

MILLENNIALS: LOVE AND BEAUTY

By Luke Barrs

An understanding of how the differentiated spending patterns, lifestyle choices and values of millennials are not just reshaping the global dating and beauty industry, but are redefining the very concepts of 'love' and 'beauty' becomes increasingly important for investors.

A DIGITAL MAKEOVER

Beauty and technology are becoming more and more intertwined and the beauty industry is going beyond just digital, to actually become 'smart'. Brands are building connected beauty systems to personalise skin treatments and to treat individual skin disorders and the impacts of hormonal imbalances on the skin. For example, one brand introduced a mobile app that leverages Artificial Intelligence to detect users' skin conditions and then dispenses a personalised formula each day.

The advent of genomics and gene therapies could have a revolutionary impact on the health care industry and millennials will be front-running this race. Genomics is likely to play a bigger role in personalising beauty recommendations, with some companies already offering beauty-focused DNA testing kits.

BUT TRUST ME ON THE SUNSCREEN

Millennials are selectively choosing brands that not only anticipate their needs, but support their ethos and are consistent with the image they want to convey. This is a generation that is trading in thrills of fragrance and luxury for the benefits of the potentially life-saving sunscreen. Many of the buzzworthy brands are now built on the premise of focusing on healthy skin and using make-up only as a tool for self-expression.

Today's beauty brands cannot ignore megatrends, such as ethical lifestyle, healthy living, connected consumers and multiculturalism, which will continue to drive changing consumer values, particularly among millennial consumers. Brands and retailers that can identify these changing values as opportunities and not as threats, are most capable of keeping up with this wave of disruption.

THE INCLUSION SOLUTION

Inclusivity has become a new metric for

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being best in class and millennials are responding with their dollars. Research shows that this generation responds strongly to marketing that reflects the diversity they see in their communities.

While the mainstream media has historically targeted women when it comes to beauty and grooming, there is an emerging disruptor in the beauty industry. Companies now turn their attention towards one of the largest untapped consumer cohorts to expand the half a trillion-dollar market: men.

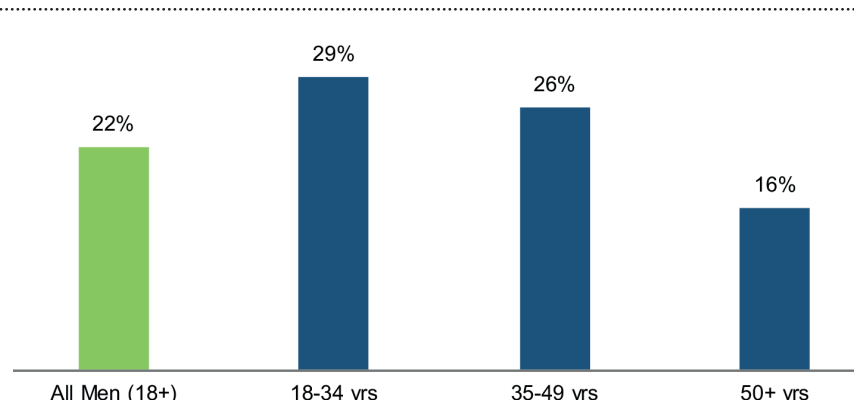
Make-up for men, for example, is becoming more mainstream, and the millennial generation has been the key driver of this change. Global Data's consumer research shows that 61% of men aged 18-34 now prefer to stand out from the crowd and believe that taking care of their appearance is essential.

Photo: Archive Goldman Sachs Asset Management



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Figure 1: Men's Skincare Regimen (% adult men agreeing: 'I have a skincare regimen')



Source: YouGov. Based on a survey using YouGov Profiles (Sep 2017) with responses from more than 12,753 adult men (18+), including 1,199 men ages 18-34, 2,066 men ages 35-49 and 9,485 men ages 50 and older.

Inclusivity has become a new metric for being best in class and millennials are responding with their dollars.

- The rapidly evolving consumption patterns, lifestyles choice and values of the millennial generation are reshaping the global beauty and dating industries;
- The changing preferences of millennials and Gen Z will call for a new approach to beauty and dating that is transparent, online, and inclusive.

Many brands offer make-up for men, or have launched gender-neutral make-up lines, with some digitally native brands that cater directly to men revealing the average men's grooming routine extends beyond just shaving, to include a gamut of skin-care products.

The rejection of traditional gender stereotypes that has been catalysed by millennials is likely to create room for more gender-neutral, inclusive and interchangeable products on the market in the future.

ALL YOU NEED IS LOVE

While consumers have always turned to beauty as one of the 'small joys' of life during trying times, there was one industry that emerged as an unexpected beneficiary of a global lockdown: the

online dating industry. The biggest increase in usage and activity on one of the platforms came from female users under the age of 30, with daily average swipes increasing by 37% for this demographic.

Even in India, where dating apps have a 70% to 30% men to women ratio at best, one leading Indian dating app noted that the rate of men liking women has gone up from 77% to 81% during the lockdown. The same rate for women has gone up from 8% to 81%, highlighting that Indian women may now be in the driving seat of the online dating trend.¹

While dating platforms have seen a reluctance in the adoption of video dating prior to the pandemic, online daters are now demonstrating a strong willingness to virtual date as global lockdowns have forced people to stay indoors.

It has been widely accepted that office technologies like Slack and Zoom, which are being employed as people work from home, may very well be in use after the global pandemic subsides. Similarly, dating habits formed during quarantine are likely to be a part of the millennial repertoire for the foreseeable future. «

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¹ Truly Madly Deeply, Sakal Times as of 8th May 2020