVD Beauty, Morphe and "Euphoria" makeup artist Donni Davy's own makeup line, Half Magic, even inking contracts — which she says the average length of is one year — with a number of them.

While stories like Islam's are growing increasingly relevant, this is not to say that brands are not still reaping the benefits of tapping large creators: they are.

Creators such as Mimi Choi, who has 2 million Instagram followers and is best known for her intricate, art-inspired makeup looks, and Kali Ledger, who has 538,000 followers on Instagram, the main platform to which she uploads her imaginative makeup tutorials, are presently the top EMV-driving influencers at large for NYX Professional Makeup and Charlotte Tilbury, respectively, Tribe Dynamics reports.

Anastasia Beverly Hills and Colourpop, too, claim mega-

influencers as their overall most EMV-driving creators, although compared to their impact from 2016 through 2017, which was before microinfluencers came so heavily into play, mega-influencers are generating a fraction of the EMV the group once spearheaded.

The highest EMV a single influencer drove for a beauty brand from August 2020 through July 2022 was \$18.8 million, having been produced by makeup artist-turned-brand-founder Danessa Myricks, for Morphe.

While sizable, that is significantly less than the \$32 million EMV driven by Morphe's top influencer from 2016 through 2017, de Jager, otherwise known by her YouTube channel name, NikkieTutorials.

During this period, de Jager also reigned as the top EMV-driving influencer for MAC, Tarte, Morphe, Benefit and Huda Beauty, single-handedly driving double-digit millions value for each.

The days of a lone influencer generating \$32 million in EMV over the course of two years for a brand, which de Jager and other creators with followings of her size did with seeming ease in their heyday, are over, however.

Today, Huda Beauty's top EMV-driving influencer, Petra Miettinen or @bangtsikitsiki on Instagram, garnered a total of \$5.1 million for the brand from August 2020 to July 2022.

And yet, the brand still grew.

Huda Beauty's total EMV swelled to \$727 million during August 2020 through July 2022, up from \$618 million from the start of 2016 through the end of 2017, when the brand, like most others, was more focused on helming an all-star cast of influencers.

Brands today have more than a few reasons to think twice about latching onto mega-influencers. A central

aspect of the dumpster-fire appeal to many of the biggest names in beauty influencing, like Charles and Star, is the controversy and scandal their public personas are seemingly inextricably imbued with.

With many of beauty's biggest influencers proliferating a string of misdemeanors ranging from being wildly out of touch with reality, to facing sexual misconduct allegations and being called out for racist behavior, consumers and brands alike have grown increasingly weary of the group.

Last month, Forma Brands, the parent company of Morphe, was said to be considering filing for Chapter 11 bankruptcy.

A slew of factors led to the circumstance, such as widespread supply chain issues and other hits to the brand's performance of late, including recent controversy

surrounding two of its former leading influencer-collaborators, Charles and Star, both of whom the brand has now cut ties with.

In fact, beauty brands' big bets on influencers are, more and more often, beginning to backfire.

The same weariness that drove consumers away from celebrity brand endorsements (see: public reaction to Kendall Jenner's 2019 partnership with acne care brand, Proactiv), and thus partially fueled the popularity of mega-influencers as a seemingly more relatable alternative in the late Aughts and 2010s in the first place, is once again making its rounds.

This time, it is the very mega-influencers the sentiment once bolstered, who are now befalling its consequences.

Even Beautytok darling, Mikayla Nogueira, who skyrocketed in popularity during the pandemic thanks to what viewers saw as a refreshingly authentic approach to content creation, is not exempt from the bubbling phenomenon. Earlier this summer, Nogueira caught backlash for complaining about long working hours in a TikTok video in which she acerbically invited viewers to, "try being an influencer for a day."

The video, coupled with increasing incidences of the like by mega-influencers, only further fueled the perception that influencers, like the celebrities before them, are not from planet Earth.

Consequently, more consumers are looking to microinfluencers for their product recommendations and content intake, and thus brands who cultivate relationships with such influencers are beginning to see substantial payoff. ■



A makeup look by Marwa Islam, or @marwa.muah on Instagram and TikTok.



The Power of Pink

The Estée Lauder Cos. was honored at BCRF's annual luncheon, which raised \$3.5 million for research. BY JENNY B. FINE

When Evelyn H. Lauder founded the Breast Cancer Research Fund, her mission was clear: to find a cure for breast cancer. The progress that has been made in the last 30 years is extraordinary, with BCRF-funded researchers responsible for major breakthroughs in the prevention, treatment and cure of the disease. Since BCRF's inception in 1993, there has been a 43 percent decline in deaths due to breast cancer, and more than 4 million survivors of the disease. The Estée Lauder Cos.' Breast Cancer Campaign, which is marking its 30th anniversary this year, has been a major funder of BCRF, raising more than \$100 million for research. In late October, BCRF honored the company with the Sandra Taub Humanitarian Award at its 2022 Symposium and Awards Luncheon, raising another \$3.5 million for the cause.

"I'm humbled to be in this room amongst the brainiest scientists in the world and the most generous supporters," said Elizabeth Hurley, who was on hand to present the honor to Lauder chief executive officer Fabrizio Freda. "Thirty years ago, there was very little breast cancer awareness and funding, and Evelyn stepped forward. She was a tireless, fabulous woman who devoted her life to saving other women's lives."

Accepting the award, Freda first thanked Leonard A. Lauder, William P. Lauder and the entire family for their tireless commitment. "We believe our company's success is deeply rooted in living our values, and those values

have always included supporting outstanding organizations like BCRF," he said. "We are so proud that the Breast Cancer Campaign has become a cornerstone of our social investments in women's advancement and health and we are so grateful for all who have supported it."

William Lauder, who was co-chair of the event with Kinga Lampert, noted the widespread impact of BCRF's work. "Breast cancer affects everyone — every age, race, nationality," he said. "BCRF is unique in its role as a global convener. We support 255 scientists from around the world who are able to network with their peers without having to compete for funding."

The Jill Rose Award for Scientific Excellence was presented to Maria Jasin, Ph.D., whose mother died of the disease when Jasin was only nine years old. Today, her work has been instrumental in understanding the BCRA1 and BCRA2 genes.

Freda noted that despite the advances made, there is more that "can and will be done," citing the company's pledge to donate \$15 million over the next five years to research the health comorbidities and the biology of breast cancer in Black women, who see 41 percent higher mortality rates than white women.

"We are honored to partner with BCRF to secure Evelyn Lauder's vision to end breast cancer," he said. "As Evelyn said, it could never be done by one person. It has to be done by a group and you are this group."

FAIRCHILD MEDIA GROUP 2023 CALENDAR OF EVENTS

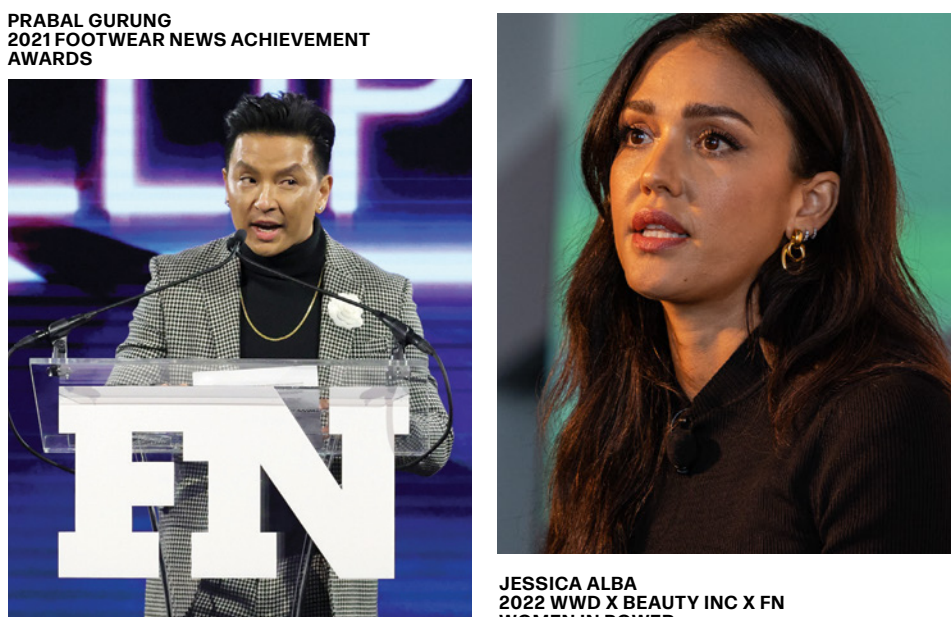
- JANUARY 24** **WWD** Digital Beauty Forum
- MARCH 10-11** **FMG** SXSW
- APRIL** **Footwear News** CEO Summit (Miami)
- APRIL 25** **Sourcing Journal** Sustainability Summit
- MAY 9-10** **WWD** Beauty CEO Summit
- JUNE** **Sourcing Journal** Global Outlook (Virtual)
- JUNE 7** **Footwear News** Women Who Rock
- JUNE 28** **WWD** Metaverse Symposium
- SEPTEMBER 8-10** **Fairchild** Fashion Museum
- SEPTEMBER 12** **FMG** Women in Power Forum
- SEPTEMBER 27** **WWD** Wellness Forum
- OCTOBER** **Sourcing Journal** Fall Summit
- OCTOBER 24-25** **WWD** Apparel & Retail CEO Summit / WWD Honors
- NOVEMBER 29** **Footwear News** Achievement Awards
- DECEMBER 6** **Beauty Inc** Awards
- DECEMBER 10** **LA3C** / **WWD** Style Awards



TRACEE ELLIS ROSS
2021 BEAUTY INC AWARDS



PHARRELL WILLIAMS
2022 WWD BEAUTY CEO SUMMIT



PRABAL GURUNG
2021 FOOTWEAR NEWS ACHIEVEMENT AWARDS

JESSICA ALBA
2022 WWD X BEAUTY INC X FN
WOMEN IN POWER

* Note: all dates and elements of FMG Events are subject to change.
Featured celebrities and speakers are from past events, all speakers and attendees of 2022 events are in development.