The Rise of Indie Brands and the Impact on Asia

Mintel looks into the key Indie brands actively playing out in the beauty space, what the key takeaways are and the impact it will have on Asia.
Our expert analysis of the highest quality data and market research will help you grow your business.
Where we are

MINTEL GLOBAL COVERAGE

- Mintel Office
- Shopper Network
- Primary New Products Data and Shopper Network
- Primary Consumer Research, Primary New Products Data and Shopper Network
How we do it

EXPERT TEAM

50+ years
Industry experience

CREDIBLE DATA

Innovation
Consumers
Markets
Trends

LEADING INDUSTRY FORECASTING

WHAT’S NEXT
AGENDA

The start of Indie brands

Millennials are Indie brands’ favorite target audience

Product Spotlight

What it means for Asia
The start of Indie brands

- Define Indie brands
- Successful acquisitions of Indie brands by beauty giants
- Social media drives Indie brands to fame
What defines an Indie brand

A distinct purpose for a niche
An Indie brand commonly stems from a problem that the founder has encountered and solved with this new venture.

Independently funded
Indie brands are mostly funded by the founder, or via crowdfunding sites that reach out to consumers who seek new and innovative products that have a clear purpose in resolving issues they can relate to.

Artisanal quality on design and functionality
From packaging to product functionality and processes, Indie brands pay attention to the smallest details that make the brand exclusive and unique; offering more than what mass products can. They offer convenience and personalisation through customisation and exclusivity by producing in smaller batches.

Unconventional marketing
Indie brands use trending social media platforms to tell a compelling brand story and run interactive marketing campaigns to reach out to consumers.
Successful beauty acquisitions

Estée Lauder x Too Faced Cosmetics & Becca cosmetics

shelled out $1.5 billion— its biggest acquisition deal ever — for Too Faced Cosmetics, whose products are a big hit with women under 40.

Becca Cosmetics, known for its shimmery highlights, and appeal to young women of color, for a figure estimated to be more than $200 million

L’Oréal x IT cosmetics

Biggest acquisition by L’Oréal for $1.2 billion

complement the L’Oréal Luxe’s brand portfolio to satisfy the rising demand for make-up as well as hybrid skincare.

Source: Premium Beauty News
Equity crowd-funding (ECF) campaign to expand new markets

PurelyB

- Malaysia-based health & wellness portal created to increase awareness about health & wellness in the region.

- The initiative aims to drive expansion into new markets across Asia.

- Funds raised from the campaign will help with the expansion plans such as
  - new interactive features
  - new services from new premium health programmes
  - a library of engaging video content

Source: https://www.purelyb.com/
**Crowd-funded beauty innovations**

<table>
<thead>
<tr>
<th>Thomas Clipper</th>
<th>MDMflow</th>
<th>Nail Snaps</th>
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</thead>
<tbody>
<tr>
<td>Handmade men’s shaving &amp; premium</td>
<td>Resonates with the post 90s era with a heavy influence of the mid</td>
<td>Award winning mobile application that turns any</td>
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<tr>
<td>cologne store</td>
<td>90s-00s glamour alongside hip hop culture.</td>
<td>photo or image into nail art</td>
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<tr>
<td>Successfully funded in July 2017</td>
<td>Started with handmade lipsticks using the latest color technology</td>
<td>Connects a global network of nail enthusiasts to</td>
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<tr>
<td>and launched its UNITE Cologne Collection and Travel Set</td>
<td></td>
<td>create, share and buy photo-based nail wraps</td>
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</table>

*Source: Brands sites*
Engage consumers to be part of product development

Lip Smacker has announced its "Official Tastemaker 2017 Search" to crowd source its next flavor.

A form of brand appreciation to its followers as well as new lip enthusiasts to suggest new flavor, the flavor name, 3 key ingredients and a description.
Emotional empowerment wins consumers

Every woman is an influencer

Glossier
At Glossier, the influencers are common people—customers who engage with the brand on Instagram, Slack, and at pop-up events. Rely on ordinary consumers to spread the word and motivate every woman to be an influencer with the introduction of their referral program to enable more followers through unique networks.

#TogetherForHope

Lush Singapore
Joined forces with the Advocates for Refugees Singapore (AFR-SG) to shed a light on the plight of refugees and send them a message of hope.

#kissandmakeup

Tarte Cosmetics
Tarte encourages everyone to take a photo with a kiss-marked hand, tag a friend to share the positive vibes, and spread the word about ending cyberbullying.

Source: Mintel BPC, Tarte Cosmetics, Lush Singapore, Nylon Singapore
The rising trend of Indie makeup and related

In Indonesia, 52% of consumers watch videos on Instagram while 12% of them shop via Instagram.

In Thailand, 18% of consumers are drawn to products that have the ability to be customized to their taste.

Hashtags for any terms related to ‘Indie beauty’ have increased in recent years with the rising popularity of Indie beauty brands.

<table>
<thead>
<tr>
<th>Hashtag</th>
<th>Searches</th>
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<tbody>
<tr>
<td>indiemakeup</td>
<td>78,007</td>
</tr>
<tr>
<td>indiemakeupandmore</td>
<td>9,350</td>
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<tr>
<td>indiemakeupbrands</td>
<td>2,272</td>
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<td>indiemakeuplover</td>
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<td>indiemakeupbrand</td>
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<tr>
<td>indiemakeuplove</td>
<td>120</td>
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<tr>
<td>indiemakeupaddict</td>
<td>130</td>
</tr>
<tr>
<td>indiemakeupblog</td>
<td>109</td>
</tr>
</tbody>
</table>

Source: Jakpat, Mintel Metro Consumer Report 2016 - Thailand
Millennials are Indie brands’ favorite target audience

- Understanding Millennials and Teens
Millennials are drawn to new things

Millennials are known to be more tech savvy and have higher interest in trying out new products and gadgets, making them the key target audience for brands to market to.

**INTEREST IN NEW OR NICHE PRODUCTS**

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Description</th>
</tr>
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<tbody>
<tr>
<td>24%</td>
<td>24% of UK BPC consumers are more likely to shop at a retailer that sells new or niche products</td>
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**SOURCES OF INFORMATION**

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Description</th>
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<tbody>
<tr>
<td>31%</td>
<td>31% of US female Millennials who use beauty products get information about beauty products from Youtube; 37% get it from product reviews</td>
</tr>
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**MOBILE APP**

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Description</th>
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<tr>
<td>35%</td>
<td>35% of Chinese Millennials who are beauty product users are interested in trying a mobile app that can recommend beauty products based on their needs</td>
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Base: 831 UK internet users aged 16+ who have bought beauty products online in the last 12 months; 1,026 US female internet users who use beauty products; 3,000 Chinese Internet users aged 20-49, who have purchased beauty/personal care products in the last six months

Source: *Lightspeed/Mintel**Lightspeed/Mintel ***QQ Survey/Mintel
24 May 2017 - Japan
Japan’s leading cosmetics firm has launched a new website targeting male university students.

Supported Trends: Man in the Mirror

￥609 billion
The total Japanese cosmetics category was worth an estimated ¥609 billion in 2016
Mintel Market Sizes
Make-up in a Capsule

29 May 2017 - Singapore
Sephora has launched a vending machine that offers passers-by free custom make-up sets based on a personality test.

Supported Trends: Cool Vending; Make it Mine; Attention Economy

67%
67 per cent of Singaporean consumers will buy more if retailers use their data in carefully considered, contextual ways to better understand their individual needs and preferences.

ICLP Study 2016
Social media and the beauty shopper

Social media has an influence over consumer shopping behavior in general, but more so in the beauty industry where a picture is worth a thousand words, or dollars.

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<tr>
<th>Virtual Advisor</th>
<th>Follow Me</th>
<th>Just One Look</th>
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<tbody>
<tr>
<td>71%</td>
<td>40%</td>
<td>32%</td>
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</table>

- **Virtual Advisor**: 71% of the heaviest beauty buyers and social media users in the US say that social media posts have encouraged them to buy particular products.
- **Follow Me**: 40% of UK consumers who have viewed beauty content on social media and liked or followed a beauty brand.
- **Just One Look**: 32% of Chinese women who have worn makeup say the appealing looks of bloggers on social media influences them to buy makeup.

*Base: 1,626 internet users aged 18+ who are social media users and have purchased beauty products in the last 12 months, 1,105 UK internet users aged 16+, 2,715 Chinese female internet users aged 20-49*

*Source: **Lightspeed/Mintel***
### Millennials are a focus for most brands

As one of the most influential consumer groups, Millennials are a focus for most brands and marketers. Millennials tend to be more engaged and more likely to try new things.

#### FOR RESEARCH

- **63%** of Brazilian Millennials used their smartphones to research a product.*

#### BRAND OUTREACH

- **31%** of younger Millennials in the US feel social media is a good platform for brands to reach them.**

#### SELFIE GENERATION

- **41%** of UK younger Millennials (born 1990-99) report posting a selfie compared to only **24%** of older Millennials (born 1980-89).***

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*Source: Lightspeed/Mintel

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Base: 596 Brazilian Millennials aged 19-35 internet users; 712 US internet users aged 23-40; 2,000 UK internet users aged 16+
iGeneration is rising to edge Millennials

As the iGeneration begins to edge Millennials out of the top spot, marketers need to adjust their tactics to appeal to their priorities and preferences.

UNDER THE RADAR

56% of US iGens prefer advertising that is entertaining without feeling like an ad.*

TEACH ME SHOW ME

38% of US tweens are drawn to social media posts with an artistic flair while 28% look for instructional or how-to posts.**

EMOJI AS A SECOND LANGUAGE

60% of US tweens report using only emojis to communicate.**

Base: *209 internet users aged 18-21 **1,500 internet users aged 9-17
Source: Lightspeed/Mintel
Product segmentations to appeal to specific target audience

- Teens today are also influenced by Millennials and equally crave for personalization in terms of contents and products.
- With a relatively lower purchasing power, price will matter to teenagers and this factor is something for brands to keep in mind with product innovations alongside the attempt to create something exclusive just for the age group.

<table>
<thead>
<tr>
<th>Global: New product launches for teens (13-17), % by sub-category, Sep’14-Aug’17</th>
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<tbody>
<tr>
<td>Face/Neck Care</td>
</tr>
<tr>
<td>Women’s Fragrance</td>
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<tr>
<td>Lip Colour</td>
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<tr>
<td>Deodorants</td>
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<tr>
<td>Eye Liner</td>
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<tr>
<td>Nail Colour</td>
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<tr>
<td>Face Powder</td>
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<tr>
<td>Lip Care</td>
</tr>
<tr>
<td>Multi-use</td>
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<tr>
<td>Shower Products</td>
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Source: Mintel GNPD

- NIP + FAB Teen Skin Fix Breakout Rescue Pads
- Jafra Sweetie Pop Eau de Toilette
- The Estée Edit – designed for social media-minded consumers by mixing make-up and skincare products
Communicate with emoticons

Catching the attention of Millennials

- Press release from Chevrolet entirely written in emoji
- Projects a hippy element that Millennials will likely respond to
- Exclusive and mysterious contents pique consumers’ interest and encourage engagement for marketing
Social media influence product designs

63% of British consumers are more likely to open an email from a brand if there’s an emoji in the subject line.

Innisfree No Sebum Mineral Powder Emojis
To commemorate the 11th anniversary of its best-selling No-sebum Mineral Powder in April 2017

Air Val Emoji Fragrances
Travel-sized emoji themed fragrances designed for travellers and the pleasure of wearing different emotions

Petite Amie Face Masque Emoji series
Taiwanese skincare brand uses emojis to communicate the varying benefits of each sheet mask

Source: Innisfree, Mintel Trends
Brand Spotlight

- Key trends and launches from Indie brands
- Why brands can learn from Indie brands
Less is more: S.W Basics

THE BACK STORY
The cool, Brooklyn-based skincare brand is known for its pure and simple formulations and apothecary-inspired packaging.

SUCCESS FACTOR – SIMPLICITY
• Minimalist skincare
• Number of ingredients used in the formulation is indicated on the pack.

“
It’s about simplicity. Our whole thing is that fewer ingredients means gentler skincare. And the simpler your routine the better. Our products are effective, easy to use, and made for everyone.”

– Adina Grigore, Founder
Less is more: Allies of Skin

THE BACK STORY
Established in 2013, Allies of Skin started out with just one product and subsequently released another two items. Now, the brand holds three products in its skincare line.

POINT OF SALES
Own online store; *international high-end ecommerce sites (Mr. Porter, Net-A-Porter and Farfetch), Barney’s New York, Sephora online stores in South East Asia and ANZ.

Made $700,000 sales in a year with just three products.

SUCCESS FACTOR – CUSTOMER CENTRIC
Let customers speak for the brand and products speak for themselves. No paid reviews; all reviews are genuine.
Capture consumer interest: Cuvée Beauty

THE BACK STORY
Before the founder Rachel Katzman accidentally discovered champagne’s haircare superpowers, she was a lifelong hair abuser. After a happy accident with champagne in Las Vegas, she saw its amazing results and knew she wanted to bottle that confidence for all to enjoy.

INTERESTING TAGLINE
A champagne toast for your hair – multitasking products deliver glamour with minimal effort – thanks to the exclusive Cuvée Complex™ featuring champagne extracts and ultra-pure, skincare-grade ingredients.
Emotional expression: MILK Makeup

THE BACK STORY
• Established in 2016 by a collection of industry insiders
• The brand is designed to be high concept, low maintenance, with smooth textures, one-step application techniques and bold shades for the urban girl on the go.

SUCCESS FACTORS
• Consistent brand image – edgy, relevant and also appeals to a wider audience regardless of age and gender.
• Impactful packaging along with imaginative makeup formulations and formats.
• Comprehensive digital strategy that encompasses key social media platforms, along with an integrated editorial presence on its website, blending user’s stories with fashion, music, art and beauty information/tips.
Emotional expression: Timothy Han/Edition

THE BACK STORY
- Founded in 2014 by artisanal candle maker Timothy Han.
- Han is determined not to create 'fragrance for the masses', only for true individuals. The handcrafted, unisex fragrances are created in small batches, using 100% natural ingredients.
- Each carton is the exact size of a literary paperback to allow you to place the box on your bookshelf alongside the novel on which it is based. The covers are illustrated with a numbered art print, which will change with each edition.

SUCCESS FACTORS
- Timothy Han/Edition stands out with its use of ground-breaking works of literature to serve as inspiration for ground-breaking fragrances.
- Personalised packaging with works of literature as the story behind the creation of each fragrance captures the interest of consumers.
Social media-driven: Glossier

THE BACK STORY
Glossier perfected the art of launching and marketing a brand through social media. Founder Emily Weiss started **Into the Gloss** as a place for storytelling and as a way to **connect** with the beauty community in a personal way. That idea carries through into Glossier as a brand, where telling **meaningful stories** is a way to stay connected to the consumer; creating a feeling of friendship and a sense of **community**.

- Near 700K followers on Instagram
- Over 73,000 posts tagged #glossier

SUCCESS FACTORS

- With packaging designed with **Instagram** in mind, Glossier relies on the **selfie generation** to get the message out, and has even integrated user comments into its **product development**.
- With such a heavy reliance on **peer-to-peer recommendations**, Glossier could be creating the **next generation of door-to-door selling**.
Social media-driven: Ouai

THE BACK STORY

• Hollywood haircare brand Ouai was started by hairstylist to the stars, Jen Atkin, as a way to **disrupt** the current haircare market.

• Targeting the **fast fashion**, Zara-wearing crowd with chic, simple products for that 'off duty model’ look is the vibe Ouai strives for and achieves.

SUCCESS FACTORS

• Social media’s influence is apparent across category, generation and geography. Creating a brand involves more than just formulation and packaging; **a digital and social media strategy is critical**.

• Creating selfie-worthy products brought fame to the brand, disrupting the current haircare market. Targeting this fast-fashion yet chic group of consumers will drive brand awareness, which in turn translates into sales revenue.

Source: Ouai
Local wisdom: JUARA

THE BACK STORY

• JUARA is the Indonesian word for ‘Winner/Champion’.
• Inspired by Indonesian botanicals and herbal traditions called ‘Jamu’,
• All ingredients research is done in Indonesia as well as in the US.
• JUARA products all come from beautiful Indonesia, home to Bali, capital city Jakarta (on Java), and thousands of other tropical islands.

SUCCESS FACTORS

• Leverages on the local culture and shares the knowledge of traditional health. Embraces the ancient royal beauty rituals to empower modern women who are keen to use ancient formulas to achieve beautiful skin.
Local wisdom: Cha Ling

THE BACK STORY

• A passion for Chinese culture and an unexpected discovery of the unparalleled landscape of the rainforest led to Cha Ling – a line of cosmetics based on Pu’Er tea.
• Pu’Er tea possess powerful and natural antioxidant, anti-ageing and anti-pollution properties.

SUCCESS FACTORS

• Brand heritage is strong for Cha Ling, and it particularly resonates with tea-loving Asian consumers.
• Generates interest among Western consumers who appreciate Asian traditions and cultures.
Celebrity Brand: Fenty Beauty by Rihanna

THE BACK STORY

• Focus on a wider range of traditionally hard-to-match skin tones
• Beauty for all – products that perform across all skin types and tones.
• 40 foundation shades to suit all

SUCCESS FACTORS

• A beauty icon of self-expression that is bold to take chances and risks.
• An emotional tug of the hearts for most women today who celebrate female empowerment that has no boundary of colors, race or status.
What it means for Asia

- Key learnings and opportunities
Key learnings

Supply chain developments help to facilitate more Indie brands

• Crowdfunding sites help brands see the demand for a product before releasing them for sale on the market, and at the same time serve as a platform for investors to know how much revenue the company can generate.

• With wider and easier access to Original Equipment Manufacturer (OEM) companies, particularly in China, the beauty industry can expect to see more Indie brands surfacing to meet the growing demands of consumers. This accessibility will encourage entrepreneurship among the younger generations.

• Technology has expedited logistical processes, from deliveries to inventory management, which will encourage Indie brands to partner with e-tailers or retail across multiple channels, making launches easier and facilitating the buying process for local consumers.
Key learnings

Social media is the buzzword. Knowing your audience is important

• Social media serves as marketing communications channels to engage and interact with consumers. Brands need to have their back stories that explain their purpose to appeal to consumers.

• Brand heritage and DNA connect with consumers in today’s huge beauty industry. Consumers find stories relatable and connect to the authenticity of brands, which can bring about longer brand loyalty.

• It will be equally important to know your audience to generate demographic-specific online content that appeals to the right audience. Indie brands are aware they can’t appeal to everyone, so having an understanding of the target consumers (knowing who they are and what influences them) will be key.
Key learnings

Different retail opportunity options

• Most indie brands start out online and gain a cult following on social media platforms. Many consumers have never seen the brand and try and test the products until they make a purchase. Indie brands should think about moving out of the cyberspace to fully connect with consumers.

• As Mintel Trend: Popscape suggests, pop-up stores are gaining favour in Asia. There are opportunities for Indie brands to widen consumer outreach with seasonal or limited time period pop-up stores, to introduce new collection or special edition items, seizing the chance to increase awareness and generate hype through limited offers.

• Western Indie brands can partner with Asian retailers/e-tailers to spread brand awareness and increase appeal. While social media is great to spread the word, consumers are more concerned about where they can conveniently make their purchases.
Join us!

Interactive product demonstrations in the Innovation Zone

Tuesday - Thursday
Morning session: 11:00 – 11:30
Afternoon session: 14:00 – 14:30
Thank you for listening!

Sharon Kwek Si Ling
Senior Innovation & Insights Analyst
(Beauty & Personal Care)

To find out more about Mintel services, please contact us at infoasia@mintel.com