

Beauty and Personal Care in Russia: Main Trends and Developments

Top themes emerging from COVID-19

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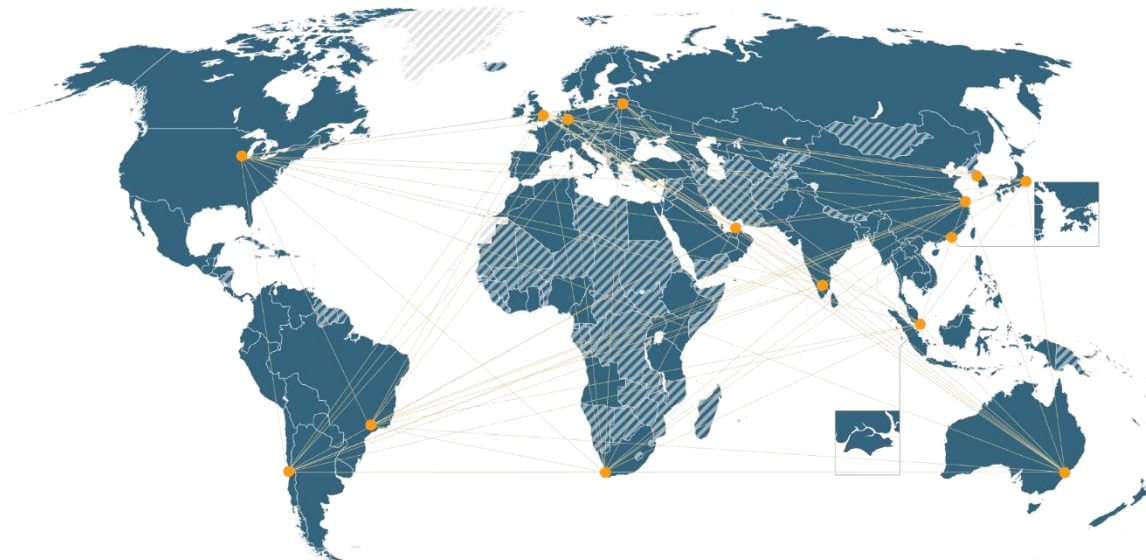
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The data included in this document is accurate according to Passport, Euromonitor International's market research database, at time of publication: October 2020

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in-depth analysis on consumer goods and service industries

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demographic, macro- and socio-economic data on consumers and economies

OVERVIEW

The Global Context

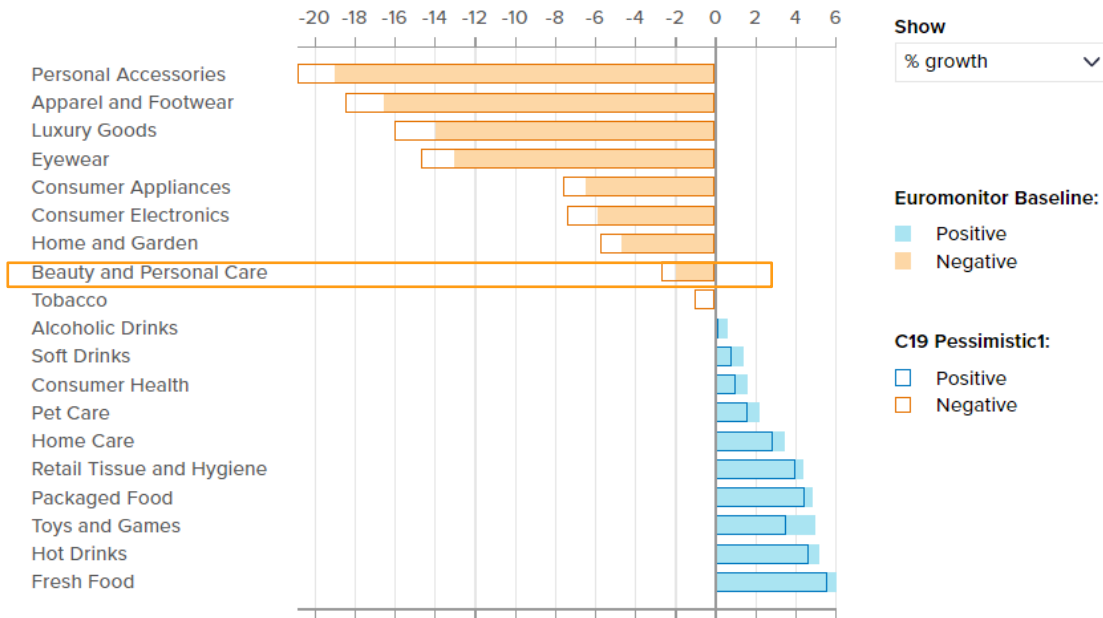
Trends and Developments in Eastern Europe and Russia

Key Takeaways



Current outlook: Global

WORLD C19 PESSIMISTIC1 SCENARIO FORECAST | Estimated probability: 25-35%
Industry Level Retail Sales 2019-2020, % growth, 2019 constant prices, fixed year exchange rate ⓘ



Source: Industry estimates

Last updated on September 15, 2020

1%

Growth of beauty and personal care sales in 2019

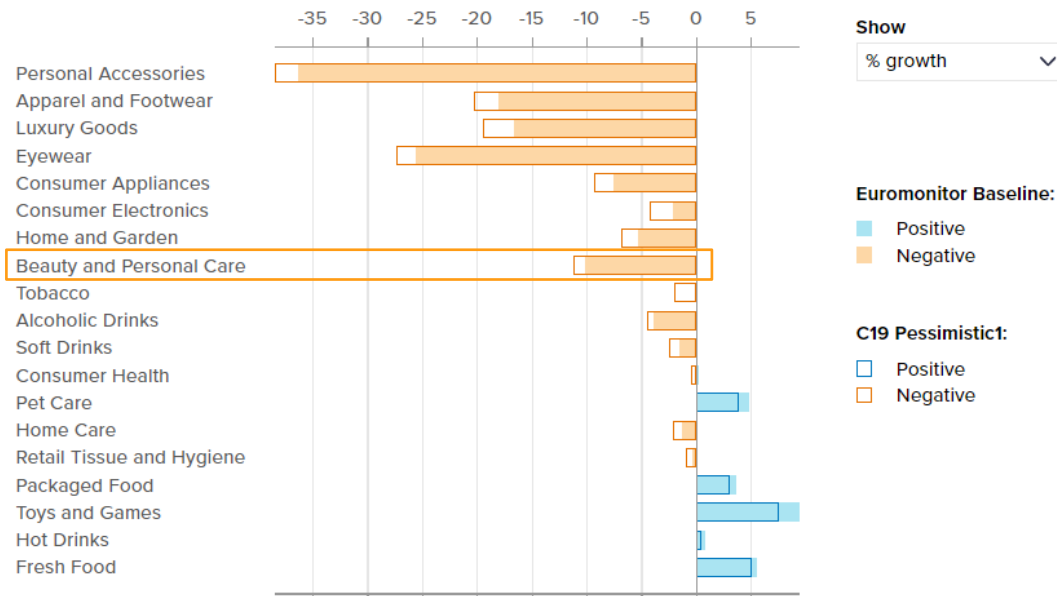
-2%

Potential decline in beauty and personal care sales in 2020
(Pessimistic Scenario 1)

Current outlook: Russia

RUSSIA C19 PESSIMISTIC1 SCENARIO FORECAST | Estimated probability: 25-35%

Industry Level Retail Sales 2019-2020, % growth, 2019 constant prices, fixed year exchange rate ⓘ



Source: Euromonitor International
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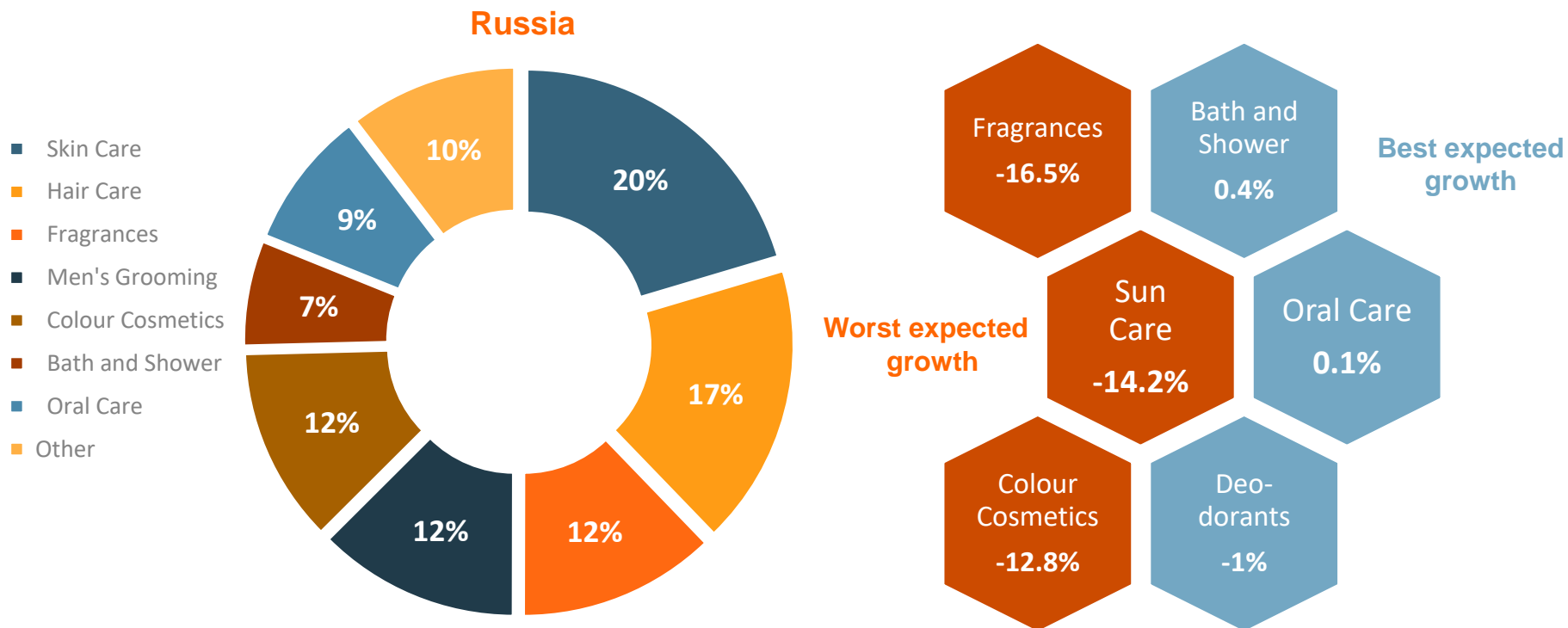
2%

Growth of beauty and personal care sales in 2019

-11%

Potential decline in beauty and personal care sales in 2020
(Pessimistic Scenario 1)

BPC category value comparison, 2020



Largest market players in Russia



Source: Google images

Wellness redefined

Pre-pandemic

- Mental health
- Self-care
- Holistic beauty
- Status symbol

Now

- Health front-of-mind
- Cautious spending
 - Digitalization
- Free of disease

Microtrends

- Immunity boost
- Wellness beauty
- Digital health
- Back to basics

Beauty no longer stands in isolation

Health

Nutrition

Wellness

- Health is the new wealth
- Prevention takes priority
- Consumers placing higher emphasis on self-worth

Health and beauty convergence defines beauty perception

Top 10 definitions of “beauty” 2019 global results

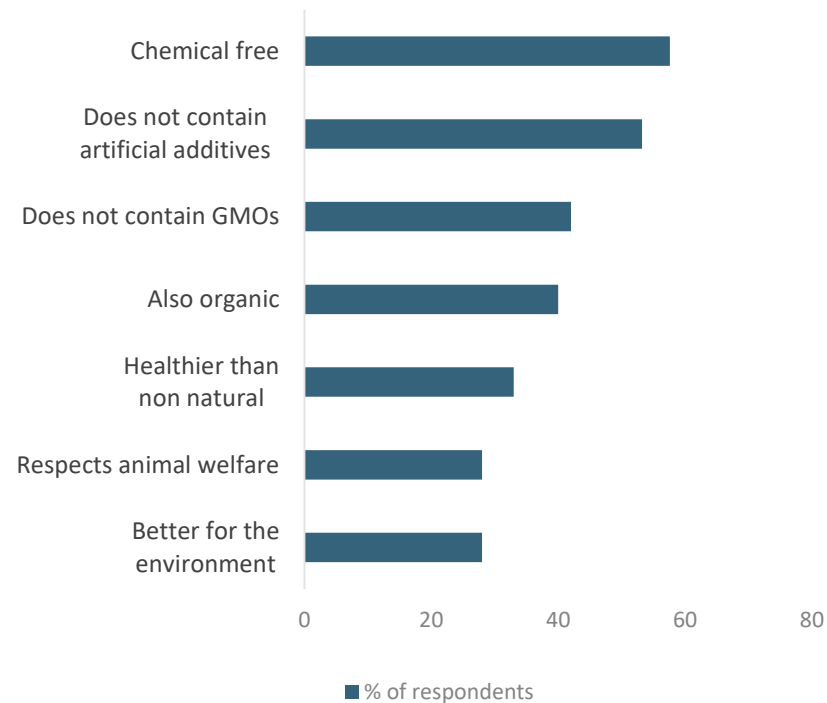


Source: Euromonitor International Beauty Survey, 2019

Natural becomes the new normal:

- Clean beauty
- 'Natural', 'organic', 'vegan', 'clean', 'green', 'free-from'

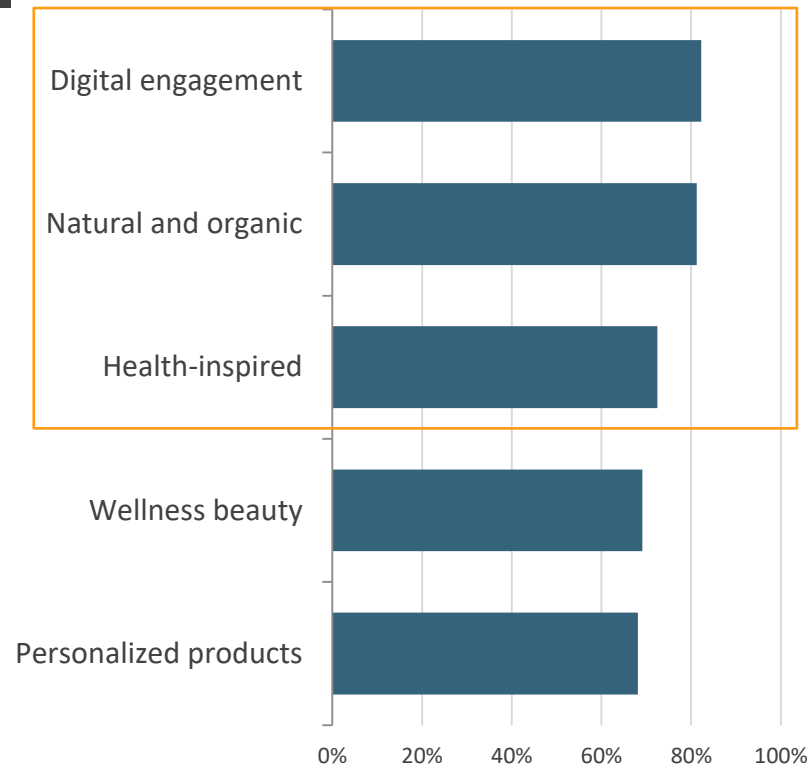
Consumer understanding of the definition of natural



Back to basics

- Streamlining routines and products
- Functional over aesthetic beauty
- Health, green, clean, therapeutic attributes
- Multifunctional products / categories blur
- Herbal / traditional remedies
- High-efficacy ingredients

Top Trends Expected to Impact Beauty and Personal Care in the Next 5 Years



Source: Euromonitor International's Voice of the Industry: Beauty and Personal Care Survey, October 2019

Natural formulations
justify a higher price but
only if proven to work

Skincare consumers will pay
a price for natural...

39 % prefer natural/organic

over

26 % who prefer a lower price

... If it offers efficacious
solutions

37 % prefer proven efficacy

over

26 % who prefer natural and organic
products



K-BEAUTY

Reasons for success:

Multifunctionality and visible effect

Hypoallergenic

Affordable price

Natural and clean

Production development

- Not necessarily to be a big brand to enter the market
- Brands that have a strong focus on “community” will resonate
- Sampling – as a way to attract
- Good price/quality ratio

Image source: Yandex.ru



Image source: <https://2gis.ru/>



To expect in 2020:

- Products rich in Vitamin C, peptides, alpha lipoic acid, flower extracts, rosemary, seaweed, probiotics

Cleansers

Skinlite



Image source: www.bb-mania.kz

Face Creams

Holika Holika



Image source: www.astrellia.ru

Face Masks

Dermal

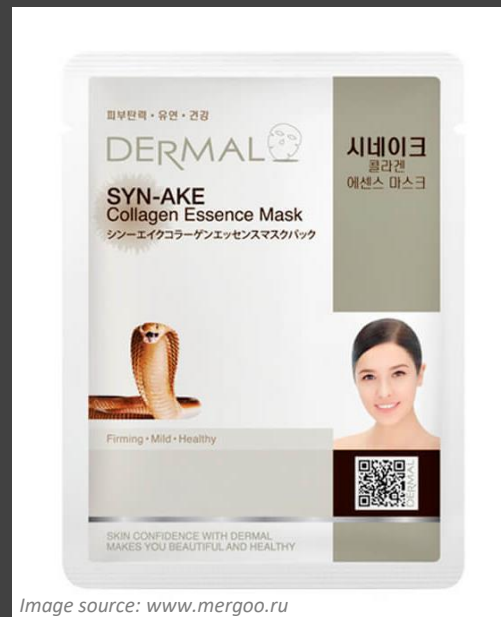


Image source: www.mergoo.ru

Where and how consumers shop

Pre-pandemic

Direct-to-consumer driving e-commerce

Department stores decline

Growth of club, variety, discounters

Omnichannel expansion

Now

Increase in e-commerce

Non-grocery struggling

Personal shopping services

Rising share of variety, discounters

Microtrends

Smaller online transactions

DIY / at-home routines

Casualization

Beauty product placement

Increased online shopping expected to remain post COVID-19

15%

of 2020 retail sales in Russia will be from e-commerce

50%

Expected 2020 growth in e-commerce sales in Brazil

Key Takeaways

Beauty and personal care sales to recover

None of the categories are expected to register a negative long-term shift

Wellness

Mental health to be incorporated as a key trend

Digital

Consumers are expected to maintain current habits towards online shopping

Clean beauty

Product formulation transparency and stories of provenance and supply chain visibility will earn brands greater credibility

Thank You

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