



The Future of **Beauty** Retail Tech:

A 2024 Trend Report



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Welcome to the Future of Beauty **Retail** Tech: A Trend Report



After two challenging years, it's clear the beauty industry is back—and with a vengeance.

Encompassing a myriad of categories—skin care, hair care, makeup, fragrance and personal care—beauty has long been a dominating industry that has had women opening their wallets for decades. But in the face of the worldwide pandemic, beauty sales were hit hard, with transactions falling by 33% globally, while overall retail sales in the beauty category declined by 15 percent, according to [McKinsey](#).

In a global recovery initiative, beauty brands quickly adapted with a distinctive selling strategy—one that targets the ever-growing omnichannel shopper demographic. With customers turning to digital and ecommerce shopping experiences, there has never been a better, or more lucrative, time to invest in retail technology. Whether utilizing Beauty Specialists to transition the in-store experience to online social selling, or implementing the use of personalization through quizzes and AI recommendations—digital tools are bringing the beauty world into a new era. One that is quickly becoming expected amongst most savvy shoppers.

At [Salesfloor](#), we recognize the new challenges beauty brands face due to the growing demand for an omnichannel world. Our signature offering is in providing

retailers the digital tools and training to connect with customers for better service, leading to increased conversion and retention rates. We believe that value is an exchange: give value, grow value. Our unique tools are central to cultivating loyal and satisfied customer segments, ones that will remain resilient to the strong and ever-shifting currents of ecommerce — be it a global pandemic, inflation or a recession.

Salesfloor is a customer engagement platform designed with enterprise beauty brands in mind. It is the only platform on the market that unifies virtual shopping, clienteling, and AI assisted selling — driving sales and Total Experience with proven ROI. Salesfloor's mission is to revolutionize the retail sales and service experience by fusing the human connection with the power of AI.

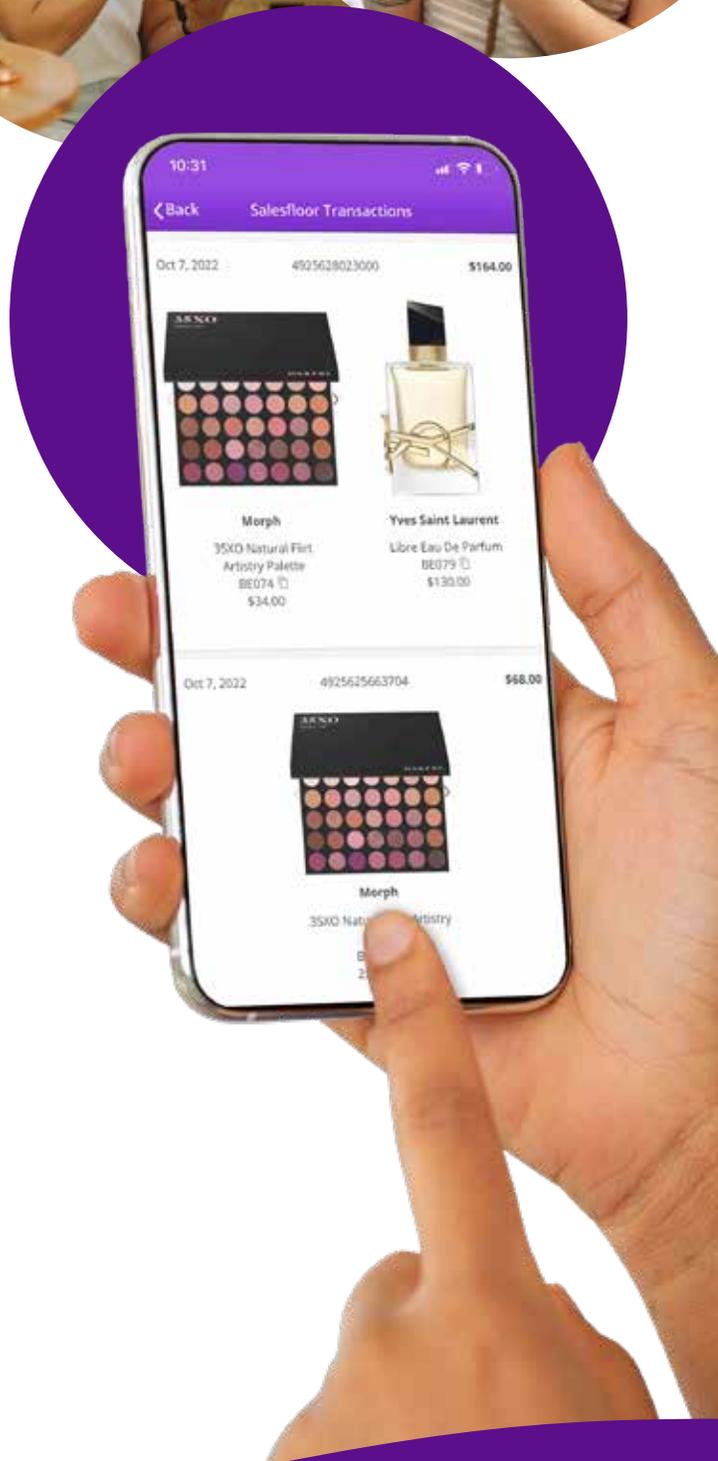
We are committed to helping our customers in the beauty industry achieve long-term, sustainable growth. We want to help our customers stay one step ahead of the competition by utilizing those who know the industry best — your Beauty Specialists. Ultimately, we hope this trend report helps you look ahead at opportunities for growth, and we look forward to speaking with you on implementing a customer engagement platform that will wow your customers, allow your Beauty Specialists to succeed, and build loyalty for years to come.

What to **Expect** from the Beauty Industry

In recent years, the beauty industry has seen an unprecedented shift from supplier trend-setting, to instead, conscious consumers driving the trends. This change calls for a higher demand of personalization, sustainability and digitalization across all verticals. Today's beauty shoppers want more from the brands they know and trust— seeking products that align with their values, with the environment and that offer clean ingredients.

In this constantly changing landscape, beauty shoppers ultimately want not a one-size fits all model, but rather a highly personalized, high-touch shopping experience— whether online or in-store. While personalization isn't exactly new, beauty brands are continuing to find innovative and exciting ways to delight customers, whether it be custom packaging or individualized hair care treatment plans. A recent [Forrester study](#) found that 77% of consumers have chosen, recommended, or paid more for a brand that provides a personalized service or experience, while [Accenture](#) found that 75% of consumers are more likely to make a purchase when recommendations are personalized to them, propelling the push for brands to differentiate offerings.

In an attempt to adapt to a declining brick-and-mortar shopping experience post-pandemic, the beauty industry responded with unprecedented agility. Department stores and luxury brands that once exclusively offered in-store shopping, quickly turned to digital technology and software to expand and offer more individualized experiences regardless of channel. Particularly encouraging was the adaptation consumers took to purchasing any and all beauty needs online, something that was once rather limited due to the “try and buy” mentality of purchasing skincare and cosmetics in-store. And the results are in: the beauty and personal care industry is not only recovering from pandemic-related instability – it's thriving. According to Nielsen IQ, in 2021, [beauty and personal care](#) categories increased sales 16% overall compared to the previous year.



Ultimately, the entire beauty category grew to \$88.7 billion in sales; \$11.6 billion coming from the holiday season.

Beauty brands who can provide efficient and engaging on-line buying experiences will prosper in the years to come. Not surprisingly, **65% of consumers** have ordered beauty products online in the past year versus 51% pre-pandemic. In 2021, 29% of total beauty sales came from online. Today, shoppers have largely returned to shopping in-person, along with growing online sales—spending more on beauty than ever before. In sum, beauty brands have much to look forward to in the coming years, with channel and market expansions at the forefront of the beauty industry.

This report provides an overview of trends in the beauty industry and seeks to identify ways that brands can further refine their business models through innovative digital strategies and practices—now, and into the future.



Throughout this report, readers will dive deeper into:

- > 2024 Consumer Trends in the Beauty Industry
- > A Look Ahead at the Future of the Beauty Industry



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\$88.7B

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Consumer Trends in the Beauty Industry for 2024 and Beyond

The beauty industry isn't new to change, long setting the precedent among the retail industry for not only adapting to, but setting trends. Brands who can rapidly keep up with consumer preferences and demands will be ready to convert and keep customers returning for years to come. With an eye on the future, savvy beauty brands will need to stay relevant and consider the following trends

1 Sustainability

In 2024, beauty consumers are more conscious of their impact on the planet than ever before. With a growing interest in sustainable products and eco-friendly messaging, the beauty industry is facing a burgeoning challenge to reduce their carbon footprint—while keeping up with demand.

Today, the beauty and personal care industry generates nearly 120B packaging units every year, and nearly 91% of these fossil fuel-based bottles, wrappers, and other plastic waste are never recycled, accumulating in the ocean and landfills (CB Insights). The younger generations, particularly Gen Z and Millennials are leading the charge towards a greener lifestyle, largely reducing their use of single-use plastics—meaning brands who lean into more sustainable alternatives will have a substantial leg up on competitors targeting the next generation.

According to McKinsey, up to 70% of surveyed US consumers said they would pay more for sustainable pack-

aging. Beauty conglomerates and indie brands alike have tapped into this trend: L'Oréal, Estée Lauder, and Unilever have all pledged to reduce single-use packaging, while brands like Pai Skincare and HiBar are reducing virgin plastic use or moving away from plastic entirely.

Fortunately, the tech industry can serve as a potential driver for eco-friendly choices. By providing personalized services, such as live chat or video chat with in-store Beauty Specialists, customers are far more likely to identify the right product fit for them—the first time. By offering these services, beauty brands have seen a significant reduction in product returns and waste. They've also seen a reduction in overconsumption, as customers no longer need to buy multiple products to find the one that actually serves their needs. While no industry is perfect, the beauty world is utilizing technology to move towards a more eco-friendly future, one without green-washing and making a real, impactful change.

2 Augmented Reality

Augmented reality (AR) has quickly become a key tech tool across the world of ecommerce, with the beauty industry being early adopters. Virtual try-on tech utilizes augmented reality in a fresh and adaptive way, testing how different products will look on each specific customer. Without the need of color swatching, or removing a full face of samples afterwards—augmented reality provides a fully personalized experience. From choosing the perfect foundation shade match, to being introduced to new brands—tailored recommendations are the future of the digital shopping experience.

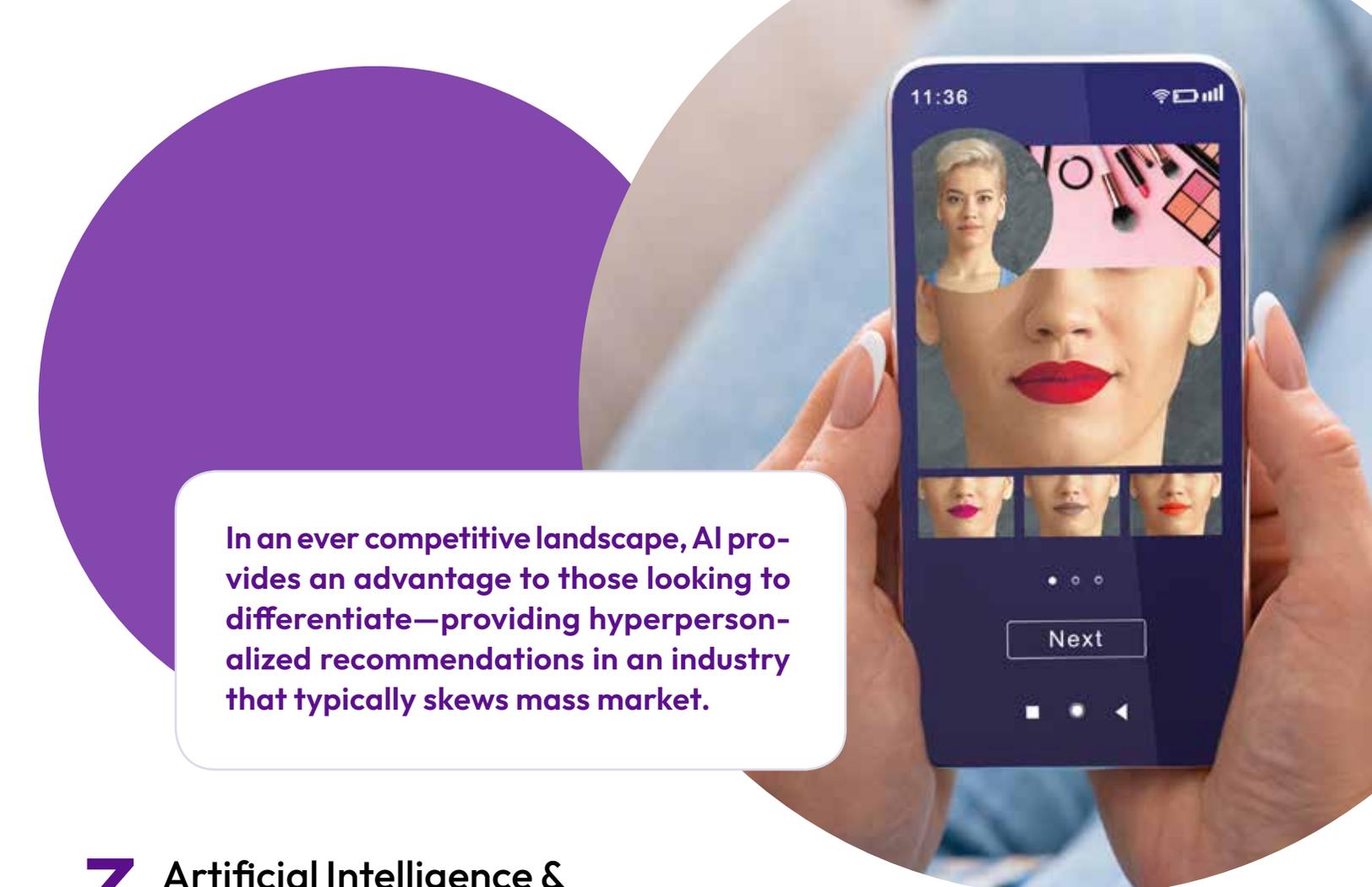
All at once, the Covid-19 pandemic shifted shopping and socializing online and sparked desire for self-expression and selfcare; virtual try-on technology has improved; and partnerships have made the tech more widespread than ever. Ultimately, AR is no longer a gimmick, but a proven technology (CB Insights). Augmented reality has provided not only a new level of customer satisfaction, but also as a sales driver. Hair color brand Madison Reed, grew sales by 130% and nearly doubled its customer base by offering live virtual try-on on its website for customers to explore different shades.

Even big brands are taking note of this new trend, especially throughout the pandemic. In recent years, Google launched a new AR-powered cosmetics try-on tool in Google Search, allowing users to virtually try on products during their search using the front-facing camera of their phone. Large names in the beauty industry were quick to jump on board, announcing partnerships between Google and brands like L'Oréal, Estée Lauder, and MAC Cosmetics.

While it's unlikely that augmented reality will ever fully take over the in-person beauty shopping experience, it certainly is proving to be a useful tool in the toolkit. For 2024 and beyond, expect to continue to see large partnerships between notable brands as AR continues to solidify its place in bringing the physical beauty counters to the digital world.

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3 Artificial Intelligence & Machine Learning

One of the largest potential growth opportunities in the world of beauty is the adoption of AI. Artificial Intelligence is particularly poised to be adapted to the skincare vertical, utilizing customer data that AI processes to offer personalized product recommendations. Brands, such as Proven, currently use AI to feed information to their algorithm on more than 100,000 products, 8M+ testimonials, 4,000+ scientific publications, etc. — to provide the most effective ingredients for each user's needs.

In an ever competitive landscape, AI provides an advantage to those looking to differentiate—providing hyperpersonalized recommendations in an industry that typically skews mass market. While [66% of customers](#) expect companies to understand their unique needs and expectations, only 32% of retail executives say they have the full ability to turn data into personalized products in real time across channels and touchpoints. Part of the challenge is that the average retail organization

uses an estimated 44 different systems to manage customer experiences (Salesforce). With the power of assisted AI technology, the barrier to personalization and optimization of customer data can be taken from a laborious task—to a simple click of a button.

AI technology is quickly advancing beyond quiz integration, rather building complex algorithms to assess more granular, specific user data to predict the right product match more accurately. The advancement of AI has come at an exciting time, becoming more and more appealing to customers who are tired of decision fatigue when it comes to selecting the right products. With technology changing at lightning speed, the future holds the promise of a world with little returns, more custom personalization, and higher customer satisfaction than ever before — all thanks to the power of AI.

4 Social Selling

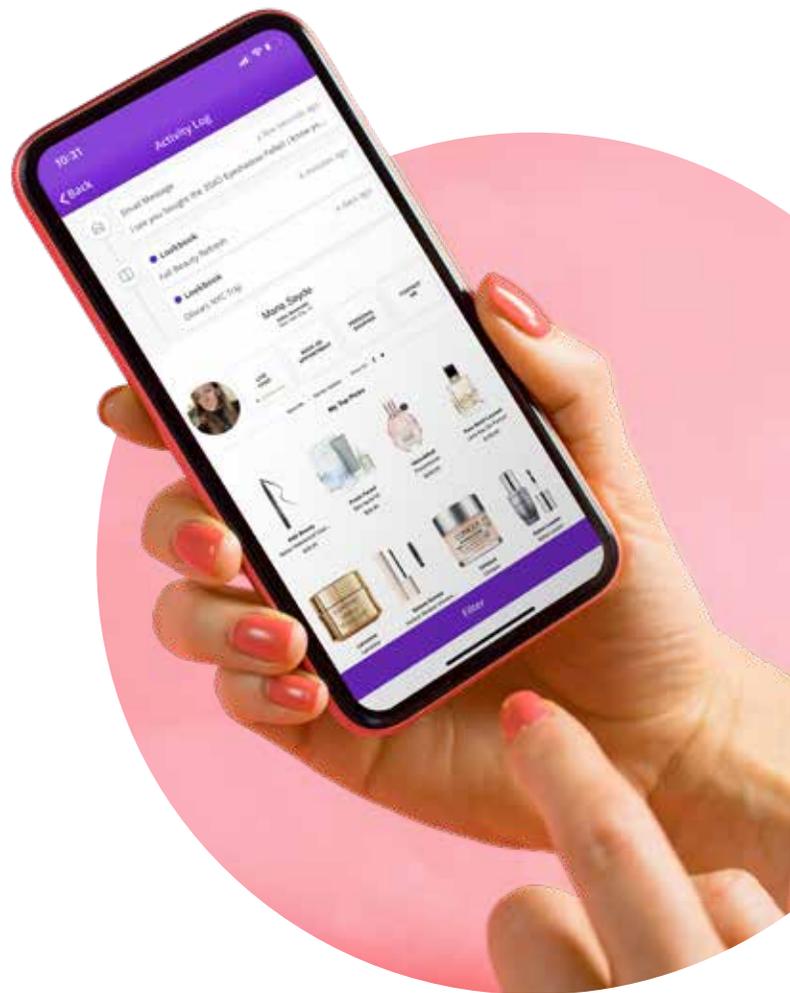
Beauty has long been known for its integrated use of influencers, be it creating relatable content on popular platforms or setting the precedent for connecting social to commerce. Attracting cult-like following on social media, influencers are the next frontier for beauty marketing campaigns—as consumers continue to reject traditional advertising.

Global spending on influencer marketing has skyrocketed in recent years, rising from an estimated \$2 billion in 2017 to about \$8 billion in 2019. One Forecast shows that spending jumped to \$16.4 billion in 2022. In fact, beauty giant [Estée Lauder](#) recently revealed that the company is spending 75 percent of its marketing budget on influencers (Harvard Business).

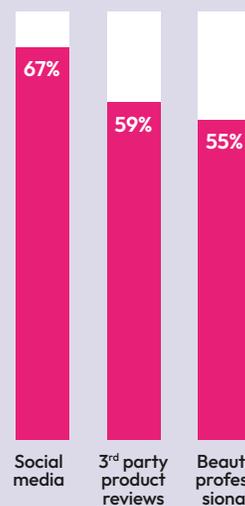
And this trend isn't set to decline anytime soon, with women turning towards online influencers to help with purchasing decisions. In fact, a whopping 62 percent of women said they follow beauty influencers on social media. When asked where they seek information about beauty products prior to purchasing them, social media influencers ranked highest at nearly 67 percent, followed by third-party product reviews at 59 percent, and beauty professionals at 55 percent (Harvard Business).

As such, social media influencers aren't the only beauty experts that consumers are turning towards. In-store Beauty Specialists across many beauty conglomerates have turned from associates—to trusted beauty professionals—some may even call them the original influencers. Enhancing the customer experience is becoming paramount to winning in the beauty services space—as it is across the retail sector. Beauty service providers looking to thrive in this evolving market should expand product sales, develop partnerships with brands and retailers, and upskill their employees (McKinsey).

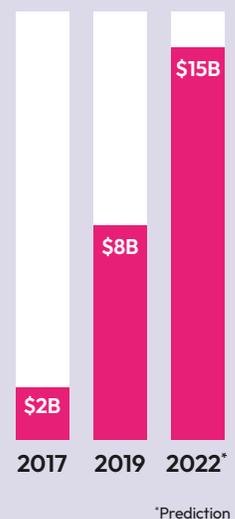
Beauty Specialists are embracing their changing role, with customer engagement technology opening new doors for social selling. According to a report by [Business Insider](#), social commerce is expected to account for 7.8% of all e-commerce sales in the US by 2024, while a survey from [Statista](#) found that 48% of all Americans aged 18-34 have made a purchase through social media this year. From Instagram's integrated social selling platform, to custom branded associate store fronts—there are endless opportunities for social selling growth—and higher commissions for associates that tap into it.



Online influencers helping with women's purchasing decisions



Global spending on influencer marketing



5 Bringing the Digital World into the Physical

While the world is leaning into digital, the physical store will always remain a vital part of beauty. With omnichannel solutions available at a rapid pace, beauty brands largely stand to benefit from a multi-channel strategy. Now, technology has been quickly integrated in-store to offer detailed product information via iPads, digitally testing items like skin matching, and discovering new product recommendations with AI capabilities.

Beyond incorporating technology directly into stores, a successful omnichannel strategy includes store associates having the ability to connect with online customers. Clean beauty brand Credo teamed up with customer engagement platform, [Salesfloor](#), to provide online shoppers with the same exceptional customer service — such as product knowledge and recommendations they are known for in the store.

Reputable online customer service can elevate a brand beyond competition, allowing customers to feel more comfortable taking the risk in purchasing beauty products online. By connecting online customers to in-store Beauty Specialists, customers can tap into their expert knowledge from the comfort of home. By

catering to the growing demand for in-store pickup options, brands are bridging the gap between the URL and IRL. This service allows for ease and convenience, while catering to increased sales in products customers already know and love.

Customer journeys that combine the online world with the offline are here to stay. The role of the physical store is still important, but its focus has clearly shifted to experiential retail (CB Insights). While cosmetic counters at large department stores once tempted with free samples and makeup services, the next generation have new expectations for “test & play” beauty experiences. At Sephora’s 700-plus locations in the United States, for example, experiential studios offer services ranging from touch-ups and makeovers, followed by a Color iQ test—the first and only beauty service that scans a customer’s face, assigns them a Color iQ number, then reveals foundations that are a precise match for their unique skin tone. Further, thanks to integration with the Sephora app, Beauty Specialists have immediate access to a customer’s current wishlist, shopping cart and purchase history—leading to a five-star omnichannel experience (and higher sales than ever). Quite simply, unique and premium service environments are capturing customer loyalty and share of wallet, while no-frills express services will struggle to win back the hearts and minds of customers (McKinsey).



A Look Ahead at the **Future**

In today's rapidly evolving retail landscape, long-time players in the beauty industry can no longer rely on name alone. With new indie beauty brands and direct-to-consumer options at an all time high, differentiation is the key to long-term growth. Adaptation, and prosperity now depends on a brand's ability to quickly adopt innovative technology—building lasting relationships with customers. With the continuing emergence of cutting edge unified commerce platforms, beauty remains an exciting and future-looking industry. Yet digital acceleration doesn't mean that the human touch should be lost—brands need to turn to the personalization that in-store Beauty Specialists have always offered—in a new format.

To achieve this, retailers will need to put the customer's experience first and invest in customer engagement technologies that allow high-touch service to be provided with convenience, ease, and the intelligence that only a robust digital strategy can achieve. Not least, a deep understanding and appreciation of the employee experience—including adoption of the right platforms and processes to foster growth—will be paramount to seizing new opportunities in the beauty space. To truly stand apart and set themselves apart from competitors, brands will require a sound strategy that fuses human experience, personalization, and connectivity with advanced technology. With the right tools in place, digital and ecommerce can be elevated to drive the creation of premium experiences that continue to inspire, convert, and retain well into 2024 and beyond.

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