



PIM IN THE COSMETICS INDUSTRY

The beauty market: colourful, fast, trend-dependent

BYRD – The Product Content Lifecycle Management Technology

THE FAST-MOVING WORLD OF COSMETICS

»Beauty offers a multitude of options.«

Even in times of economic uncertainty, the demand for cosmetic products has proven to be extremely stable, and studies such as McKinsey & Company's 'The State of Fashion: Beauty' report conclude that the market will continue to grow steadily in the coming years. At the same time, very different trends and regulatory developments are influencing manufacturers' product and communication strategies. This in turn leads to an exciting dynamic in the market from which successful brands can benefit greatly. For all other manufacturers, this means growing competitive pressure and the need to develop a **stable foundation for a sustainable future strategy** now. We have summarised what such a foundation could look like in this paper.

We hope you enjoy reading it!



Yours sincerely

BJÖRN BAYARD

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THE BUSINESS OF BEAUTY

»The cosmetics industry: highly attractive and challenging at the same time.«

The cosmetics industry is characterised in particular by its wide variety of products, fast pace, and dependence on trends. Not only do classic make-up products fall into this sector but also skin and hair care products as well as perfume. In addition, the industry is currently developing very strongly in the direction of wellness and self-care – this is one of the **findings of the McKinsey study »The State of Fashion: Beauty«**. Accordingly, tools such as LED face masks are also becoming increasingly popular and are contributing to strong market growth. Overall, the authors of the study project that the cosmetics market will grow to around USD 580 billion by 2027, which corresponds to growth of around 6 per cent per year.

**By 2027 approx. 580 billion \$
market growth = 6% per year**



In addition to ever stricter regulatory requirements, particularly with regard to the provision of sustainability data, it is the increasing customer expectations in particular that are putting brand manufacturers under pressure today. More and more consumers are conducting extensive research into ingredients, product benefits, brand values, and product supply chains before deciding to make a purchase. It is no longer just the product itself or the strength of the brand that is at the centre of the purchasing decision process – and it is up to the manufacturers themselves to respond accordingly with their **product and brand communication and their entire product strategy**.

The increasingly important role of **digital commerce** in particular has also intensified global competition. Global megabrands now have to compete with visionary newcomers and emphasise their unique selling points on many more levels than they did just a few years ago. At the same time, communication is taking place on more and **more sales channels** on both in-house and third-party platforms. Added to this is the **high speed** of product marketing, driven by new trends and seasonal offers.

If you want to be successful in this dynamic environment, you need special expertise in different areas. We have summarised what these are below.





SUCCESSFUL BEAUTY BRANDS

»The 3 most important competences of successful beauty brands.«

The cosmetics industry offers a great deal of potential for the various market players and the expected overall increase in sales over the next few years reflects the general optimism in this particular market. However, in order to participate in this promising development, manufacturers need to develop a few **key competences** – and these are independent of the technologies used, processes implemented, or specific expertise.



1. Market knowledge

Especially in such fast-moving and dynamic markets as the cosmetics industry, it is essential to keep a constant eye on **market developments, trends, and competitors** and to evaluate the extent to which changes to the status quo could have an impact on your own product and/or communication strategy.

2. Agility

This also results in the need to be able to react flexibly and adapt your **own strategies**. This is primarily a matter of organisation and process chains, which are supported by a suitable **technological foundation**.



3. Data culture

Business agility includes making quick and well-informed decisions. This is only possible with an appropriate database and the ability of employees and management to derive relevant insights from this data and incorporate them into decision-making. **Establishing a data culture** within the company, which includes a fundamental understanding and ability to interpret data, is one of the most important building blocks for **sustainable business development**, regardless of the industry in question.





PERFECTLY MARKETED

»Brand communication is crucial to the success of cosmetics companies.«

Due to the high relevance of product and brand communication in the cosmetics industry, we would like to take a closer look at what brand manufacturers need to focus on today.

As is the case for most CPG companies, the retail trade is also the focal point of product distribution for cosmetics manufacturers. With the increasing number of own communication channels as well as third-party platforms such as online shops and retail partner marketplaces, the **complexity of communication** is ever growing. For manufacturers, this means that they must provide appropriately **optimised product content** for each channel in which their products are advertised.

The quality of the product content is paramount here. It goes without saying that the published **data must be correct and complete** and thus provide consumers with comprehensive and reliable information about the products. In addition, the aspects of context, relevance, and consistency play an important role, especially in the CPG market. And it is precisely this area of tension that makes product communication in this sector so challenging and dynamic.



While a **channel- and target group-specific customer approach** is important in order to create the most natural and convincing shopping experience possible, the product content must also be consistent across all channels. This consistency relates to brand communication, which ensures that a manufacturer can strengthen its brand in the long term, and this plays a particularly important role in the cosmetics sector. The **consistency also relates** to the information that is actually published. Any inconsistency along the entire customer journey increases the risk that consumers will drop out early and ultimately decide against a purchase. This places high demands on the agility of communication, particularly in the case of seasonally limited products such as make-up, which is launched especially for the festive season.



GENERATION COSMETICS

»Everyone is the target audience.«



Of course, there are brand manufacturers that appeal to a very specific target group. These include, for example, new brands that have become known via social media such as Instagram or TikTok and whose products are primarily aimed at young female consumers. However, a large proportion of cosmetics manufacturers have a broader product range that appeals to many **different types of consumers**. These can be age- and gender-neutral products such as soaps or moisturising lotions or a variety of different product lines for specific consumer groups.

In both cases, cosmetics manufacturers must master the appropriate communication rules and cover the information needs of the various target groups. In their study, McKinsey & Company found that **sustainability and the quality and composition** of ingredients are particularly important for **Gen Z and millennials**. Younger consumers in particular want to ensure that their cosmetic products do not have a negative impact on themselves, the environment, or society.





THE BASIS

»Create the conditions for success.«

In summary, cosmetics manufacturers need to ensure that they can convince the widest possible target group of their range with context-dependent and personalised product messages on an increasing number of communication channels – in a consumer market that is characterised by a **fast pace, trends, and high customer expectations**. For companies, this means that they need complete control over their product communication. The basis for this is the centralised management of product data, efficient data processes, and effective syndication of the respective content to the output channels.

DIE GRUNDLAGE:

Eine zentrale Verwaltung von Produktdaten, effiziente Datenprozesse und ein effektives Syndizieren der jeweiligen Inhalte in die Ausgabekanäle.

The problem for many companies is still redundant data storage, where essential product information is stored in different source systems such as ERP or Excel spreadsheets. In the worst case, this information lies in different and sometimes outdated versions. Such a data situation increases the risk of poor data quality, incorrect product information in the sales channels, and an organisation in which those responsible mistrust their own data. **Centralised product content management**, on the other hand, ensures the **right data quality** from the outset, uses **validation mechanisms** to ensure that this is maintained or even optimised until it is played out, and gives authorised users access to reliable data veracity.

To meet the requirements for business agility, the data processes must also be optimised. One way to achieve this is for the individual software solutions along the product content life cycle to be very closely networked with each other, which requires continuous interface maintenance and regular integration work when changing systems. Another option is to implement a comprehensive **product content life cycle management solution** that covers all relevant data competences and processes.





In addition to the creation, maintenance, and provision of product content, effective and fast delivery of the finished product content to the respective target channels is particularly important in fast-moving markets such as the cosmetics industry. Ideally, manufacturers should be able to update **product information** on all platforms **at the touch of a button** in order to maintain consistent communication and minimise the time-to-market for new product lines. In addition to the integration of their own output channels such as

online shops, mobile apps, or product catalogues, a direct connection to the retail partners' channels is also required. For cosmetics manufacturers, **supplier portals and content providers** play a particularly important role here, as do the options for retailers to independently prepare enhanced content and display it on the product detail pages.

With such an **end-to-end product content life cycle**, all the prerequisites are in place to react quickly and flexibly to new challenges from the competition, legislators, and consumers themselves with customised **product and communication strategies**.

Take advantage of our **BYRD** technology for **PCLM**

REQUEST A PRODUCT DEMO NOW