



## The Beauty Blitz

The U.K., one of beauty's largest markets, is also one of its most dynamic, as retailers duke it out for market share and innovative brands amp up the cool factor. For more, see pages 8 and 9. *PLUS: How the European beauty industry measures up in DE&I representation and makeup takes a surreal turn.*

ILLUSTRATION BY MATTHEW BILLINGTON



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# Beauty Bulletin

## 111Skin, Barry's U.K. Join Forces

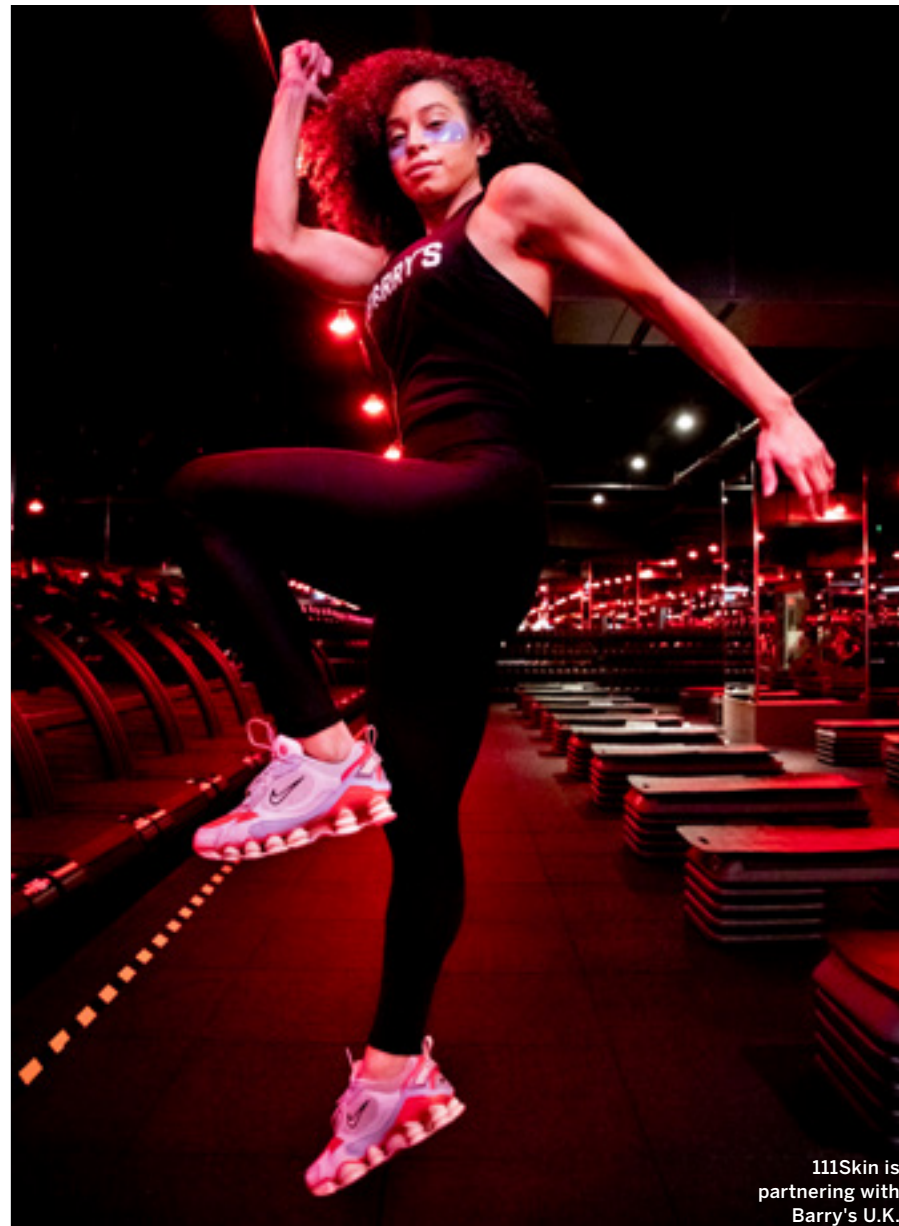
● **On the heels** of a year of double-digit growth, 111Skin is feting its 10th anniversary with a partnership with Barry's U.K.

Starting the week of Feb. 13, the brand began opening masking bars in Barry's U.K. studios, and will be administering complimentary facials with 111Skin-trained aestheticians in select locations this week. The partnership will expand to the U.S. later this year.

"Having all of these different products that fit into a person's skin type and lifestyle, we want to attract young, active people who are aware of what needs to be done to stay healthy," said Yannis Alexandrides, the plastic surgeon who founded the brand. "Skin will be healthy when you stay healthy. That's the synergy between places like Barry's, and similar gyms, with these programs."

The partnership isn't just a demographic play, it's about branding, said Eva Alexandridis, its chief executive officer. "We're not just a skin care brand, we wanted people to take us on a journey with them," she said. "People that love fitness also love wellness, and that is what we want our brand to be."

The brand saw tremendous growth in 2021 – around 45 percent, Alexandridis said – mostly driven by its spa partnerships. Now, 111Skin wants to create more touchpoints with consumers with more health club partnerships in the works,



111Skin is partnering with Barry's U.K.

including a partnership with the U.K.-based gym Kobox in March.

"We have about 60 spas at the moment, and we like them because they're not stand-alone spas, they have gyms and pools. We like to be a part of the whole club, and we're very interested in how we can connect with people post-workout. We're working with hotels that will be offering the masks to people lounging at the pool, and our supplements as part of the drinks menu. If accounts

just want a few body treatments or facial treatments, we say no," Alexandridis said.

To sustain the growth, the brand is also building out an entirely female leadership team to help scale the business. "When you get to 50-million-plus in sales, your mistakes are going to get very costly if things don't get done properly," Alexandridis said. "We've assembled a very strong team to be ready for the next level because now we are truly a global brand." —James Manso

## By the Numbers: January 2022 Beauty Product Purchases

According to data from market research firm Catalina, only four categories posted year-over-year growth in January. BY JAMES MANSO

**BEAUTY PRODUCT** categories hit hard by the pandemic are back on the upswing, data shows.

According to the 2022 New Year, New You Consumer Report from market research firm Catalina, which surveyed more than 1,100 consumers across demographics, only four market segments posted growth in dollar sales from last year. The report noted, though, that high-growth categories in 2022 saw the steepest decline in 2021.

Conversely, last year's top-performing categories — women's fragrance and "texturing hair care" have posted the biggest decreases thus far in 2022.

Here, the beauty products purchased in January 2022, ranked by percent growth.

1. **LIP COSMETICS**  
+7.9 percent
2. **HAIR CARE, STYLING**  
+4.0 percent
3. **MEN'S HAIR CARE**  
+3.7 percent
4. **HAND & BODY CREAM LOTIONS**  
+0.7 percent
5. **APPLICATOR/ ACCESSORY COSMETICS**  
-0.5 percent
6. **DEODORANTS**  
-1.0 percent
7. **FACE COSMETICS**  
-1.4 percent
8. **HAIR COLORING**  
-3.3 percent
9. **EYE COSMETICS**  
-3.8 percent
10. **HAIR PERMANENT OR RELAXER KITS**  
-5.2 percent
11. **HAIR CARE, SHAMPOO/CONDITIONER**  
-6.2 percent
12. **NAIL POLISH/ TREATMENT/ARTIFICIAL**  
-6.5 percent
13. **SHAMPOO, DANDRUFF**  
-7.2 percent
14. **HAIR ACCESSORIES**  
-7.2 percent
15. **TOOTH WHITENING/ BLEACHING KITS**  
-8.3 percent
16. **SUNLESS TANNING**  
-11.8 percent
17. **SKIN CARE, AGING**  
-13.5 percent
18. **TEXTURING HAIR CARE**  
-13.6 percent
19. **AFTERSHAVE LOTION/MEN'S COLOGNE**  
-14.9 percent
20. **WOMEN'S COLOGNE/ PERFUME/SCENT**  
-17.9 percent

## Aesop to Air Radio Shows on Worldwide FM



Aesop products.

● **Aesop**, the Natura & Co.-owned skin care brand, has set its sights on a new medium.

The company has launched a series of radio shows on Worldwide FM. Called Radiomatique Mixtapes, the fragrance-inspired series will consist of three broadcasts. They correspond to three of the brand's personal fragrances: Miraceti, Karst and Erémia.

The brand teamed up with a range of DJs to create the spots, which are auditory interpretations of the fragrances. Collaborators

include the Wuhan, China-based Shii; the Seoul, South Korea-based Closet Yi, and Nedda Sou, who hails from Amsterdam.

The broadcasts began airing the week of Feb. 13, and will air weekly on Worldwide FM until the series concludes.

The brand is just one who has taken to audio in recent weeks. Earlier this year, MAC Cosmetics introduced a podcast series, called The T-Zone. —J.M.

# France Exports More Than One in Three Lipsticks to China

France's cosmetics sales abroad in 2021 outpaced those in 2019, before the coronavirus pandemic hit.

BY JENNIFER WEIL

**PARIS** — The French cosmetics industry's export sales in 2021 exceeded the level reached in 2019, before the coronavirus pandemic broke out, primarily thanks to the makeup, facial care and perfumery categories, plus a robust business in China.

French cosmetics sales abroad generated 12.9 billion euros, comprising France's third largest export business after aeronautics, at 30.8 billion euros, and wines and spirits, at 14.6 billion euros, according to France's beauty association, the Fédération des Entreprises de la Beauté, or FEBEA.

France-wide, more than 160,000 people worked directly in the sector last year.

Combined, the European Union and Asia represented almost two-thirds of French cosmetics product exports. For the second year running, China came in first place country-wise, with 11.7 percent, or 1.9 billion euros' worth of exports purchased. That business posted 56 percent growth since 2019, particularly thanks to sales of color cosmetics. France now exports more than one in three lipsticks to China.

With 1.8 billion euros in sales, or 11.2 percent of the total, the U.S. placed second for French cosmetics exports. Rapid growth there was noted especially in the fragrance segment, which was up 66 percent on-year. Germany, meanwhile, ranked

third, with 1.5 billion euros of sales, or 9.5 percent of total exports.

Concurrently, there was a decrease in exports to Russia and Brazil, where sales of French cosmetics have declined around 22 percent since 2019, due to the difficult economic situations in those countries.

Versus 2019, export sales to the Middle East also sank, by 5.7 percent, mostly because of the negative impact the coronavirus has had on air traffic and travel retail.

Overall, makeup, facial care and fragrances together represented 86.2 percent of French cosmetics exports. The makeup and facial care categories combined generated 9 billion euros, or 55.6 percent, of sales abroad, led by facial care, which rang up 7.5 billion euros. Lipstick and eye makeup were the second- and third-largest sellers outside of France.



Perfumes made up 30.6 percent of French cosmetics export sales and notched up the best growth rate of any beauty category versus 2020, gaining 35.4 percent.

"Cosmetics proves its impressive ability to bounce back after the health crisis," said Emmanuel Guichard, secretary general of FEBEA. "It has profited, of course, from the return to economic growth, but also innovated to meet the new consumer expectations.

"Companies of all sizes contributed to these good export figures — large groups, but many small companies, as well, that by their dynamism are also Made in France ambassadors," he continued. "Since the crisis, the demand for more natural and environmentally friendly products has increased. Because it meets these expectations and invests heavily in R&D, the sector achieves such performances worldwide."

FEBEA is a professional association of beauty and well-being companies, including perfumeries and makers of skin care, hygiene, toiletries and hair care products. It culls more than 350 companies, of which 82 percent are small or mid-sized.

## DE&I in European Beauty Companies

A recent study on the subject was carried out by CEW U.K., The MBS Group and ScienceMagic Inc.

BY JENNIFER WEIL

**PARIS** — Despite progress, there's still a lot to be done in the quest for diversity, equity and inclusion in the European beauty industry, a new report finds.

The study, billed as the first of its kind, was recently published jointly by CEW United Kingdom; The MBS Group, an executive search firm, and ScienceMagic Inc., a brand-building company, which reached out to more than 100 of the largest beauty companies in Europe.

The report found that although many consumer-facing shifts have taken place already to sell products more relevant to a variety of people and needs, the beauty workplace remains challenged today on the DE&I front. In the five biggest beauty businesses operating in the U.K., the study found 71 percent of executive committee seats were held by white

middle-aged men, for instance.

As with other consumer-facing industries, such as retail, consumer goods, hospitality, travel and leisure, there are strong levels of gender and ethnic minority representation at senior levels in the beauty industry in Europe. For example, at the direct-reports level, 59 percent are women and 19 percent are ethnic minorities.

However, at the more senior levels of executive leadership, those numbers drop off. Of the companies taking part in the study, 48 percent of the businesses have no ethnic minority representation on their boards, and 51 percent have no ethnic minority on their executive committees.

"Research from McKinsey has shown that executive teams featuring gender diversity are 25 percent more likely to outperform those that don't, and teams with ethnic diversity are 36 percent more likely to outperform those without it," said the report, called "Diversity, Equity and Inclusion in the Beauty Sector."

"Our research found that while there is an appetite for progress, and a number of excellent initiatives in place across the sector, there is still some way to go to," wrote Huw Llewellyn-Waters, director, consumer goods practice at The MBS Group, in the study. "After all, with an evolving industry identity, and a large proportion of women in the customer and employee base, the beauty sector is particularly well-

placed to progress on DE&I — and to quickly see its benefits."

"In conducting this report, we have seen that while there is an appetite for change and discussion, DE&I is a relatively underdeveloped topic in comparison to other sectors, such as retail, travel and consumer goods," continued Sallie Berkerey, managing director of CEW U.K. "We also recognized that there was a reluctance in the sector to openly discuss DE&I strategies and performance, and we hope to see a change in this as we move forward and encourage the whole industry to be more active in the discussion."

Less than 50 percent of companies contacted actually took part in the study, which points to DE&I being an underdeveloped topic in the

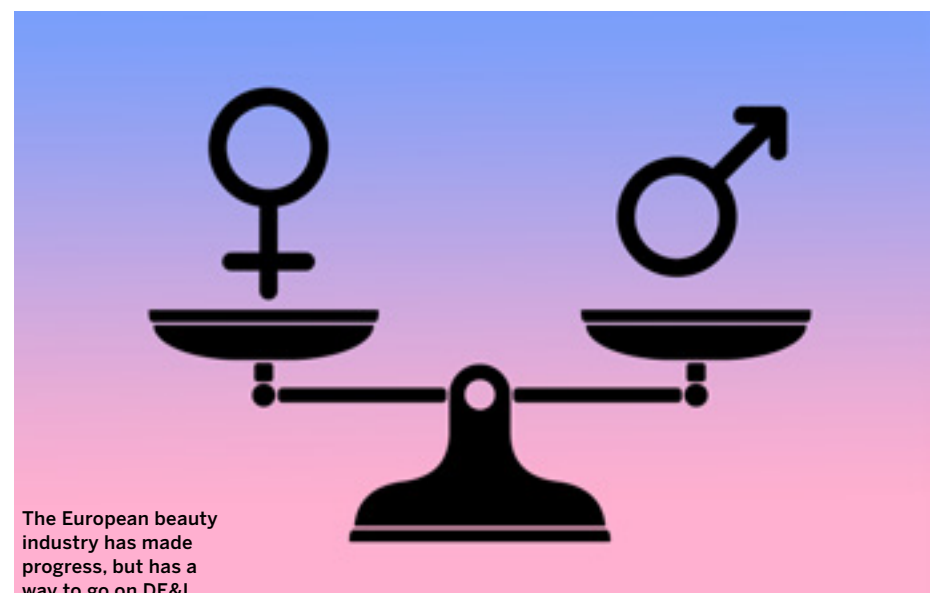
beauty industry. To help fill in the information gaps, the study included publicly available and verified data.

"Developing the pipeline of female talent and placing women in the top positions is a commercial imperative for businesses looking to succeed in the future," the study said.

Further, consumers are increasingly gravitating toward companies focused on DE&I and are pressuring groups to be more performant on related issues.

There's not a single recipe to reach these ends.

"The beauty industry is extremely fragmented, including a large number of small businesses. There is no one-size-fits-all approach to DE&I," said the report, which also gives case studies from the Estée Lauder Cos. Inc., Benefit and Revolution Beauty.



The European beauty industry has made progress, but has a way to go on DE&I.



# Karen Young Is Furthering the Conversation Around Body Care

Oui the People's CEO and founder raised her largest capital round to date at the end of 2021. BY ALEXANDRA POLKINGHORN

**OUI THE PEOPLE** chief executive officer and founder Karen Young just completed her largest fundraising round to date, but she's just getting started.

When the Estée Lauder alum conceived of the premium direct-to-consumer shaving and body care brand in 2015, Young, who also has a fashion background and had previously founded her own home and lifestyle goods company, was coming from a personal place, having experienced razor burn and ingrown hairs from shaving for years — something many people who shave have just accepted as part of the hair removal process, discomfiting though it may feel.

Having worked at large companies, Young had seen firsthand their struggles to connect with a consumer directly, which informed her research. “I certainly felt excluded from the conversations that were happening at the time. Shaving wasn't a price point conversation for me — it was a ‘How do I actually help my skin!...I just felt really overlooked,” she said in an interview with Beauty Inc. “And so initially, the idea really started as a beta project. I went out there before we even made a thing and I just started talking about the problem. I started talking about the experience I was having in my skin and I wanted to see if others were as well.”

Young understood from the onset that building an inclusive community would not only be core to the mission, which the brand refers to as the reconstitution of beauty, but also key to developing an optimized product that encompassed a range of concerns. “I listened to see if it was a problem that just affected me because of my skin tone. Because I'm Black, I was, like, ‘Is this a thing that's just for me?’ Am I experiencing irritation and ingrown hairs as a result of the fact that my hair is curlier?”

It turned out she wasn't alone, and conversations she thought would focus primarily on product efficacy actually segued into discussions around the politics of body and of choice.

“Early on, I started talking to women of Jewish, Russian, Polish, all different sorts of backgrounds and cultures. And they started telling me about how they were feeling in their own skin. So it sort of transcended shaving very quickly, but I wanted to start with this one product because I knew that I could make a mark on the industry. I knew I could create something that fit into a conversation



Karen Young

and help to drive it forward.”

And thus, the cult rose gold safety razor was born.

Well, that might be a little reductive. In reality, Young then spent close to two years in R&D to create the optimal product, she said. “I actually sourced a razor in Germany and I tried it out in a few different lengths and weights, and I got feedback from our customers....I polled people to understand what was working for them. What was the handle length that was right? What was the weight of the razor that was the right one? What exposure on the blade was better?”

The next challenge was finding the funding and a manufacturer that would allow Young, who was running Oui from her kitchen table and fulfilling orders in the evenings and on weekends, to amplify scale. “It was not easy,” she said. “When it comes to fundraising, there's a lot that has to do with the market conditions, there's a lot that has to do with your competitors. You take all of those things, which are the ceiling, and then underneath that you add the fact that I am a Black woman and it just makes it very, very hard to break through that ceiling.”

WeWork's NYC Creator Awards in 2017 proved to be a major

turning point.

At the awards, which provided funding to innovative, social-first companies, Young pitched the brand on stage to a panel of judges and went home a victor to the tune of \$180,000. “We walked away being funded. It was amazing. I pitched with literally a sample and I was, like, ‘This is what I'm gonna make. It is amazing and I just really want to take it to the world because I think women deserve more.’ And we ended up winning that night and I used that to propel our first bit of production run for [the razor].”

Oui's razor has gone on to win more than 10 major beauty awards. The brand now also offers a shave gel-to-milk, an ingrown hair relief toner and a resurfacing body serum, among other items.

The Creator Awards' purse was enough for the brand to go out and test Young's theory that women were looking for more from their shaving tools and that Oui had a product to which people would respond.

This proof of concept approach became the brand's blueprint for raising capital. “From there, I started turning the dial up a notch every time. We basically raised funds and then went out and proved certain things. And then you go back to the market with what you've proven and try to raise even more.”

Young took the funding from WeWork and leveraged it into a \$750,000 round that included investors like the Comcast Catalyst Fund, which invests in underrecognized and diverse founders. She raised a few smaller tranches between 2018 and 2019, and at the end of 2021, the brand closed its largest round yet.

Raising \$3 million in an oversubscribed seed round, the capital investment was led by New Age Capital with additional investment from Fearless Fund, Sixty8 Capital, Asia VC, Debut Capital and angel investors Julia Austin and Geoff Isenman.

According to Project Diane's 2020 stats, Young is one of under 100 Black women to raise more than \$1 million in venture funding. “We are so thrilled and absolutely excited,” she said. “The numbers are abysmal, but it also gives us an opportunity to go out and pave the way for any woman who wants to become [an entrepreneur]. It will give us an opportunity to really bring a sense of culture and inclusivity that has been missing from the category.”

Speaking of the future, Young doesn't wax poetic about what she might do with the influx of cash. (Although she does hint that fans can expect to see more in the body care space from Oui upcoming.) Rather, she is eager to continue focusing on the key to her brand's success thus far: her team and its mission. “One of the things that's top of mind for me is being really frank about the emotional difficulty that I've been having and experiencing over the last couple of years. It's been hard for everyone, and it is a shared human experience. And I'm just thinking about how we scale as a company, but with a lot of dignity and with a lot of thought to really caring for the people who are a part of the company and all of our emotional health.”



Oui the People's safety razor.



# Kohl's to Open 400 Sephora Shops in 2022

Six new brands are also being added to the Sephora at Kohl's shops-in-shop. BY JENNY B. FINE

**SEPHORA AND KOHL'S** are on track to hit their goal of opening 850 shops by 2023.

This year, 400 new locations will open, bringing the total count to 600 by year-end.

In addition, six new brands will be added to the assortment: Murad, Clarins, Jack Black, Living Proof, Versace and Voluspa.

"The quick and vast rollout of Sephora at Kohl's is testament to how much we believe in this partnership and making prestige beauty more accessible to people everywhere," said Doug Howe, Kohl's chief merchandising officer, in a statement. "We're excited to grow and bring this elevated beauty experience to more of Kohl's existing and new customers this year."

While some industry reports have been mixed about the performance of the partnership thus far, Kohl's chief executive officer Michelle Gass was optimistic during the company's third-quarter earnings call last November. She noted that 25 percent of the shoppers of Sephora at Kohl's are new to Kohl's, and said they are younger and more diverse than the retailer's core consumer base. In addition to driving "extraordinary growth," to its beauty business, Gass said Kohl's is seeing incremental mid-single-digit sales lift to overall store sales in the locations where it has launched.

Geographically, the locations cover coast-to-coast, including one in Anchorage, Alaska. California will have the most openings, with 46 planned. The Midwest will see an



influx, as well, with 30 doors planned for Ohio, 26 doors in Illinois, 20 in Michigan and 19 in Indiana. There will be 26 in Texas, 18 in New York and 15 in New Jersey. Other states with openings in the double digits include Arizona, Colorado, Connecticut, Florida, Maryland, Minnesota, Missouri, Pennsylvania and Virginia.

The announcement comes at a time when the Menomonee Falls, Wisc.-based has been embroiled in a hostile battle with investors for control of the business, rejecting two takeover

bills and implementing a poison pill earlier this month. Kohl's rejected a bid by Acacia Research Corp. to acquire 100 percent of its shares at \$64 a share in cash, valuing the company at \$9 billion and it is also believed that a \$64 to \$65 offer from Sycamore Partners was rejected.

Analysts said the bidding reflects growing interest in the retail sector, in particular what many see as the unrealized value of dot-com and retail real estate, as consumers return to stores in greater numbers.

## Dianne Vavra's New Beauty Vision

The PR vet is opening an eclectic store combining beauty and vintage finds in Huntington, N.Y., this spring. BY JAMES MANSON

**DIANNE VAVRA** may have had a decades-long career in beauty PR, most recently heading up efforts at Christian Dior, but her love of all things shiny — and vintage — started much younger.

"Even as a kid, I dabbled in retail for summer jobs, and during high school, I worked at Sotheby's," she said. "I worked a lot of vintage jewelry auctions, and learned the value of things at a young age."

Vavra is parlaying her penchant for the aged and exquisite into a new boutique, Vavra New York, which is opening this spring in Huntington, N.Y. The store will include 20 beauty brands, as well as vintage luxury goods from Vavra's personal collection and pieces she has sourced for the store.

"There's a lot of women here who love designer [pieces], but who also love vintage and are very into beauty," Vavra said. "Everything in my shop



Dianne Vavra

has a story, so if someone buys it, I can tell them the story. There's something for everyone, you can buy a \$4 lip balm or a \$4,000 Chanel bag."

The shop, on the north coast of Long Island, will cater to a cosmopolitan clientele, Vavra said. "If you think of the Great Gatsby, that's how the town is," she said. "We have an art museum, a cinema arts center. It's a very culturally dynamic town,

and very culturally diverse."

In an effort to keep her assortment tightly edited, Vavra will cap her beauty brand partners at 20. The brands thus far include Aleph, Angela Caglia, Ashlie Johnson, Biography, Brett Brow, Cultivate Apothecary, Dark Rose Body Scrub, Dr. Elsa Jungman, Emilie Heathe, Flora Mirabilis, Graydon, Kari Gran, Klint, KVD, Le Verden, Nooki, Pigmint

Arôme, R Brow, Soma Ayurvedic and Supergoop.

"When I decided to take the plunge, I wanted it to be like a little jewel box for people to come in and find things that they wouldn't find in Sephora, Ulta, Bluemercury, Saks or Neiman's," she said. "It's mostly indie brands I'm working with, or brands I use and love."

Vavra, who grew up in Manhattan and spent almost two decades at Dior, thinks her product knowledge will also come in handy. "As the beauty person, everyone always asks me what they should do for different concerns," she said. "I've worked with dermatologists, plastic surgeons and luxury brands, working with all these beautiful brands and research and development people," she said. "It's going to be very beneficial to the shop, it's almost like people can get a prescription."

"I learned so much by observing makeup artists and traveling with them, even though I'm not a makeup myself, I know what works for people," she continued, nodding to her time traveling with talents from Sharon Stone to Natalie Portman. "For that reason, beauty will sell very well."

Vavra now works as the chief executive officer of Spotlight PR, and despite her robust résumé in the sector, her passion for vintage has always coexisted with her career.

"I always had this love while I was doing my full-time career as a beauty publicist," she said. "I always was into finding new beauty brands and finding vintage shops."



FROM THE EDITORS OF WWD

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## London Eye: A Market in Flux

The U.K. market is buzzing with M&A deals, retail rollouts and online opportunity, while brands are launching at a rapid-fire pace. Who will the winners, and losers, be?

BY SAMANTHA CONTI ILLUSTRATION BY MATTHEW BILLINGTON

**LONDON** — British beauty looks to be on the cusp of a gilded age — of merger and acquisition, retail and customer experience — although the reason it's happening now isn't very pretty.

Nearly two years of lockdowns and social restrictions have saddled this country with debt, inflation, higher interest rates and taxes, not to mention an overwhelmed, and underfunded, National Health Service. COVID-19 was a killer, and continues to menace.

Even against that backdrop, the U.K. beauty market is experiencing something of a renaissance, brewing up new retail concepts, hot indie brands and a slew of M&A activity.

Revenues are set to hit \$17.32 billion in 2022, with annual growth projected to be 4.1 percent each year until 2026. The U.K. is the second largest European beauty

market after Germany, according to Euromonitor International, and is in the top 10 worldwide.

That growth comes amidst a market in flux. Boots, the longtime leading beauty retailer in the country, which has lost its mojo in the category over the last couple of years, will likely be sold to private equity this year in what promises to be one of the biggest corporate transactions of the year.

Sephora — long absent from Britain due partly to Boots' dominance — is expected open its first physical store in the country later this year.

The beauty giant entered the market last year after buying online prestige beauty retailer Feelunique (soon to be rebranded as Sephora.com) in a deal valued at 132 million pounds, and is said to be eyeing locations in and out of London to expand its physical presence. A Sephora spokeswoman

declined to comment.

In the meantime, Harrods' H Beauty standalone stores have been rolling out across the country, with the latest opening last December in Edinburgh, Scotland. Two more H Beauty stores will open this year in Bristol and Newcastle, England, complete with play tables, skin care stations, treatment areas and the H Beauty Champagne bar, bringing the total to five.

Flannels, too, is in expansion mode, adding "interactive" beauty halls to its stores in the north of England. And Space NK, the original Indie pioneer, is set to open its biggest store to date, a 2,000-square-foot flagship at the new Battersea Power Station development in London.

The action isn't just around brick-and-mortar, but online, too. In January, the London-based Farfetch acquired Violet Grey, for an undisclosed sum, promising to offer its Millennial and Generation Z audience luxury products in addition to "insights and expertise from multiple beauty experts and communities."

The brand side is equally as dynamic. With his failed 50 billion pounds bid for GlaxoSmithKline's consumer health care arm now history, Unilever's chief executive officer Alan Jope said he would

focus on buying prestige beauty and wellness companies.

Unilever's plan is to triple the size of its prestige beauty business from 1 billion euros to more than 3 billion euros in the next few years and compete with similarly hungry corporations like Procter & Gamble, the Estée Lauder Cos. Inc. and Beiersdorf.

Cindy Palusamy, a beauty and wellness entrepreneur, brand builder and strategist, said while the London market may be small in terms of absolute numbers, "it has an outsize influence given it is home to a number of the leading lifestyle platforms — Selfridges, Harrods, Farfetch, Net-a-porter, Cult Beauty — all proudly British, supporting their home country creative community and entrepreneurs, providing global access, awareness and sales from Day One."

The sector also benefits from a "vibrant angel investor class which has been mentoring and supporting new entrepreneurs. There is a talent pool that has created and defined the playbook for brand-led, d-to-c platforms and marketplaces."

Beauty has further benefited from the boom in online sales during lockdown. Already a robust channel in the U.K. pre-COVID-19, online is growing at breakneck speed.

According to Euromonitor International, e-commerce sales of beauty and personal care increased by 23 percent over 2020-21, while "virtually enabled at-home experiences" will remain an imperative to drive further sales.

According to Statista, some 40.5 percent of total beauty and personal care revenue here will be generated through online sales this year.

Post-COVID-19, U.K. beauty has reached an inflection point, and the potential is vast, said Michelle Feeney, the founder of Floral Street fragrances and an industry stalwart who helped to supersize MAC at the Estée Lauder Cos. and St. Tropez at PZ Cussons.

Feeney believes so many trends are converging right now in Britain: Once huge brick-and-mortar beauty players such as Debenhams and Topshop have been broken up and sold. Others, such as John Lewis, are having trouble competing with buzzy, one-stop online retailers such as Cult Beauty, Feelunique, Lookfantastic or Next, which sells hundreds of brands online following its purchase of Marie Claire Beauty in 2019.

There has also been a steady stream of indie, premium British skin care, makeup, hair care, wellness and fragrance brands, which are hitting the market, many of which are going direct-to-consumer online.

Some are celebrity- or personality-driven — such as Rosie Huntington-Whiteley's new brand Rose Inc; makeup artist Lisa Eldridge's ►



The play tables at H Beauty in Edinburgh.



namesake offering, and Trinny Woodall's Trinny London; others, such as Ciaté, Lottie London, the skin care specialist The Inkey List, and fragrance brands Floral Street and Vyrao, have been founded by beauty or retail veterans.

"There's been an erosion of the retail landscape, pure players are coming in and doing a very good job, and then you've got the new consumer. Where do they go, and how do they find new brands?" said Feeney.

"We have great entrepreneurs, and a lot of (investors) who are seeing beauty as an opportunity. And if you are an investor looking for potential, you can take what somebody has created in the U.K., and escalate it around the world," she added.

Ingredients-led skin care has been driving a lot of the recent growth and investors can't seem to get enough.

Matthew Wiseman, a partner at investment bank Alantra, has seen great interest in skin care M&A deals, and said global corporates and private equity alike are eager to take a slice of the pie.

He said the premium skin care brands have done a stellar job of fueling growth by taking pains to educate and inform consumers, and showcase the products in an attractive way online.

The skin care brands' "shop and learn" strategies took flight during COVID-19 when consumers found

themselves stranded at home with lots of leisure time and disposable income they couldn't spend on clothing, color cosmetics or entertainment.

Consumers' concerns about health, what they were putting into their bodies, and the environment ballooned, and they often turned to brands to make sense of it all.

The entrepreneur and investor Carmen Busquets, who as chairperson of Cult Beauty oversaw the sale of the company to THG in a deal valued at 275 million pounds, said she witnessed this behavior firsthand.

During the pandemic, she kept a close eye on consumer behavior and said "a shift occurred in younger customers' shopping habits. Previously, they'd shopped predominantly for makeup, but then started turning to skin care products," and wanted to educate themselves, too.

"Sales grew organically, and the demand for higher-quality products continued to rise even though competitors were selling the same products at significantly discounted prices," Busquets said.

Those consumers are looking for more than an education. They want mission and purpose, too, and the smart indie brands have been delivering just that.

"Consumers are empowered today and have high expectations of brands," said Anna Sweeting, founding partner of the specialist private equity fund Vaultier7.

Sweeting said brands with purpose, ones that are socially aware and able to connect with customers with integrity, are particularly attractive to investors because they have those values already embedded in their DNA.

Alice Wells, managing director of the Australia-based Lempriere Wells, which specializes in M&A, financing and private equity, would agree. She said investors are so attracted to these niche brands "because they actually stand for something, often have better formulations and meet immediate needs or wants of the customer."

She believes that bigger, older brands aren't as appealing as they're "less agile and can't respond to market trends as quickly. They have systems and processes around new product development and operations that inhibit fast innovation."

Diversity and open-mindedness has also been a big driver of business here, too.

The U.K. has a population of 68.5 million, with more than 80 percent living in urban centers. While every city has a different makeup depending on immigration, student population and expatriate communities, the country has become a living tapestry of languages, ethnicities — and beauty concerns — all of which are feeding sales.

Busquets said there's a reason why Harry Styles' new beauty brand, Pleasing, can coexist with beauty giants such as Pat McGrath and Charlotte Tilbury.

"Beauty, like fashion, has always been much more experimental and creative in the U.K. You just need to look at David Bowie, Boy George, Queen, Elton John — and Twiggy. All of them had iconic makeup styles that still inspire global trends today. They have contributed to an inclusive industry that appeals to both women and men."

Palusamy added that a "diverse, influential consumer market" in the U.K. allows for a test-and-learn culture and "a great feedback loop."

Fearless creativity has been another engine behind beauty's growth. Even in the darkest days of wartime rationing British women were using beetroot juice as lip tint; boot polish for mascara, and chalk instead of face powder.

"The Brits are always pushing boundaries, and the customer loves what is new and exciting. If French women are chic, the British are definitely brave with makeup, and love to be challenged. There is no fear of being wrong," said Selma Terzic, CEO of the cosmetics brand, and contouring specialist, Iconic London.

The underlying trends in British beauty, and the ones that emerged during COVID-19, are set to continue, at least in the short term: Ingredients-led skin care still has a long run ahead, while other categories are

preparing for their moment in the sun.

"Hair is next," said Wiseman of Alantra, adding that there is a big trend toward the "skin-ification of hair."

He believes that brands such as Hairburst, which sells growth vitamins, shampoos and treatments, and Curlsmith, which specializes in curls and waves, are adopting similar strategies to skin care by focusing on ingredient-led formulas, tackling specific needs, educating consumers, staying active and engaged on social and building communities.

Wiseman also believes that, as people start socializing and attending events once again, color cosmetics will begin to recover, as will larger-scale brick-and-mortar operators such as Boots.

The online channel will only get stronger, according to Rachel Horsefield, CEO of THG Beauty.

Testament to the growing power of its online beauty business, and a planned corporate reorganization, THG plans to seek a separate listing for the division, which owns online retailers Lookfantastic, Cult Beauty and Dermstore, as well as brands including Perricone MD, ESPA and Glossybox.

"We've really seen penetration into beauty as a category in the last couple of years accelerate, and we expect to see this trend continue," she said.

"The infrastructure of the U.K. means it is incredibly easy and convenient for people to order online and, in many cases, have their order delivered the same day, meaning they also get that instant gratification. Unlimited shelf space online also means that customers are more likely to be able to find what they're looking for.

"Digital evolutions in social and video mean that customers are finding it easier than ever to learn and discover new products. We see great opportunity in helping support beauty brands make the transition from bricks and mortar into online," she added.

Private equity will continue to chase investment in the high-growth businesses and retail (Bain and CVC are the front-runners for Boots, according to British press reports), although small British brands should think before they take investment, or sell, according to Feeney.

"I'm happy if people are looking at Britain, and that there is a lot of noise. And I hope that genuine entrepreneurial, great brands get to grow and go global. But I think private equity are looking at the margins. They love beauty margins, but do they want to invest in building these brands?" she said.

Feeney added that, right now, "there's almost 1980s 'Wolf of Wall Street' salivation around beauty brands and the numbers and the margins. Private equity are thinking it's a really quick win, a way to make a lot of money, so I think brands have to be really careful." ■





# Salwa Petersen

With her eponymous brand, she delves into traditional African beauty rituals and helps women of Chad. BY JENNIFER WEIL

**AFTER SALWA PETERSEN**

became the youngest counsel hired by the World Bank at 23, colleagues gave her the code name “Energizer Bunny.”

It’s an apt moniker even now, 10 years later, long after the Harvard Law School graduate with a business degree left that career to pursue her passion: beauty. First came corporate jobs at L’Oréal, including working on the floor of Sephora and in travel retail, before Petersen launched her namesake brand one year ago that taps into the heritage of African beauty, something she knows well.

As a teenager, she lived in Chad with a great-grandmother, grandmother, aunts and cousins. “This was the best university I ever went to, because those women were beauty junkies — beauty junkies of the traditional sense,” said Petersen, a world citizen who speaks six languages, including Dazaga, French, English and Arabic. She was born to Chadian parents in Jeddah, Saudi Arabia, left there at two and has since lived in 13 countries, such as Switzerland, Benin and the U.S. Today, Münster, Germany, is home.

Her collective experiences have shaped her approach to entrepreneurialism and her vision for helping the women of Africa. Here, she talks brand strategy — and the bigger picture mission that drives her passion.

**What do you consider your role to be in the beauty industry?**

**Salwa Petersen:** It’s beyond beauty. I see myself as a bridge to many

cultures, being able to take these very old rituals from Chad and elsewhere in Africa, and make them accessible to modern customers everywhere.

**How long had you been thinking about launching a beauty brand?**

**S.P.:** At least 10 years. I wrote the first formal business plan for this in 2012, when I was studying at Harvard. I knew it would be related to Chad.

**Why did you decide to base your brand on chébé, a traditional Chadian beauty ingredient that consists of Indigenous herbs to treat and grow hair?**

**S.P.:** Chébé is something that you only find in Chad. What I didn’t realize is that it had never been used in modern cosmetics. It’s these little seeds you roast like coffee. We did the extract with that. It took us three-and-a-half years. In parallel, I was building the whole supply chain.

There is still a big gap in understanding African textured hair, because the truth is, in the beauty industry, up until very recently, everything was done from the point of view of Caucasian hair. That’s not the type of hair you have most in the world. I knew there was something to be done. In Chad, there was centuries-old knowledge.

I created [Chébé du Tchad] initially for my hair texture. The formula is so light, it’s inspired by skin care. It is an Ecocert formula and 97.97 percent natural.

**How has sustainability become so important to you for everything from sourcing, formulation to packaging?**

**S.P.:** Although I was a city girl all my life, I always spent my summer vacations in Chad. It’s so pristine. I was lucky to travel in the Swiss mountains and rural Africa with my parents and siblings. It would just [refresh] me so much. I could see what was being lost. When I was working on my company five years ago in New Zealand, after I left L’Oréal, every day — even though I was working close to 12 hours a day — I was either at the mountain, the beach, the forest. It is so important that we preserve them. We have to preserve the planet.

**How are you supporting the women in Chad, who clean and sift through the chébé seeds?**

**S.P.:** I’m paying the women who work with me three-times more than others. They are in a very difficult situation. From the very first product we sold, we have been giving 2 percent [of proceeds] to the

African Parks network. We have a specific project with them, which is [improving the literacy] of women in northern Chad. The idea is to be able to do that more — also in other national parks all over Africa.

**Are you planning on expanding into other product categories?**

**S.P.:** Yes, definitely. The concept is really [about] ancient beauty rituals of Africa. The cradle of humanity is Africa, and the cradle of beauty, also. We’ll be going into all categories. We are working on other actives that have never been used in modern cosmetics before. Each time, I make sure that this will be my legacy, that women are respected and paid well. I want this to outlive me.

**Your brand is sold on its own site to more than 30 countries. Will you expand to brick-and-mortar?**

**S.P.:** Yes, very soon. We’re getting approached very often by retailers. It’s [also about] finding retailers who share our values.

**What’s the most difficult business decision you’ve had to make?**

**S.P.:** There are so many. The most difficult one was to delay significantly the launch. You can have a product in the markets within a year, but it was so important for me that the whole sourcing was as transparent, fair and respectful as possible — for the environment, for the people. It took me three-and-a-half years. I didn’t want to cut any corners, [but] it didn’t make sense at all, from a business point of view.

Another one — maybe equally difficult — was to turn down financing at first, because it was so important for me to stay independent and to decide how much I wanted to pay the women, to pay the community forward. What I want to do is to give back more than what I’m taking.

**Would you make the same decisions again today?**

**S.P.:** Yes. I would go even further if I could.

**What do you know today about your work that you wish you’d known starting out?**

**S.P.:** That it was so complicated, that it was 1,000 shades of gray.

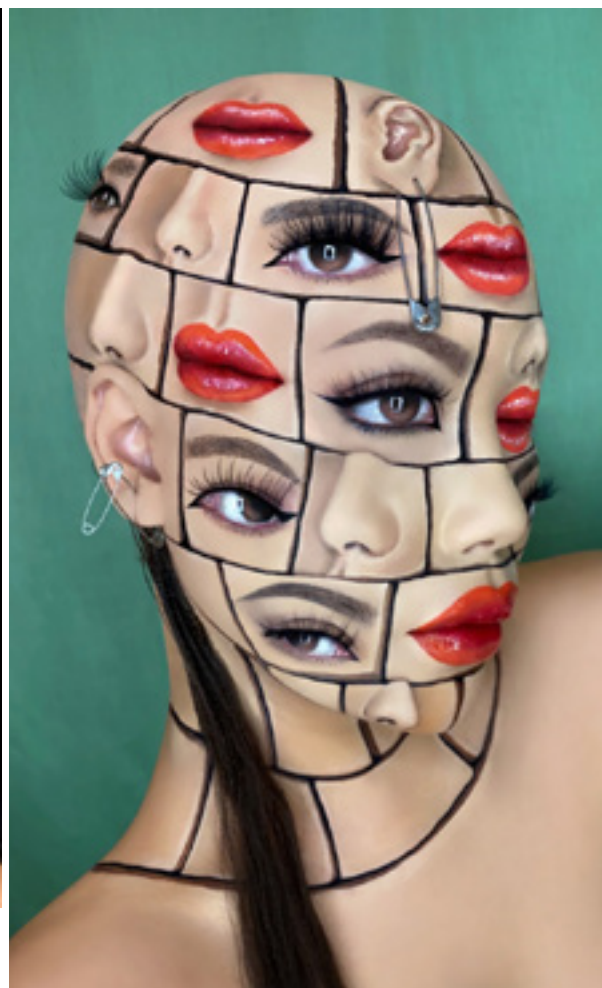
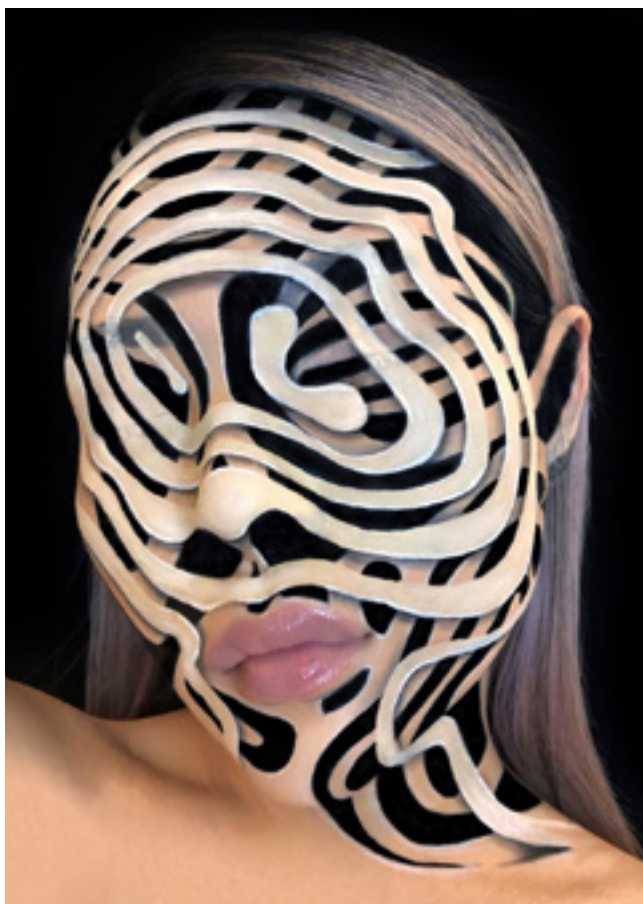
**Who have been some mentors?**

**S.P.:** The women of my family. Anne-Marie Leroy, she was the senior vice president of the World Bank. She took a huge risk by hiring me fresh out of school and literally put herself behind me. Romain Gaillard, from The Detox Market, has given me so much of his time and advice. He has been unbelievably generous.



Salwa Petersen's Chébé du Tchad hair cream.





## Mimi Choi's Mesmerizing Art-inspired Beauty Looks

● **Makeup transforms,** inside and out.

It's what attracted makeup artist Mimi Choi to the art form as a child.

She was fascinated by the power of makeup, she said: "I would watch my mom put on mascara and red lipstick, and eventually, I snuck into her makeup collection and tried things out on myself."

Choi began experimenting with looks while in college, but it was just a hobby then, and she went on to become a preschool teacher for several years.

"I enjoyed doing intricate nail art during my free time as a creative outlet," she explained. "This is when I decided to enroll in makeup school and pursue my passion."

It's at Blanche Macdonald, the beauty school in Vancouver, Canada — where she's based — that Choi began to explore illusion makeup looks. In 2013, she started sharing them on Instagram, and today, she has 1.6 million followers on the platform, where she's known as @mimles.

"My audience has grown organically," she

said. "As I created more looks and my technique improved, I would be featured by makeup brands and various media outlets around the world."

NYX Professional Makeup, Kryolan, Mehron Makeup, Make Up For Ever and MAC Cosmetics are among her favorites.

"Honestly, I don't pay much attention to my follower count," she continued. "I paint for myself, but I am grateful that others enjoy my work as well."

Finding inspiration from "everything" around her, "including paintings, textures, patterns and even my dreams," she said, the art world has had "a huge" influence on her work. "When I travel, I like to explore museums, which is where I gain much of my inspiration."

Maurits Cornelis Escher, Salvador Dalí and Giuseppe Arcimboldo are artists she particularly loves.

"They go beyond simply painting what they see," Choi said. "Their illusional interpretations are so inspiring to me, and their works challenge me to achieve their level of creativity."

—Ryma Chikhouné

