



AVON

THE FUTURE OF BEAUTY IN A POST-PANDEMIC WORLD

As the world recovers from the onslaught of Covid, **Avon's team of experts and scientists delve into the beauty trends that have emerged from the pandemic**, take a deep dive into the data supporting them and consider the future direction for the beauty industry in a post-pandemic world.

FOREWORD



Lisa Gallo
Head of Innovation
for All Beauty Categories

“

On March 11th 2020 the World Health Organisation declared a global pandemic and the world was shaken to its core. Overnight, the ways we worked, interacted, socialised, entertained ourselves, and consumed were transformed.

The impact on the beauty industry was huge, and Avon faced one of the biggest challenges in its 135-year history. As a business built upon beauty entrepreneurship, it relied on its 5 million representatives adapting quickly and implementing new tools to run their businesses. In tandem, Avon was also reacting to the needs of women the world over – donating products and supporting causes to help keep women safe and healthy during the pandemic.

Customer priorities also changed. As health and wellbeing rose to the fore, a seismic shift took place in the way we care for ourselves and each other. Our values shifted and priorities changed, penetrating right through to our attitudes to beauty.

Sales of colourful make-up products plummeted, while skincare soared. Science became our re-discovered saviour, and with health and wellbeing an overriding priority, and life valued more than ever, ageing became no longer a curse but a gift.

As we tentatively emerge into the world once more, we asked ourselves - has beauty changed forever?

In this report we explore how the global beauty landscape has shifted, and whether these newfound trends are here to stay. Will health and wellbeing remain our priority as the world speeds up again? And how as Avon’s innovators will we address new consumer priorities?

”

KEY CONTRIBUTORS

Lisa Gallo
Head of Innovation
for All Beauty Categories

Anthony Gonzalez
Director of Global Skincare
& Trend Innovation

Gina Ghura
Global Head of Fragrance
Category and Future Innovation

Anna Chokina
Vice President,
Global Colour Cosmetics

Hannah Roberts
Global Brand Director

Michelle Chavez
Product and Concept Design

Joanna Gluzman
Director CSR and Sustainability

COVID BEAUTY TRENDS - FOR NOW OR FOREVER?

At home sensory treatments are here to stay

The social restrictions we faced during lockdown deprived us of so many of the sensory experiences we'd previously taken for granted. Starved of the touch, the textures, and the fragrances that come with physical closeness to each other, we sought tactile comfort in nurturing skincare rituals which serve a psychological purpose that goes beyond just the functional benefits to our skin.

With 50% of women admitting to feeling stressed or anxious at least three times a week during the pandemic, self-care rituals took on new importance, with 64% of women saying beauty products could help them destress¹.

As we took more time for self-care during lockdown, Avon saw significant sales uplifts in massage products, cleansers and bath additives in 2020. The UK skincare market has continued to grow on average 6% YoY from 2017 and is forecast to continue this growth to reach \$24.3 billion by 2024².

With salons re-opening world over, a short-term spike and 'revenge spend' is expected in professional treatments as people relish the experience of going back to the salon and the sensory pleasure that brings. But with the increase of consumer know-how, the quality of home products and with digital experimenting made easier, infusing luxury into our everyday routine is here to stay.

Gina Ghura, Global Head of Fragrance Category and Future Innovation

"After so long without touch and social closeness, we have immersed ourselves in the pleasure of the sensory experiences provided by beautifully fragranced skincare products and textures with the rituals that accompany their application. These habits that we formed during more time at home will continue as we open up and recognise the importance of self-care. Coupled with a continued focus on our health and feeling of wellbeing, this is certainly a trend that is here to stay."

¹ 2021 study of 4,009 Women 18+ in UK, Poland, South Africa and The Philippines. Study commissioned by Avon, conducted by Opinium

² <https://www.mordorintelligence.com/industry-reports/uk-professional-skincare-product-market>

PLANET SPA AROMATHERAPY RANGE

With at-home beauty rituals here to stay, Avon's Planet Spa Aromatherapy Collection taps into the trend of people looking to recreate a spa experience in the comfort of their own home. The mood enhancing candles, pillow mists and skincare products are designed to help de-stress, energise and promote better sleep.



'Skinimalism' to reign supreme

We are seeing a move away from multi-layered beauty rituals, towards a simpler routine: a phenomenon termed 'Skinimalism' – dubbed one of the biggest beauty trends for 2021 by Pinterest Business³.

Complicated skincare sequences using multiple, single-function products have been prevalent for the last decade, but a longer-term trend is on the horizon. Rather than a complex, time-consuming – not to mention costly - regime of applying a series of products, we are seeing a return to the use of fewer, but multi-functional products.

As job insecurity became a reality for so many, so did frugality. DIY, budget-friendly skincare treatments have become more popular than ever, with our go to beauty magazines and websites providing easy beauty solutions straight from the kitchen⁴, and so while the time we invest in taking care of our skin may remain high, our spending on multiple, single-benefit products is a luxury that savvy beauty shoppers may no longer want to prioritise.

According to new research by Avon, only 10% of women now use more than five daily skincare products, with 64% of women using no more than three⁵.

As such, multi-tasking products satisfy consumer desire for the best in scientific skincare, paired with good value for money. With this, though, the challenge has been set for beauty brands to avoid blinding consumers with science or unclear marketing claims when discussing product capabilities and benefits. Clearly, the science behind these products and their benefits are key, but the language that brands use needs to be clear and accessible.

Hannah Roberts, Global Brand Director:

"The proliferation of single-note skincare products has been confusing for consumers to apply, and confusing for the physiology of their skin. Multi-functional hero products can deliver better results with highly concentrated formulas, enable a simpler skincare and beauty routine, offer value for money and are a more sustainable option - we expect the popularity of such products to grow. Less but BETTER is key."



³ <https://business.pinterest.com/en/content/pinterest-predicts/skinimalism/>

⁴ <https://www.goodhousekeeping.com/beauty/anti-aging/tips/g527/diy-natural-skincare/>

⁵ 2021 study of 4,009 Women 18+ in UK, Poland, South Africa and The Philippines. Study commissioned by Avon, conducted by Opinium.

AVON SERUM FOUNDATION

Avon's new Serum Foundation is enriched with Vitamin C, Vitamin E and Antioxidants, as well as SPF30 and PA+++. So alongside providing the coverage you'd expect from a traditional foundation, this product also moisturises, helps to improve your complexion over time and protects against both UVA and UVB exposure – the ultimate product for those who are following the Skinimalist beauty trend.



Science is our saviour

With the future of the world's health under continuing threat from Covid, the development and deployment of an effective vaccine has seen scientists emerge as the greatest heroes of us all – trust in scientists and researchers has risen, with 64% of the public now more likely to listen to their expert advice⁶.

We have seen how science delivers, and our rediscovered respect of it signals a boom in skincare products that demonstrate evidence-based efficacy with science at their core.

The texture and glow of our skin is a particular concern; the sudden change to homeworking for millions of us meant we have spent time scrutinising ourselves on screen under the blue light emitted from our laptops.

Acutely aware of the lack of natural light and vitamin D, we are searching for products to brighten our skin and improve textural irregularities⁷, and deprived of a salon experience, we are turning to products with trusted scientific formulas that offer these benefits.

Focusing on efficacy, we're conscious of only using products that are needed, with each detail and ingredient carefully considered and weighed against the results we're looking for.

With 81% of women believing natural ingredients are safer for their skin compared to mainstream skincare products⁸, brands will focus on applying scientific know-how to get the best results from them.



⁶ <https://www.theguardian.com/world/2020/may/05/trust-in-scientists-grows-as-fake-coronavirus-news-rises-uk-poll-finds>

⁷ 2021 study of 4,009 Women 18+ in UK, Poland, South Africa and The Philippines. Study commissioned by Avon, conducted by Opinium

⁸ 2021 study of 4,009 Women 18+ in UK, Poland, South Africa and The Philippines. Study commissioned by Avon, conducted by Opinium

ANEW SKIN RESET PLUMPING SHOTS

Anew Skin Reset Plumping Shots feature Avon's latest skincare discovery, Protinol™, an ingredient clinically proven to help restore both types of collagen found in healthy skin, helping to mimic the perfect collagen equilibrium found in baby skin.

With seven potent single-use shots, ready to use, these shots have the maximum concentration of Protinol™ possible, helping to restore seven years of collagen loss in just seven days.





Anthony Gonzalez, Avon Director of Global Skincare Research & Development:

“Consumer demand for simple and effective products that respect our skin and the world we live in are on the rise again, as people look for solutions rooted in scientific truth with proven clinical results. Brands, like Avon, who have a long heritage of cutting edge research, development and innovation are well placed to deliver products at the forefront of scientific skincare.

For instance, our Edison award-winning latest skincare ingredient discovery, Protinol™, was not only identified, developed and tested at our Global Innovation Centre, but it was also validated independently by Dr Bayat at the University of Manchester. Dr Bayat and his team are world-leading skin scientists and have access to the most advanced testing methodologies available. When he came back to us equally amazed and explained that our new ingredient was doing something that his team had never seen from a topical treatment before, we knew our discovery was powerful enough to potentially revolutionise the whole industry.

Our teams are busy creating an upcoming pipeline of skincare products featuring this world-class innovation: Protinol™. Their tireless efforts to learn more about its ability to deliver improvements beyond the discovery of the team at University of Manchester are putting Avon at the forefront to lead the market demand for skincare based in scientific truth.”

The end of anti-ageing

With health in focus as never before, awareness of the fragility of life has signalled a shift in attitudes to ageing. For so long, youth has been the leading currency in beauty. But products that claim to preserve, emulate or recapture youth no longer speak to consumers. We appreciate now more than ever that ageing is a gift, and attitudes to ageing as a beauty concern have changed accordingly⁹.

This doesn't apply only to skin ageing, today there is a big shift in women wanting to embrace their grey hair and down their hair dye¹⁰. With lockdowns creating the perfect transition period, and at home products aiding women to tone and care for grey hair¹¹, there is now an even bigger appetite towards embracing ageing rather than trying to run away from it.

Simultaneous trends have also helped change the narrative to one where no-filter authenticity is prized above apparent perfection: witness the rise of real-life social media giant TikTok which has given a global platform to 'real' people, resulting in a countertrend to the highly polished world of Instagram that has dominated for so long.

The end result for skincare and beauty is that the story is not about simply anti - or pro - ageing, but about authentic ageing: we understand our skin and want to give it what it needs to be healthy, strong and radiant, whatever our stage of life,

and savvy manufacturers will appeal to the specific concerns of women regardless of age.

Hormone-targeted products are predicted to be a big trend within this category as we see a rising demand for ingredients that adapt to the precise needs of our skin, with increasing numbers of products emerging, targeted specifically for perimenopausal and menopausal women. As an Avon study revealed¹², women are unprepared and uninformed when it comes to the menopause and the changes in the body it can bring, and more of us seek solutions to alleviate the common symptoms affecting our skin.

Hannah Roberts, Global Brand Director:

"A stark realisation that the pandemic has brought to us all is that getting older is not something to be afraid of or a battle 'to win'; it's something to strive for. So, in the conversations around skincare, we will see the shift in the narrative away from messages that we 'should' turn back time, towards conversations around effective products that address our specific needs to give us our most beautiful and resilient skin. Age does not define you, you will define you."

⁹ <https://www.linkedin.com/pulse/wellness-wisdom-market-consumer-trends-skin-aging-deanna-utroske/>

¹⁰ <https://www.harpersbazaar.com/uk/beauty/hair/a12822905/grey-hair-transition-tips/>

¹¹ <https://www.refinery29.com/en-gb/women-embracing-grey-hair-lockdown>

¹² <https://www.avonworldwide.com/beauty-innovation/innovation-centre/future-of-beauty/menopause-too-little-information-report>



adapt

Avon adapt is a range of products with innovative ingredients chosen to be effective for menopausal skin, including adaptogens derived from plant extracts, that works by "adapting" their function to bring balance and provide overall well-being.

Having listened to what women want beyond skincare needs, in terms of packaging design, colour and feel, adapt has been created in partnership with women, with an aim to address their desire to regain a sense of self, of self-love and of calm.

Beauty shopping goes digital

Digital transformation is not a new concept for the beauty industry, but it has now become a priority. The pandemic has accelerated the industry's tech-based business models, and this is a trend going nowhere but up¹³.

With 44% of women saying they find it difficult to find a colour match when buying make up or cosmetics¹⁴, app based colour match, hair match, and foundation match services are on the rise, and both niche and mass-market brands recognise the dividends in brand loyalty this brings.

Even tech giants are moving into the beauty space, using their edge in technology to their advantage, such as Amazon opening a hi-tech hair salon in London that features special mirrors showing customers how they would look with a different hair colour before they take the plunge¹⁵.

The playful nature of colour cosmetics and fragrance lends itself particularly well to product exploration. While the closure of stores during the lockdowns made this impossible in person, the industry has recreated this experience in a digital environment, and it seems that consumers are just as enthusiastic about experimenting and playing online as they are in person, with digital foundation-matching in particular being one to watch.

Sampling is also key to a productive digital model, and in the absence of real-life store experiences, successful strategies rely on offering samples to entice consumers in and drive brand loyalty. Subscription boxes are simultaneously on the rise: self-gifting has become big news and is not looking to go anywhere soon.



Anna Chokina, Vice President, Global Colour Cosmetics:

“Digitalisation of beauty, skincare and colour cosmetics has revolutionised our industry, and is projected to expand at a rapid rate. Make up and fragrance are particularly experiential and playful categories, and alongside a sampling service, these categories seem set to expand even more widely in the digital space.”

¹³ McKinsey & Company: Consumer Packaged Goods Practice: How COVID-19 is changing the world of beauty, May 2020

¹⁴ 2021 study of 4,009 Women 18+ in UK, Poland, South Africa and The Philippines. Study commissioned by Avon, conducted by Opinium.

¹⁵ <https://www.theguardian.com/business/2021/apr/20/hair-by-amazon-tech-giant-to-open-hi-tech-salon-in-london>

AVON FOUNDATION FINDER SERVICE

Avon's Foundation Finder service, combining AI, an online questionnaire and consumer-uploaded selfie, was rolled out in South Africa, and achieved results of 92% accuracy. While the fine-tuning of this tool is being perfected, especially in countries with a larger range of skin-colour diversity, other exciting digital services are also in the pipeline to provide convenience and freedom to Avon customers who are now savvier than ever when it comes to the digital beauty space.





Avon adapted to changing customer needs by speeding up the digital access to its shopping platforms, promoting its online stores and Digital Brochures for easy access to products and introducing direct-to-customer delivery to help contactless order fulfilment. Direct selling had already made in-roads online, but the pandemic has upped the pace of Avon's digital makeover, with online sales doubling in the UK alone last year as Reps were able to move their businesses online.



Digital sales achieved **132% GROWTH** in Q1 2021¹⁶



Digital Brochure **SALES WERE UP 175% GLOBALLY**¹⁷



The **NUMBER OF CUSTOMERS REACHED DIGITALLY ALSO SAW A BIG INCREASE** via the e-Commerce sites and the Digital Brochures

^{16,17} Based on Natura & Co's global earnings announcement from May 2021

Vibrant colour makes its comeback

Pre- and mid-pandemic a polarisation in make-up trends had been evident. With mask wearing the norm worldwide, Avon saw lipstick sales drop significantly in 2020, with 67% of women saying the pandemic allowed them to embrace a more natural look¹⁸.

As people wanted to be zoom camera-ready but without heavy coverage, there was new emphasis on brightness and glow with a desire for skin to breathe. Clean beauty remained high on the agenda, with sales of Avon's vegan skincare & makeup line, Distillery, growing by 43%¹⁹. According to new research by Avon, natural products and ingredients are important for 85% of women²⁰.

The counterpoint is also, however, an anticipation of the return of joy and fun in cosmetics, with the much-discussed 'roaring 20s' effect. There are already tell-tale signs that when lockdown ends, people will go full swing back into party mode: in Russia, for example, where sales of glitter, feathers and party dresses increased at the end of lockdown.

Avon's research surveying women around the world during the height of the pandemic suggests that 41% of women lost confidence as a result of lockdown restrictions. This expected return to make-up will signal a renewal of joy and self-confidence as we start to see elements of 'normal' life return.

So, while our health needs will remain paramount, and some hesitancy to remove the mask will remain²¹, it is inevitable that we will enjoy make-up again as we return and we should gradually expect vibrant colours, and a focus on lightness, happiness and joy. Nostalgia may even be the order of the day, as we hark back to when life was normal and seek out that element of comfort.

Anna Chokina, Avon Make-Up Category Lead:

"We expect a divergence within the make-up category post-pandemic. While the natural look for skin is likely to remain strong, we are also likely to see a gradual return to fun, frivolity and joy in colour cosmetics, as we want to live life again to the full. At the same time, with mask-wearing set to stay for a while yet, product innovations such as Avon's Power Stay Liquid stain are likely to gain momentum as we seek non-transferable make-up solutions."



¹⁸ 2021 study of 4,009 Women 18+ in UK, Poland, South Africa and The Philippines. Study commissioned by Avon, conducted by Opinium.

¹⁹ Based on 2020 key skincare brand performance stats for Avon International

²⁰ 2021 study of 4,009 Women 18+ in UK, Poland, South Africa and The Philippines. Study commissioned by Avon, conducted by Opinium.

²¹ <https://www.theguardian.com/us-news/2021/may/10/the-people-who-want-to-keep-masking-its-like-an-invisibility-cloak>



POWER STAY LIQUID STAIN

Avon's Power Stay Liquid Stain is an innovative transfer-proof formula designed to last for up to 10 hours, ensuring your lip colour can keep up with you all day long. The lightweight, satin-matte colour is easily applied to the lips with its fuss free ultra-precise applicator, and it won't transfer to a mask.

WHAT'S NEXT FOR AVON?



Angela Cretu, Avon CEO, looks at what's in store for the global beauty giant:

“

The Covid-19 pandemic brought challenges to every business across the globe, but our response reflects a new era where the Avon model is more relevant than ever. Our mission has always been to champion the power of beauty to help women all over the world overcome the challenges they face. This has never been as important as it is now.

In times of financial uncertainty, we have provided opportunities for five million beauty representatives operating in 57 countries worldwide.

In a world where science is supreme, we continue to innovate. With over 1,000 patents granted, and 300 awards won in the last three years, including a Silver Edison Award and Pure Beauty Award for our pioneering Protinol™ discovery, we are at the cutting edge of scientific innovation.

With health and wellbeing at the top of the agenda, we focused on our core brands to offer women what they seek to nurture and nourish both body and soul. Our skincare and fragrance ranges ameliorate the sensory deprivation we have all suffered during the pandemic, and as we cherish life and celebrate ageing, our products provide the specific benefits we demand, regardless of age.

The transformation of our routines means people are looking for convenience and personalisation. With the creation of interactive digital brochures, e-commerce, our Avon ON app, and development of personalised products such as our hormone-targeting adapt range, we are exploring new platforms and embracing digital beauty transformation like never before.

Finally, in a time of isolation, Avon has listened. Women have been disproportionately affected by the pandemic, and gender-based violence was exacerbated. Our Isolated Not Alone and Watch Me Now campaigns enable women's voices to be heard and shared, to inspire, to overcome barriers and help women to access the support they need.

The pandemic shook the world to its core and life will never be the same, but Avon continues to adapt rapidly to the world's changing priorities. We understand the importance of nurturing ourselves and each other, and how beauty can play such a vital role in this. With a sharpened portfolio, a continued ethos of empowerment, and our position at the vanguard of scientific beauty innovation, we can instil confidence in women once again.

”

PURPOSE WILL PREVAIL

Avon's business model, which enables beauty entrepreneurship all over the world, provided millions of people with an opportunity to earn during a difficult time. With people losing their jobs due to the pandemic, or seeking flexible earning opportunities to juggle taking care of their families and at-home working during lockdown, the number of Avon Reps rose significantly...



UK Reps doubled in first 10 weeks of lockdown



Avon ON app was developed to help Reps run their businesses effectively

The brand provided a huge support to its charity partners and healthcare services worldwide during the pandemic. In total:

50 FRONTLINE NGOS & SERVICES

in...

37 COUNTRIES RECEIVED SUPPORT

and a...

\$1M GRANT FOR FRONTLINE DOMESTIC ABUSE SERVICES

NEW YORK STATE

Donated over 8,000 PPE to the Good Samaritan Hospital

UK

Donated £150,000 to national domestic abuse charity Refuge

POLAND

Donated 7 tonnes of products including soaps, shampoos and antibacterial gel to hospitals and public services

LATIN AMERICA

Donated 2.8 million units of soap to local communities

BRAZIL

Partnered with Usina São Martinho to provide 15,000 kilos of alcohol gel and 150,000 litres of medical grade alcohol to the São Paulo State Health Department

CZECH REPUBLIC & SLOVAKIA

Donated 3.5 tonnes of liquid soap and shower gel to care homes and oncology centres