SEGMENTATION IS KING

Inside the minds of the different generations of beauty consumers
in-cosmetics Asia, October 2013

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EVERY DAY AT MINTEL

CONSUMER HABITS
Since 1972
We ask more than 50 questions to over 5,000 consumers

MENU INSIGHTS
Since 2004
We pick up around 60 new restaurant menus

NEW PRODUCTS
Since 1996
We buy more than 1,200 newly launched consumer products

TRENDS
Since 2006
We publish 10 global observations to influence more than 80 consumer trends

DIRECT MARKETING
Since 1999
We receive 2,000 pieces of direct mail, 250 print and 500 banner advertisements and over 3,500 emails

MARKET SIZES
Since 2009
We look at what consumers are spending in 4,000 markets across 45 countries
TEENS & TWEENS

Today’s teenagers will create a more connected, ethical, health-conscious-but confused generation ready to rebel against the rebellion of their parents.
TEENAGERS: WHO THEY ARE
WHERE THEY ARE

1.2 BILLION
People aged 10-19 in the world today
**WHERE THE TEENS ARE**

Putting it in perspective

<table>
<thead>
<tr>
<th>Country</th>
<th>Teen Population (m)</th>
<th>Proportion (% of country’s population)</th>
</tr>
</thead>
<tbody>
<tr>
<td>India</td>
<td>243</td>
<td>20%</td>
</tr>
<tr>
<td>China</td>
<td>201</td>
<td>15%</td>
</tr>
<tr>
<td>USA</td>
<td>41</td>
<td>12%</td>
</tr>
<tr>
<td>Brazil</td>
<td>34</td>
<td>17%</td>
</tr>
<tr>
<td><strong>Nigeria</strong></td>
<td><strong>35</strong></td>
<td><strong>22%</strong></td>
</tr>
<tr>
<td>Mexico</td>
<td>22</td>
<td>19%</td>
</tr>
<tr>
<td>Egypt</td>
<td>16</td>
<td>20%</td>
</tr>
<tr>
<td>Russian</td>
<td>15</td>
<td>10%</td>
</tr>
<tr>
<td>Turkey</td>
<td>13</td>
<td>18%</td>
</tr>
<tr>
<td>Japan</td>
<td>12</td>
<td>9%</td>
</tr>
<tr>
<td><strong>South Africa</strong></td>
<td><strong>10</strong></td>
<td><strong>20%</strong></td>
</tr>
<tr>
<td>Colombia</td>
<td>9</td>
<td>19%</td>
</tr>
<tr>
<td>Germany</td>
<td>8</td>
<td>10%</td>
</tr>
<tr>
<td>UK</td>
<td>8</td>
<td>12%</td>
</tr>
<tr>
<td>France</td>
<td>8</td>
<td>12%</td>
</tr>
<tr>
<td>Argentina</td>
<td>7</td>
<td>17%</td>
</tr>
<tr>
<td>South Korea</td>
<td>7</td>
<td>14%</td>
</tr>
<tr>
<td>Italy</td>
<td>6</td>
<td>9%</td>
</tr>
<tr>
<td>Spain</td>
<td>4</td>
<td>9%</td>
</tr>
<tr>
<td>Canada</td>
<td>4</td>
<td>12%</td>
</tr>
<tr>
<td>Australia</td>
<td>3</td>
<td>13%</td>
</tr>
<tr>
<td>Chile</td>
<td>3</td>
<td>16%</td>
</tr>
</tbody>
</table>

**SOURCE: UNICEF**
A DIFFERENTIATED MARKET

The youth market is not homegenous

Teens and tweens require different products and this is reflected in differing claims

There is a clear difference between the needs and requirements of younger and older teens

Gender stereotyping still rules - in packaging, fragrances and advertising
# TEEN VS TWEEN CLAIMS

**Top 10 teen claims – functionality first**

<table>
<thead>
<tr>
<th>Claims, all categories</th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mattifying*</td>
<td></td>
<td></td>
<td>13.5%</td>
<td>15.8%</td>
</tr>
<tr>
<td>Cleansing*</td>
<td></td>
<td>10.2%</td>
<td>18.2%</td>
<td></td>
</tr>
<tr>
<td>Anti-Acne</td>
<td></td>
<td></td>
<td>16.8%</td>
<td>21.8%</td>
</tr>
<tr>
<td>Skin Disorders</td>
<td></td>
<td></td>
<td>17.5%</td>
<td>22.2%</td>
</tr>
<tr>
<td>Female</td>
<td></td>
<td></td>
<td>13.9%</td>
<td>20.6%</td>
</tr>
<tr>
<td>Brightening / Illuminating*</td>
<td>14.5%</td>
<td>18.0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long-Lasting*</td>
<td></td>
<td>14.3%</td>
<td>21.6%</td>
<td></td>
</tr>
<tr>
<td>Moisturising / Hydrating</td>
<td></td>
<td></td>
<td>23.7%</td>
<td>27.7%</td>
</tr>
<tr>
<td>Dermatologically Tested</td>
<td></td>
<td></td>
<td>23.1%</td>
<td>26.6%</td>
</tr>
<tr>
<td>Botanical/Herbal</td>
<td></td>
<td></td>
<td>25.0%</td>
<td>39.1%</td>
</tr>
</tbody>
</table>

% of launches

Top 10 tween claims – safety first

- Ethical - Animal: 11.0% (2013), 13.7% (2012), 9.5% (2011), 14.4% (2010)
- Vitamin/Mineral Fortified: 14.4% (2013), 15.8% (2012), 9.8% (2011), 12.0% (2010)
- Paraben Free: 15.4% (2013), 16.8% (2012), 8.6% (2011), 15.4% (2010)
- UV Protection: 15.3% (2013), 15.4% (2012), 15.4% (2011), 16.8% (2010)
- Moisturising / Hydrating: 22.6% (2013), 27.0% (2012), 22.6% (2011), 24.8% (2010)
- For Sensitive Skin: 24.8% (2013), 27.4% (2012), 27.4% (2011), 28.3% (2010)
- Botanical/Herbal: 28.1% (2013), 31.3% (2012), 33.4% (2011), 35.5% (2010)
- Dermatologically Tested: 33.4% (2013), 35.5% (2012), 31.3% (2011), 27.4% (2010)
TARGETING YOUNGER CONSUMERS

Recognising the earlier onset of puberty, BPC companies will offer products for younger children, helping them transition into their teens and beyond.

For 6-12 year olds  
Said to be effective during puberty  
Kimidoll Junior for little girls

First fragrance for daughters  
Whitening cleanser with Q10 for kids
REACHING OUT TO TEENS

Teen-targeted products are taking on increasingly adult claims

- Anti-wrinkle for teens
- Boosting elasticity
- BB craze hits the teen market
- Zara fragrance for boys
- Foaming hair colourant
BOOSTING HEALTH

Young people want to live better

- 58% of UK 16-24 year olds don’t use sun protection if it’s not sunny
- 52% of French 16-24 year olds avoid parabens when buying personal care products
- 46% of German 16-24 year olds avoid silicones

Shiseido Sea Breeze UV Cut & Milky

Femolene Mylife Teen Optimum Hormone Supplement

Blackmores Teen Multi Dietary Supplement for Guys

Cooling milky formula with plant powders and SPF50/PA+++  
Formulated to help manage changing hormonal needs  
Supports healthy growth and development of teen boys
GREEN TEENS

Teens look for products that reflect their level of green-ness and ethics

- **Detox Korea A.C. Spot Control Mist**: Not tested on animals
- **Biotropic Monster High Pop Day Body Splash**: Supports the ACACCI, which helps children and their families fighting cancer
- **Essence Cucumber Cooling Roll-On**: Company created “Girls for Girls” which supports non-profit projects around the world
ONLINE BEAUTY: CATCH THEM WHERE YOU CAN

With the teen attention span a transient affair, beauty players must be prepared to have a multi platform strategy

In the US:

- 17% of consumers read online reviews for beauty info
- 17% looked at brands’ websites
- 15% turned to online retailers
- 9% to beauty blogs
- 8% to online tutorials

- 76% of US 12-17 year olds are on Facebook, rising to 86% for 15-17 year olds
- Girls have an average of 309 friends; boys have 275
- 84% have liked or become a fan of a brand or product

- Beauty apps are plentiful but not widely used.
- 30% of US women aged 18-34 like to use their mobile device to research beauty products
- 62% of US women aged 18-34 prefer to buy beauty products in-store

More products designed to make digital experience easier and safer:

- Products that claim to shield consumers from radiation from computers and mobile devices
- Products that claim to make it possible to use digital devices without smearing them with creams and lotions
- Products that turn the hand into a cursor

**SCREEN STARS**

**S5 Restore Cream** contains a marine active claimed to protect against electromagnetic radiation.

**Ampal’s body milk** is said to protect the skin from damage from computers, TVs and mobile phones.

**Mandom’s hand gel** is designed to minimise stickiness and make using smartphones and keyboards easy.

**Nano Nails** transform false nails and tips into a stylus for smart screens.
GENDER GAME

Teen products still calibrated to most gender stereotypes

- Girls’ products play with bright palettes and floral, fruity fragrances
- Boys’ products use the same subdued palettes as men’s products and play with messages of machismo, media and technology

O Boticario and Capricho

Axe/Lynx

Colgate and One Direction

O Boticario collaborated with Brazilian teen mag Capricho to create the Vintage collection for girls

Launched a competition for men to win a trip into space

Toothbrush and toothpaste collection
A NEW CONCEPT OF CELEBRITY

Personalised products will make the consumer the celebrity

21% of UK teenage girls want to contribute their ideas towards NPD

Cola-Cola created a limited edition Zero collection with packaging featuring the 150 most common names in Brazil, turning cans into collectibles

Natura set up vending machines in malls which offered personalised samples of a new haircare range
MATURE CONSUMERS

Whether retired, working or in need of care, the elderly are the key consumer demographic.
GLOBAL AGEING TRENDS

60+ in 2009

SOURCE: UN
The population aged 65 and over in 2050 will be 2.5 times that of the population aged 0-4.

SOURCE: UN
AND THIS PROPORTION IS SET TO GROW

Europe will have twice as many 55-74 year olds as 15-24 year olds

The US will have 24 million more 55-74 year olds than 15-24s

And in Brazil, 60+ is the fastest-growing population group

In China, there will be 39 million more 55-74s than 15-24s

There will be 21 million more 55-74s than 15-24s in Japan

SOURCE: MINTEL/UN/IBGE
Brazilian Institute of Geography and Statistics
AFTER 2000 WILL LIVE TO BE 100.

OF BABIES BORN IN INDUSTRIALIZED NATIONS

IN THE UK, THE ONS PUTS THAT FIGURE

AT 1 IN 3 FOR THOSE BORN IN 2012.

SOURCE: DANISH AGEING RESEARCH CENTRE;
LANCET MEDICAL JOURNAL; OFFICE FOR NATIONAL STATISTICS UK
FINANCIAL AND SOCIAL PRESSURES ARE MAKING SENIORS WORK LONGER

People may be **living longer**, but they **still need to support themselves financially**

Low interest rates have **diminished** the value of retired people’s savings

**Rising unemployment** means many can no longer assume their children will be able to support them

In Guangdong Province, China, **10%** of the elderly give monthly financial support to their grown-up children

In South Korea, the National Pension System forecasts that it might go **bankrupt** by 2053

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**BUT IT’S NOT JUST ABOUT THE MONEY**

In the US, **54%** of working 65+s want to keep working because it makes them feel more useful and/or they want to be around other people

SOURCE: MINTEL/GUANGDONG ACADEMY OF SOCIAL SCIENCES/PEW
Seniors have more money to spend and more reasons and ways to spend it

71% of Chinese women aged 40-49 look for anti-ageing facial skincare

In the UK, 66% of 55-64s say make-up makes them look more professional

In China, 19% of retired people like to spend their extra money on personal care and pharmaceuticals

40% of US women aged 55-64 wish there was more make-up for older skin

SOURCE: MINTEL/US CENSUS/ONS FAMILY SPENDING / COLOUR COSMETICS
UK/CONSUMER LIFESTYLES: CHINA’S GREY HAIRS – DECEMBER, 2012
### PRODUCTS FOR MATURE WOMEN ARE STILL THIN ON THE GROUND

<table>
<thead>
<tr>
<th>BB cream for women aged 65</th>
<th>Make-up for women aged 50+</th>
<th>Haircare for the mature woman</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zoe Revital BB Technology Complexion Enhancer Day Cream is specifically developed for the needs of mature skin aged up to 65 years and improves elasticity and smoothes wrinkles.</td>
<td>Chicca is targeted at stylish women in their 50s and 60s. The brand was designed by make-up artist Yasuo Yoshikawa, and the shades and textures have been selected especially for mature skin.</td>
<td>Pola Growing Shot BK Hair Tonic is designed for mature women and is said to leave the scalp and hair resilient and elastic. It also provides an instant cooling sensation to stimulate the scalp and prevent hair loss, thinning hair, itchiness and dandruff.</td>
</tr>
</tbody>
</table>
BUT THEY’RE MOVING INTO NEW CATEGORIES

- **Anti-ageing shower cream**
- **Anti-ageing hair spray**
- **Anti-ageing drinks**

Valmont Fresh Dew Cleanser Shower Cream targets the effects of time on the body.

Wella Wellaflex fills thinning areas of hair, leaving it looking more youthful.

Nestle’s Nutrition Drink is targeted at middle aged to senior consumers.
Nivea Active Age After Shave Balm is enriched with caffeine and strengthens and firms the skin while visibly reducing wrinkles.

Sofina UV Cut Emulsion Light SPF 50+/PA+++ is targeted at women in their 50s and contains whitening active Chamomilla ET.

Natura Chronos 70+ Many Signs Anti-Signs Cream is developed for women aged 70+ and offers improved firmness, comfort and elasticity.
BUILDING BLOCKS FOR THE FUTURE

Growth factors (EGF, FGF etc)

Biomimicry (lipids and peptides)

Telomerase and DNA

Medik8 Growth Factor Serum with EGF

DM Balea Skin Cell Protection Serum with biomimetic tetrapeptide

Eve Taylor Advanced Skin Therapy Telomere DNA Cream
WHAT WE’LL SEE IN THE FUTURE

The shift in attitude from looking much younger than your age to looking as young and energetic as possible for your age will continue.

This will affect three areas of the beauty industry:

Topical products:
Face and body skincare, haircare, colour cosmetics and fragrance

Ingestible products:
Nutriceuticals that address internal and external protection and nourishment, with the emphasis on prevention rather than cure

Cosmetic surgery:
Face lifts, eye lifts, neck lifts, boob jobs, tummy tucks, liposuction and hand lifts
What’s next

Younger consumers

• Products segmented to help young consumers transition to more adult options

• Greater emphasis on ethical and social issues through profit shares

• Cooperative companies founded through crowdsourcing

Mature consumers

• New delivery systems – gels, chewables, sprays, multi vector liposomes

• Pills that prevent or reverse baldness and grey hair, cellulite, lines and wrinkles

• Proof of efficacy – in-store and home diagnostics, printed info and online links