Haute Ecole
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Enseignement supérieur de type long de niveau universitaire

Cosmetics in the digital age : can personalization be a marketing lever to meet new consumer expectations ?

Mémoire présenté par :
Axelle ITUZE

Pour l'obtention du diplôme de
Master's degree in International Business and Management
Année académique 2019-2020

Promoteur :
Mr. Jacques FOLON

Boulevard Brand Whitlock 6 - 1150 Bruxelles

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INTRODUCTION

“Is personalization the future of cosmetics?” (Moreau, 2018)

The cosmetics industry has never been better than it is today. Indeed, the global cosmetic market has been constantly growing over the past decade and was valued at more than 220 billion euros in 2019 (L’Oréal, 2019). "This constant growth can be explained by the very nature of the cosmetics sector, which addresses a need that has been around since the beginning of human history: the quest for beauty" (L'Oréal, 2018, para.2).

However, beyond this simple fact, one of the most important growth drivers of this industry has been the digital age. As stated by Jean-Paul Agon (as cited in Les Echos, 2019), CEO of the L'Oréal group, world leader in cosmetics, the digital has greatly contributed to the acceleration of the growth of the cosmetics market.

For many years now, cosmetics players have thus had to adapt to the facets of this new era, particularly through e-commerce and digital marketing. Today, beauty is the third most sought-after category on the Internet, is linked to more than 45 billion videos on YouTube and has a central place on social networks such as Instagram. (Les Echos, 2019)

Faced with the digital age, beauty players have not limited themselves to simply adapt to it since it is also, today, an important vector of innovation, notably through new technologies. While taking an interest in the subject, I discovered that the latter are beginning to radically transform the products and uses of the cosmetics market, particularly through personalization. (Mull, 2019)

Personalized products were until now considered to be the “haute couture” of beauty. However, this luxury is starting to become more democratized as, thanks to technological advances such as artificial intelligence and diagnostic machines, more and more beauty professionals are developing personalized products. A trend in line with consumers' growing desire to express their individuality. (Moreau, 2018)

The emergence of personalized beauty is thus also linked to the evolution of consumer expectations. Cosmetic products are now an integral part of their lives but faced with the growing range of products and offers in the beauty sector, consumers can often feel lost. Many of them are therefore looking for products that can truly meet their needs and unique characteristics. While others seek to enhance their personality and image through the possession of singular objects. (Moreau, 2018)

Thanks to the evolution of digital technologies, more and more cosmetic brands and new beauty players are thus investing in this new type of product to better meet the needs and expectations of consumers but also to stand out in this ever-growing industry.

Indeed, personalization is a new approach that has the potential to be a real marketing lever which refers to « a type of advantage that helps a company's product or service gain an advantage in its positioning » (WebFinance, 2020, para.1). In the world of beauty, by moving away from mass and standardized offers towards new tailor-made solutions, personalization can represent a real added value in a complex and highly competitive universe where new brands are developing every day (Capgemini, 2016).

It is in the face of these many findings that, throughout this work, we will address the following research question : "cosmetics in the digital age : can personalization be a marketing lever to meet new consumer expectations?"

Personal interest for the subject

As part of my thesis project, it was only natural for me to focus on the cosmetic industry. Indeed, I've been, for a few years now, passionate about the world of beauty from skincare to makeup products, notably thanks to the digital. Indeed, today with e-commerce, we can order beauty products in the comfort of our home, learn about them through Google searches or follow beauty tutorials on YouTube. We have therefore an easy access to a lot of contents and information.

However, it is true that as a cosmetics lover, I have sometimes found myself overwhelmed by this wealth of information and by the mass of products available on the market today. Although we are all looking for effective products, I have sometimes felt lost in my quest for the right product or disappointed when a purchase is not conclusive. When I discovered that personalized products were a new trend that was starting to rise, I naturally decided to take an interest in this subject to understand how it had come about and in response to what.

Through my research question, I was able to combine both my passion for cosmetics and the human aspects of the business field by focusing on the consumer but also the human aspects of the business field by focusing on the consumer.

Thesis objectives

In relation to the context of my research, the first goal is to look at the digital age and to understand how, through new technologies and the connected consumer, the cosmetics industry has had to adapt to new business facets such as e-commerce and digital marketing.

Secondly, the goal of this paper is to analyse the new trend of personalized cosmetics, this new type of products powered by new technologies and digital advances. Since they are only a trend today, the goal is to understand why more and more players are starting to take an interest in them and in response to what.

Moreover, we will also try to determine if it can represent a lever for companies to stand out and attract consumers by responding to their new expectations.

Structure and work plan

In order to answer the following research question "cosmetics in the digital age : can personalization be a marketing lever to meet new consumer expectations?", we will first be focusing its theoretical framework. We will work here with the funnel method, starting from general concepts to more specific ones.

First, we will begin our analysis by looking at the context of our research, which will be articulated in three parts. *Part I* will be dedicated to the concept of consumers and to the most important aspects of their behaviour such as their needs and motivations. Afterwards, we will look at other tools that are used in marketing to understand consumers such as establishing an appropriate segmentation, studying the customer buying journey and their influencing factors.

To continue, the *Part II* of this thesis will be focused on the cosmetic industry. In order to analyse it, we will firstly take an interest in its general definition, to its scope of application and briefly to the history that lies being cosmetics. Further, we will focus on an analysis of the current state of this industry, in terms of figures, structure and competition. We will also take a particular interest in the consumer of cosmetics. Finally, we will look at some of the trends that have recently emerged in the cosmetic industry.

Then, in the *Part III*, we will be brought to analyse the concept of the digital age. In order to understand it, we will firstly take an interest in how, throughout history, it has come about, how the digital age has impacted society and in the digital technologies that are currently fuelling this new age. Afterwards, we will loot at how the digital age has impacted the cosmetic industry in particular. We will thus be brought to analyse three of the most important facets of the digital : the rise of e-commerce, digital marketing and digital experience.

Finally, in the *Part IV*, we will dive into the subject of personalized cosmetics more precisely. That is how we will begin by taking an interest in the concept of personalization, in its origin and various applications. Afterwards we will look, more particularly, at personalization applied to the field of cosmetics. We will first analyse how more and more beauty players, in response to new digital technologies and evolving customer expectations, have been taking an interest in personalized cosmetics. We will then look at some examples of companies who have already invest in this new type of products. Finally, we will look at the benefits that personalization can bring for companies and brands but also at the current limits of this practice.

The rest of the thesis will be dedicated to the *practical part*. Based on these theoretical observations, we will first start by drawing up a list of hypotheses. Next, a qualitative interview was conducted with a professional in the cosmetics sector. A quantitative study was then also carried to collect information on consumers' cosmetic consumption habits and to determine whether personalised cosmetics represent a demand on their sides. Thanks to these different steps, we will be able to conclude the thesis by gathering the elements of answers to the hypotheses and our research question.

Methodology

The methodology that has been applied to carry out this thesis project is one of an applied research with a deductive approach. Indeed, throughout this work, we will first look at the theory to then, confront it to the reality of field. This project can, therefore, be divided into two different part : the theoretical framework and the practical part.

The theoretical framework will be focused on a collection of secondary data. Indeed, various types of resources were used here to carry out our conceptual study namely : books, scientific articles, reports and studies related to the subject, among others.

Then the practical part will be focused on collecting and analysing primary data. First, through a survey that was carried out online on a sample of the Belgian consumers then trough a personal interview with a professional of the field. Indeed, an interview has been done with Hannelore Verheyen, Head of Digital of the Active Cosmetics Division at L'Oréal Belgium.

Based on this data collection, the final phase of this project will be concentrated on analysing all the information gathered. The final goal will, therefore, be to provide answers to our research question but also to draw relevant conclusions and recommendations.

PREFACE

Concerning the global health crisis caused by COVID19 and the measures linked to it, I feel particularly spared since they did not greatly impact my thesis project. Before this situation came about, I had already planned to make an “applied research” type of thesis, which was not directly related to the internships I had carried out this year. Since my project didn’t involve a case study, my task was made easier.

I must nevertheless note that the pandemic impacted my course during this last semester. Indeed, a large part of my second internship had to take place at home via teleworking, which was the case for most of us.

Secondly, I must admit that it was particularly challenging to remain focus and motivated during the long period of confinement. Indeed, locked up at home with no way to clear one’s head, it has been, at times, difficult to have only this project to carry out.

In addition, concerning my thesis more precisely, I would have liked to be able to deepen my research with more qualitative interviews with professionals. Even if I can't say for sure that this was due to the context of the Coronavirus, in spite of many efforts, I unfortunately didn't get enough favourable responses to carry out interviews (even if the option to do them online was of course offered). I guess that, due to these exceptional circumstances, a lot of companies have been very busy and therefore, not necessarily as available as they would have been in normal circumstances.

Despite this situation, I think I was able to face these difficulties in order to explore my research question in the best possible way and deliver a thesis of quality.

PART I : THE CONSUMER

In an ever-changing world, businesses also change over time. When it comes to their competitive advantages, companies' keys of successes have evolved throughout history. In the beginning of the twentieth century, there was the age of manufacturing, then around the sixties, the age of distribution and from the nineties the age of information. However, since 2010 to this day, we have entered the age of the customer. (Peacock, 2013)

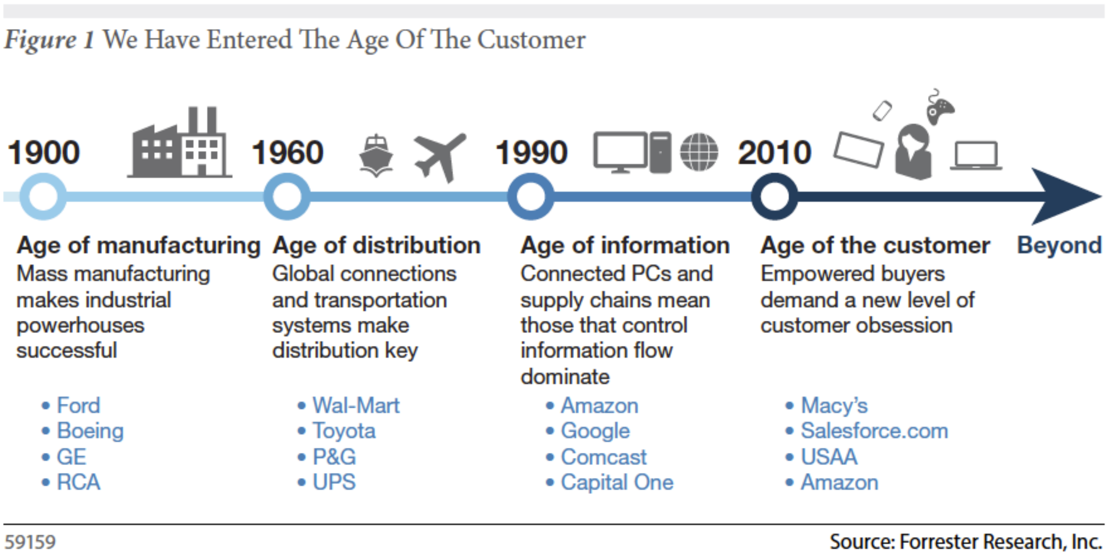


Figure 1 - The age of the customer
Source : Peacock, M. (2013). *Are You Prepared For the Age of the Customer?.* Retrieved on 5 March, 2020 from https://www.cmswire.com/cms/customer-experience/are-you-prepared-for-the-age-of-the-customer-022815.php

The age of the customer concept was introduced in 2011 by Forrester Research and is defined as "a 20-year business cycle in which the most successful enterprises will reinvent themselves to systematically understand and serve increasingly powerful customers" (Colony, 2013, para.1). As explained by Forrester (2020), the age of the customer was introduced to represent an important transition for companies: a shift of power from organizations and institutions to the customers.

As we learn from Forrester (2020), "empowered customers are disrupting every industry; competitive barriers like manufacturing strength, distribution power, and information mastery no longer create competitive advantage" (para.1). This is why, today, in order to sustain a competitive advantage, companies should be focused on knowing and engaging with their customers, placing them at the centre of their strategy.

The empowerment of the today's consumer has been partly enabled by technology. Indeed, the rise of Internet and new technologies has allowed customers to "have more leverage and higher expectations than ever before" (Forrester, 2020, para.1). As added by Rouse (2020), today, consumers are, more than ever, informed and demanding. They can quickly access information of a specific product or service, compare prices or vendors but also give their reviews. With this shift of paradigm in the business-consumer relationship, companies need to have "an obsession with understanding, delighting, connecting with and serving customers" (Smith, 2018, para.4).

As brought up by Radu (2019), understanding customers can be a difficult task since "consumers are really complex in needs and expectations" (para.1). However, the study of consumer behaviour is a tool that can be used to better understand them.

According to Cambridge Dictionary (2020), customer behaviour (also called consumer behaviour) is defined as "the decisions that people make to buy or not to buy a product, and the things that influence their decisions" (para.1). In the field of marketing, the analysis of consumer behaviour is used to study consumers and their processes of choosing, buying, using and disposing of product or services (Radu, 2019).

In order to understand consumers and their processes, we will begin by taking an interest in the most important aspect of consumer behaviour: their needs. Indeed, for every company, the analysis of clients is first done through assessing their needs and motivations (Emarketing.fr, 2016).

Finally, we will also take an interest in various tools that are used in marketing to understand consumers such as establishing an appropriate segmentation and studying the customer buying journey and influencing factors (Radu, 2019).

1. The consumer needs

As explained by Darpy and Guillard (2016), needs, desires and motivations are at the source of consumer behaviour. The analysis of these concept was firstly developed in the 20th century, in the field of psychology, but was quickly diffused in the marketing one.

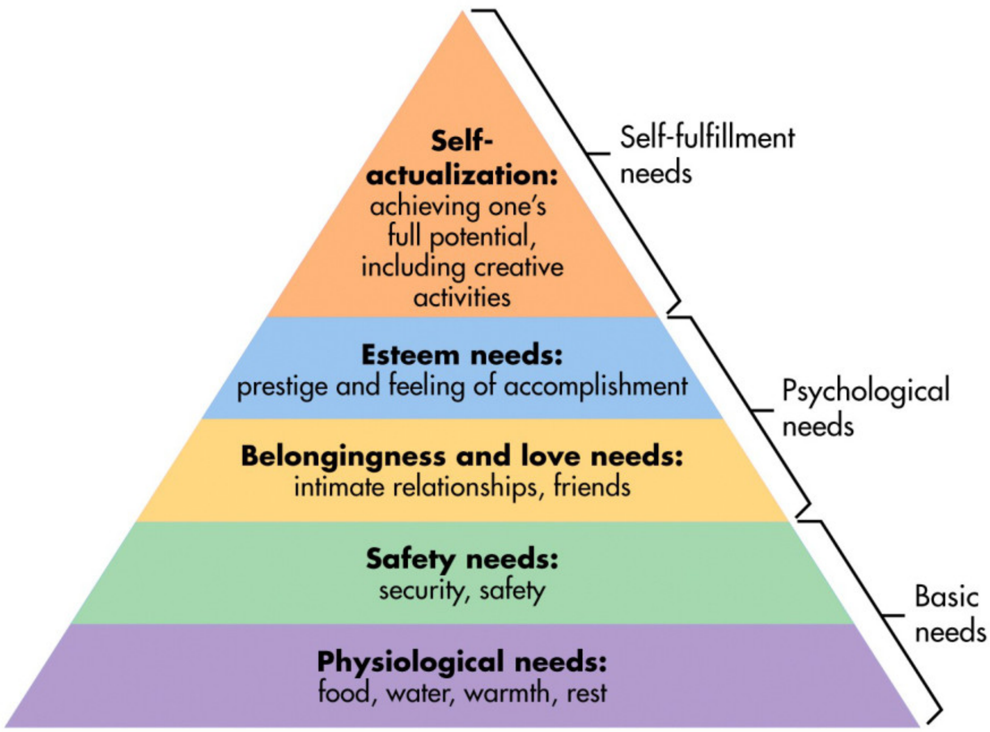
The concept of self is probably the strongest motivation engine. Indeed, trough the self, the individual positions himself in relation to his environment. When it comes to consumption, it has always been a way to affirm one's preferences or vision of self. However, by developing at all levels of society during the second half of the 20th century, consumption has become one of the main vectors of affirmation of the individual. (Darpy and Guillard, 2016)

According to Darpy and Guillard (2016), a consumer doesn't buy randomly. Every consumed product or used service generally corresponds to several needs, even though these needs are not always consciously expressed. The need reflects a certain psychic or psychological imbalance, a lack that the consumer will try to fill by his acts of consumption.

Darpy and Guillard (2016) inform us that a need can be defined as a requirement arising from nature or social life. We can therefore distinguish biogenic needs (which are innate and linked to our human nature) and psychogenic needs (which are learned and linked to our belonging to such and such society). Some sociologies think that most needs are collective, or even that the notion of individual needs is an illusion. Indeed, the consumer lives in a world that has shaped his beliefs and attitudes towards various purchasing behaviours trough education, family or media among others. Needs are therefore often the result of social norms.

1.1. Typologies of needs

As explained by Darpy and Guillard (2016), a large number of human science researchers have proposed typologies of needs. One of the best known is the typology of Maslow.



<u>Figure 2</u> - Maslow's hierarchy of needs
Source : McLeod, S. (2020). *Maslow's Hierarchy of Needs*. Retrieved on 13 March, 2020 from https://www.simplypsychology.org/maslow.html

As reminded by Darpy and Guillard (2016), Maslow distinguishes physiological needs, safety needs, belongness and love needs, esteem needs as well as the needs for self-actualization. For Maslow, these needs form a hierarchy that can be represented by a pyramid, hence the name given to his typology. Indeed, this pyramid can be explained by the fact that higher level need only arises when a lower level need is satisfied. For example, an individual safety needs only appears if his physiological needs are satisfied or his self-actualization can only appear if his esteem needs are satisfied.

Maslow’s famous pyramid has received numerous criticisms, especially from those stating that some needs were missing and that his hierarchy was lacking universality. However, his typology has remained a starting point of reference when it comes to individuals’ needs. (Darpy and Guillard, 2016)

Similarly, another typology that is used in terms of analysing individuals’ needs is the ERG model which stands for existence, relatedness and growth. According to this model, needs can be classified according to their link to the existence or survival of the individual (hunger, thirst…); to social life and contact with others (friendship, love…); or to self-fulfilment and self-actualization (admiration of others, self-esteem…). (Darpy and Guilard, 2016)

Darpy and Guillard (2016) tell us that in terms of consumer behaviour, a typology specific to consumer needs has been proposed by J.C. Hanna which classifies seven different fundamental needs:

- the need for physical safety (i.e. valuing a lifestyle based on materialism)
- the need for material safety (use of products/services without risk to oneself or others)
- the need for material comfort (reduction of the financial and, of the poor performance risk of the purchased product/service)
- the need for acceptance by others (use of products/services valued by the groups with which the consumer wants to associate)
- the need for appreciation by others (use of products/services to achieve status in the community to which the consumer belongs)
- the need for influence on others (use of products/services to influence the consumption of others)
- the need for the development of one’s own personality (use of products/services to stand out from others and become a unique individual)

In relation to Maslow’s pyramid, Darpy and Guillard (2016) inform us that in Hanna’s typology, the need for security is more complex since it has two facets. In addition, a new need is highlighted here, the one of influencing others trough one’s own consumption but also to carry out acts with a consumerist and committed dimension.

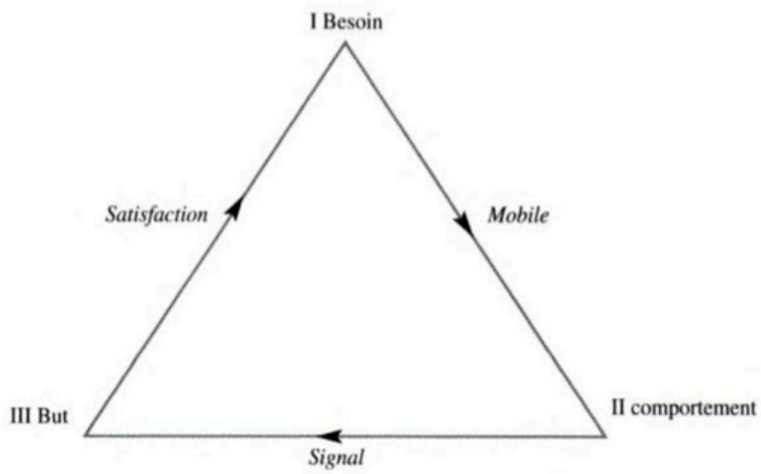
2. The consumer motivation

The concept of need and motivation are strongly linked to each other. Indeed, as explained by Guichard and Vanheems (2004), needs are the one which initiate the process of motivation.
According to Guichard and Vanheems (2004), motivation can be defined as the set of forces that drive an individual to act. When it comes to consumers, motivation describes two aspects of their behaviour: the objective pursued by the consumer and the energy expended to achieve that objective.

As added by Chevalier and Dubois (2009), on the one hand, a need is a psychological state of tension that leads to a behaviour designed to remove or reduce that tension. On the other hand, motivations, but also brakes, are the forces that push the individual to reduce this state of tension. As further explained by Darpy and Guillard (2016), this approach is essentially based on a homeostatic vision of the human being who is constantly in search of both physiological and psychological balance.

In terms of its process, Petrof (as cited by Guichard and Vanheems, 2004) developed the notion that motivation can be structured into three distinctive phases that continually come together.

Figure 7



<u>Figure 3</u> - Petrof's motivation process
Source : Guichard, N., & Vanheems, R. (2004). *Comportement du consommateur et de l'acheteur.* Paris : Bréal.

At the beginning, as mentioned above, the motivation process is typically initiated by needs. These needs will lead the individual to take action. Nevertheless, for action to occur, the need must have a sufficient level of intensity to become a motive. When the consumer makes his choice, i.e. when he enters the behavioural phase, he is influenced by signals coming from his environment such as advertising. Finally, since, by definition, all motivated behaviour is goal-oriented, the motivational process ends as soon as the set goal has been achieved. (Guichard and Vanheems, 2004)

As explained by Darpy and Guillard (2016), a motivation can be positive or negative. A positive motivation will guide the consumer towards a goal while a negative one will guide them to avoid it. As added by Guichard and Vanheems (2004), negative motivations, also referred to as brakes or deterrent, are inhibiting forces, usually from the environment, which exert important influences on the disappearance of an intention to purchase. The disincentives to purchase are therefore what the consumer wishes to avoid when buying a product or using a service.

In terms of types of motives, Chevalier and Dubois (2009) tell us that consumers motives can be, first and foremost, rational (e.g. needing to buy a car if we have to drive 30 miles to work every morning). However, other types of motives can also come into play such as physiological or psychological ones (e.g. wanting to buy a vehicle that is at least as luxurious as our office colleagues). In the same way, the same distinction can be identified in terms of brakes.

In addition, Acevedo (2018) distinguishes latent and manifest motives. Manifest motives "are known and freely admitted" (p.58) (e.g. buying a large car because it is more comfortable) while latent motives "are either unknown or are such that the consumer is reluctant to admit or reveal them" (p.58) (e.g. buying a car because it will be a demonstration of success and power).

Identifying the motivations and disincentives of consumers buying behaviour can appear particularly delicate given that they are mostly unobservable psychological variable. Nonetheless, their identification remains an imperative for marketers wishing to analyse the behaviour of their consumers and to offer the most suitable product or service. (Guichard and Vanheems, 2004)

3. Segmentation

According to Sethna and Blythe (2016), segmentation can be defined as "the act of dividing up a market into groups of people with similar needs" (p.10). When it comes to consumer behaviour, its analysis is strongly linked to market segmentation. Indeed, the goal of segmentation is "to determine which potential buyers are most likely to behave favourably towards our organisation and its products and services" (p.10).

Since the goal of studying consumer behaviour is to understand and better serve their needs, segmentation is an essential tool for marketers because it takes into consideration that clients have different needs. Segmentation allows to group similar customers into segment and thus to treat the different segments in a differentiated, targeted and appropriate manner (e.g. with different marketing measures). (Michel and Petitpierre, 2010)

As explained by Lichtle and Ferrandi (2014), the study of the consumer allows the identification of various variables involved in their consumption process. These variables can then be used to form consumer segments.

We can firstly identify *socio-demographic criteria* which are, typically, the first to be used because their collection is relatively simple. Three types of data are grouped under this category:

- *Demographic data* based on criteria such as gender, age, occupation, income and education that can help to distinguish sub-groups of consumers.

- *Geographic data* based on criteria such as inhabited country, region, city or type of housing which are determining criteria for several categories of products such as food or equipment (heating, pool…), which remain very marked by geographical differences for cultural or climatic reasons.
- *Physical data* based on physical criteria that can be used to segment the population in certain categories of products such as hair and skin nature for cosmetics or height and weight (clothing, medicine) among others. (Lichtle and Ferrandi, 2014)

Lichtle and Ferrandi (2014) also indicate that *behavioural criteria* relating to the consumption behaviour of individuals can be used in the segmentation process. In this type of segmentation, several are frequently used :

- *The level of use* : for example, it may be possible to differentiate small, medium and large users of a product category. It may also be possible to differentiate consumers according to their level of loyalty, the frequency and recentness of their purchases or the amount they spend on them.
- *The time and the mode of consumption* : for example, the consumption of cheese in Europe can be described according to its time of consumption (at breakfast in Germany, end of meal in France...).

Finally, the last type of characteristics that can be used to segment customers are *psychographic criteria.* Sethna and Blythe (2016) refer to psychographic segmentation as “dividing a market according to the psychological profiles of potential customers” (p.10). Indeed, as added by Dolnicar, Grün and Leish (2018), consumers can be grouped “according to psychological criteria, such as their beliefs, interests, preferences, aspirations, or benefit sought when purchasing a product” (p.44). However, the most commonly used types of psychographic segmentation are :

- *The benefit segmentation* which consists of dividing a market according to the benefits consumers are looking for in purchasing a product or using a service such as low price, good taste or comfortability.
- *The lifestyle segmentation* which is “based on people’s activities, opinions and interest” (p.44).

As reminded by Lichtle and Ferrandi (2014), segmentation makes it possible to form groups of individuals with homogeneous behaviours and to visualise the main types of consumers in a given market. Therefore, companies most often use several criteria in order to better target and respond to their customers.
The segmentation process thus remains specific to each company and the criteria mentioned above are by no means exhaustive.

4. Customer purchasing journey

4.1. Decision making process

Beyond studying their needs, motivations and characteristics, it is also important for marketers to take interest in the decision-making process of customers. Indeed, at the marketing level, understanding the consumer's decision-making and purchasing process can provide valuable information. The main idea is to analyse the path taken by the customer, from his search for information to his act of purchasing, which makes it possible to establish relational marketing with the customer but also to create the right added value throughout his journey. (Emarketing.fr, 2016)

As explained by Sethna and Blythe (2016), many decision-making models have been proposed in the literature to analyse the different stages consumers will go through. Even if this complex process varies according to the type of products or services considered, some analogies can be identified. We will take an interest here in the CDP model that is widely used in order to study consumer behaviours. This Consumer Decision Process model was developed by Engel, Kollat and Blackwell (as cited in Sethna and Blythe, 2016) and is composed of seven stages :

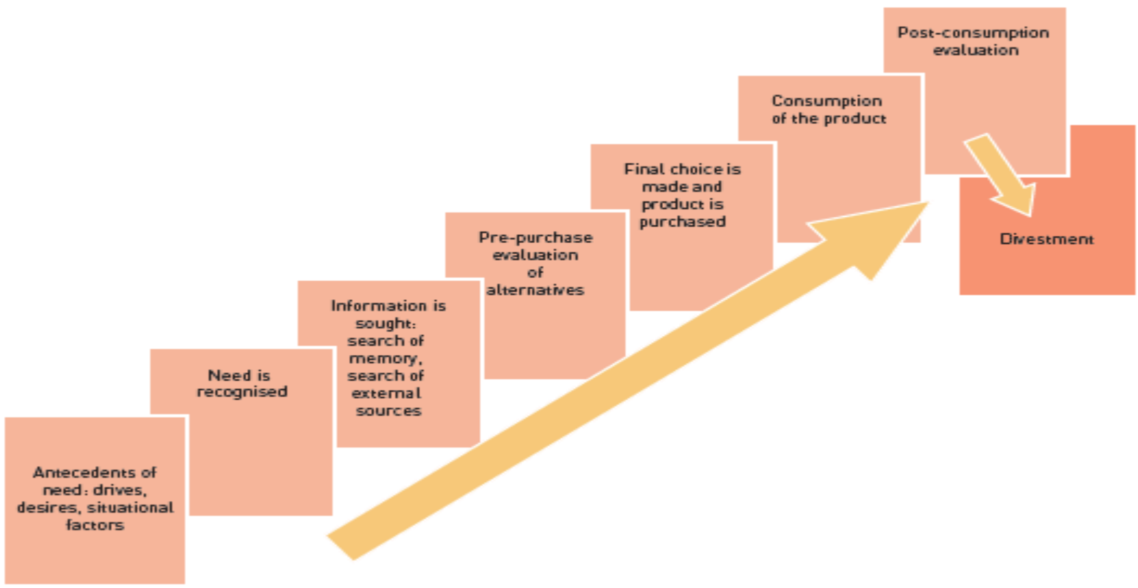


FIGURE 3.3 The decision-making process

Figure 4 - The decision-making process
Source : Sethna, Z., & Blythe, J. (2016). *Consumer Behavior* (3rd edition.). London : SAGE.

1. *Need recognition* : at this stage, the consumer recognises that something is missing. Indeed, a sense of disconnect is felt between his desired state and current state, and this feeling of need will initiate the process. (Halawany-Darson, 2012)

2. *Search for information* : In order to fulfil this need, the consumer will start by searching for information. This often begins by an analysis of internal information stored in his memory such as recalling facts about products or past experiences about a service. This internal analysis is followed by a more active external search (reading about products, surfing the Internet, friends, family, media, visiting shops and retail outlets, etc.) especially if the information stored in memory is not sufficient to make a decision or when the choice is complex. For the consumer, this stage has as main goal to reduce the risk and uncertainty associated with the purchase of a product. (Halawany-Darson, 2012)

   As explained by Engel, Blackwell and Miniard (cited in Halawany-Darson, 2012), the search for information is influenced by various individual and environmental factors : its intensity (time devoted to the research and amount of information), its orientation (i.e. subject of research such as products, shops or brands) and the sequence of steps in this research (the order of the information).

   Bettman (cited in Halawany-Darson, 2012) distinguishes two types of information retrieval depending on the objective sought: a *permanent search* for information triggered by an individual's general interest in a subject or product and aimed at improving his or her knowledge, and a *search linked to a purchase decision*, the objective of which is to make a purchase.

   As mentioned above, one of the reasons why consumers are urged to seek information before making a purchase is to reduce the uncertainty and risk inherent to any decision to an acceptable level.

   When it comes to uncertainty, according to Urabny and al. (cited in Halawany-Darson, 2012), a distinction can be made between *choice uncertainty* and *knowledge uncertainty*. Consumers who lack general knowledge about a product category avoid seeking information because they feel they will not be able to master this difficult task while an uncertainty linked to a choice will drive consumers towards a broader search for information.

   On the matter of *risk*, from a marketing point of view, it is based on the individual's perception of the situation, its nature and the consequences that may be negative. It is therefore the cognitive (thinking about the product) and affective (feeling) assessment of risk. The latter is an important factor at this stage in the purchasing process, but also affects the rest of the decision-making process. Indeed, the involvement of the consumer throughout this one is largely a function of the risk associates with the purchase of a product. The more he perceives this purchase as risky, the more involved he will be in his decision process to reduce this risk.

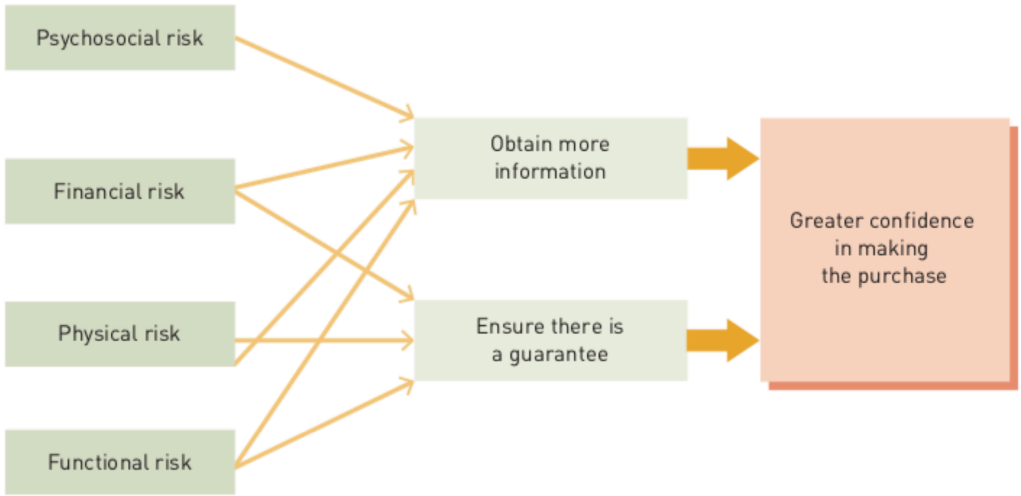


FIGURE 3.7 Reducing risk

<u>Figure 5</u> - The consumer risks
Source : Sethna, Z., & Blythe, J. (2016). Consumer Behavior (3rd edition.). London : SAGE.

As explained by Halawany-Darson (2012), there are several types of risk :

- *Functional risk* exists when there is a mismatch between the product and consumer expectations. It is one of the risks that has the greatest impact on consumer behaviour. In order to reduce this risk, the consumer can base his choices on so-called 'safe values' or he can try to get more information about the desired product.

- The *economic risk* depends on the price of the product purchased as well as the income of the consumer. The more expensive a product is, the more complex the decision-making process that will lead to the purchase.

- *Psychological risk* exists when there is a gap between the product and the image the consumer likes to have of himself.

- *Social risk* exists when there is a gap between the product and the image that others have of an individual. This depends on the sensitivity of consumers to their environment and the visibility of the product purchased.

3. *Pre-purchase evaluation of alternatives* : based on the information he has gathered, the consumer evaluates the alternatives and their respective attractions by comparing the available elements and attributes of the alternatives according to personal criteria. The factors that play an important role here are his cognitive factors and his personal rules for judging a product (price, brand, "made-in"...). This stage allows the formation and orientation of consumer preferences and attitudes. (Halawany-Darson, 2012)

4. *Purchase* : This stage concerns the act of making the final selection between the alternatives and paying for it. The act of purchasing largely depends on the attitude developed by the consumer towards the product and the point of sale in question. (Halawany-Darson, 2012)

5. *Consumption* : *"*using the product for the purpose of fulfilling the need*"* (Sethna and Blythe, 2016, p.74).

6. *Post-consumption evaluation :* is the post-purchase analysis of the adequacy of the chosen solution to the initial problem. Following the purchase, the consumer may experience a feeling of satisfaction or dissatisfaction. This feeling will arise according to "whether the product actually satisfied the need or not and whether there were any problems arising from its purchase and consumption" (Sethna and Blythe, 2016, p.74). This feedback stage will have an influence on his subsequent choices (cognitive learning theory), which makes the process continuous (Halawany-Darson, 2012).

7. *Divestment* : *"*disposing of the product, or its packaging, or any residue left from consuming the product (either as a conscientious consumer or as a result of legislation, for instance 'end of life' for vehicles)" (Sethna and Blythe, 2016, p.74).

4.2. Influence

As explained by Perreau (2013), the consumer is a complex individual. During this decision-making process, his behaviour will be influenced by various factors both internal and external.

Intrinsically, as previously mentioned, the consumer will mainly be influenced by his needs and motives. However, other variables will also come into play in the decision-making process. Indeed, as pointed by Perreau (2013), some influencing factors are particular and unique to each individual :

- Perception : is the process through which an individual selects, organizes and interprets the information he or she receives in order to make something meaningful. The perception of a situation at a given time may decide if and how the person will act. Based on his perception, an individual's interpretation in the face of a stimulus will causes a certain reaction and generates a behaviour, which differs from one person to another. For example, for brands, this means that the message they communicate will never be perceived the same way by consumers and that everyone will be able to perceive it differently.

- Learning : is linked to the acquisition of new behaviours as a result of past experiences. Indeed, when we act, we then learn. This is how learning changes a person's behaviour as they acquire new information and experience. For example, if you are sick after drinking milk, you have had a negative experience, you associate milk with this discomfort and you then learn that you should no longer drink milk. Learning theories can be used in brand marketing such as the theory of operant conditioning which teaches that a good image and the demand for a product can be reinforced by associating it with positive reinforcement.

- Attitudes : are linked to feelings and evaluations of individuals. Indeed, predispositions of the consumer that change his or her perception about a product, an object, a situation, either positively or negatively. Attitudes can change over time and with experience, whether it is the consumer's willingness or a company's desire to bring about change.

- Personality : is the set of traits and characteristics of each individual. It is the result of the interaction of the individual's psychological and psychic characteristics and results in a constant behaviour. At the marketing level, in order to attract more customers, many brands try to develop an image and personality that conveys the real or desired lures and values targeted by their consumers.

Extrinsically, as pointed out by Perreau (2013), the consumer can be influenced by various external elements that will affect his choices and decisions, the main one being the culture, social class, trends, reference group and family :

- Culture : is mainly linked to the value system, norms and morals that will characterize the way of life in a given society. Culture is critical in understanding an individual's needs and behaviours. Indeed, throughout his or her life, an individual will be influenced by his or her cultural environment which will teach him or her values, preferences and behaviours specific to their culture. For a brand, it is important to understand and consider the cultural factors inherent to each market in order to adapt its product and marketing strategy. These elements will play a role in the perception, consumption habits, behaviour or expectations of consumers.

  It is interesting to note that a society is composed of several subcultures within which individuals can identify. Subcultures are groups of individuals who share values based on a common experience or a globally similar way of life. Examples of subcultures are nationalities, religions, ethnic groups, age groups, gender, etc. Subcultures are thus often taken into account by brands when segmenting a market in order to adapt a product or their way of communicating to the specific values or needs of that segment. For example, in recent years, the so-called "ethnic" cosmetics segment has grown significantly.
  These are products that are better adapted to non-Caucasian populations such as to the skin types and pigmentation of African, Arab or Indian populations.

- Social classes : are defined as more or less homogenous groups and classified in relation to each other according to a form of social hierarchy. Even if they are very large groups, similar values, lifestyles, interests and behaviours are generally found among individuals belonging to the same social class.
  In general, there are three main types of social classes: the working class, the middle classes and the "comfort classes". Individuals from different social classes generally have different desires and consumption habits. These disparities arise from their different purchasing power, but not only that.

  Individuals from different social classes generally do not always buy the same products, choose the same type of holiday, watch the same TV programmes, read the same magazines or have the same leisure activities. For example, consumers from the middle classes and "comfort classes" generally consume healthier and more balanced food products than those from the working classes.

- Cultural trends : also referred to as “fashion effects”, they are defined as trends that are widely followed by individuals and that are amplified by their simple popularity or by the effect of conformity. The more individuals follow a trend, the more others will want to follow it. Trends affect consumer behaviour and buying habits and can be linked to the release of new products or become a source of innovation for brands.

  Through social pressure, the desire to conform or to belong to a group, the desire to "follow the fashion" or simply because of the high visibility they generate, consumers will be influenced, consciously or unconsciously, by these trends. For a brand, creating a new cultural trend from scratch is not easy. Wan can mention Apple, who has done it with their tablets and phones, but this is still an exception. Nonetheless, brands have to stay in tune with trends and fashion effects whether it is to join them or to integrate a newly created market.

- Reference group : are defined as those that provide the individual more or less direct points of comparison in terms of his or her behaviour, lifestyle, desires or consumption habits. They influence the individual's self-image and behaviour, and this happen whether or not they are groups to which he or she belongs.

  Indeed, an individual can also be influenced by a group to which he does not yet belong to but of which he would like to be a part of. We then speak of an aspiration or aspirational group. This group will have a direct influence on the consumer who, wishing to belong to this group and resemble its members, will therefore seek to buy the same products. For example, a teenager may want to purchase the smartphone used by his school's "popular kids" (aspiration group) in order to be accepted by that group.

- Family : is perhaps the most influential element for an individual. It forms an environment of socialization within which an individual will evolve, form his personality, acquire values. Based on his family environment, an individual will develop opinions and attitudes on various subjects such as politics, society, social relations or even himself and his desires. It will also have an influence on his consumption habits, his perception of brands and the products he buys.

  Family perceptions and habits generally have a strong influence on consumer purchasing behaviour. Individuals will tend to retain the same habits they have acquired with their families. For example, if you never drank Coke as a child and your parents described it as "full of sugar and unhealthy", you will be much less likely to buy it as an adult than someone who has been drinking it since childhood. For brands, although challenging, "integrating" the family unit can be an opportunity to develop strong consumer loyalty, if successful.

As added by Perreau (2013), it is interesting to note that within a reference group as well as within a family, several consumer roles have been identified linked to the influence an individual might have in the buying decision :

- The initiator : the person who suggests buying a product or service.
- The influencer : the person whose point of view or advice will influence the purchasing decision. It can be someone from outside the group (singer, sportsman, actor, etc.) but to whom the group or family members refer to.
- The decision-maker : the person who will make the choice of which product to buy, where or how to buy it. In general, it is the consumer, but in some cases, it can also be someone else.
- The buyer : the person who is going to buy the product.

Many brands seek to target opinion leaders (initiator or influencer) in order to spread the use and purchase of their product within a social group. This can be done via an internal person within a group or a family member but also by associating oneself with the image of a reference leader (celebrity, actor, musician, sportsman, etc.) for larger groups.

PART II : THE COSMETIC INDUSTRY

Before taking a particular interest in the cosmetic industry, it is important to firstly remember what an industry is. An industry is defined as “a group of companies that are related based on their primary business activities” (Investopedia, 2019, para.1).

Indeed, « similar businesses are grouped into industries based on the primary product produced or sold, creating industry groups that can be used to isolate businesses from those who participate in different activities » (Investopedia, 2019, para.3).

In order to analyse the cosmetic one, we will firstly take an interest in its general definition and to its scope of application. Then, to understand how cosmetics products have emerged into society, we will briefly look at the history that lies being them.

Further, we will focus on an analysis of the current state of this industry, in terms of figures, structure and competition. We will also take an interest in the consumer of cosmetics to understand how these products benefit our life. Finally, we will look at some of the trends that have recently emerged in the cosmetic industry.

1. Definition and scope

Various definitions are often associated with the cosmetic industry. However, I thought it would be logical to search for a definition associated with an official authority in the matter. Charlier, Vandermeersch, Decoster and Preillon (2016) explain that the “EU Regulation (EC) No 1223/2009 of the European Parliament … on cosmetic products defines cosmetics as any substance that comes into contact with the epidermis, hair system, nails, lips and external genital organs or with the teeth and the mucous membranes of the oral cavity”(p.5) with the goal to clean or protect them, keep them in good conditions, perfume or correct odours or overall to change their appearance.

Since the range of products and substances involved in cosmetics varies grandly, cosmetics products are often segmented into different categories. Indeed, “Cosmetics Europe, the European personal care and cosmetics federation, identifies five main categories of cosmetic products” (Charlier and al., 2016, p.5) that include :

- Toiletries
- Skin care products
- Hair care products
- Makeup products that are also referred to as decorative cosmetics
- Perfumes and fragrances

In conclusion, we can state that the cosmetics industry is a large one that include cosmetics but also personal care products “ranging from antiperspirants, fragrances, makeup and shampoos, to soaps, sunscreens and toothpastes” (Charlier and al., 2016, p.5)

2. The history and origin of cosmetics

It is interesting to look at the history of cosmetics to understand their origin and how cosmetics products have emerged into the society. While some of us could believe that cosmetics are part of modern history, it has been discovered that their usage goes back to a thousand of years. (Cosmetics Europe, 2020)

The history and evolution of cosmetics products is truly surprising since it has been traced back to prehistory and to Neanderthal man’s who used mineral pigment to affirm their belonging to a certain group or to impress animals while hunting. However, as explained by Cosmetics Europe (2020), it has been found that Egypt was the real initiator of the development of cosmetics. Indeed, the civilization of the Ancient Egypt were the first to take an interest in cosmetics as beauty products. It was found that they « used scented oils and ointments to clean and soften their skin, protect it from the sun and wind, and even to mask body odours. Heavy make-up around the eyes also became common in ancient Egypt as a beauty statement, as well as to offer protection from evil spirits and improve eye-sight » (Cosmetics Europe, 2020, para.3).

Concerning other civilization, we learn from Cosmetics Europe (2020) that , « discoveries show that people living in present-day Turkey used creams made of animal fat to soothe the skin as far back as 3000 BC » (para.4) and that « still back in ancient times, Chinese people stained their fingernails with colours to represent a social class » (para.4). It was also found that even Vikings « used make-up, such as kohl for the eyes, while much attention was paid to grooming of hair and beards and weekly bathing, which was unusual at the time” (para.7).

Cosmetics were then introduced to Greece. Indeed, it is at the beginning of the Middle Ages that cosmetics were spread across Europe. During that era, beauty products were mainly used to represent the Western feminine ideal of the time. Later, during the Renaissance, a specific beauty product was developed in France, namely perfume that became fashionable. However, it was not until the eighteenth century that the use of cosmetics gradually became more widespread among the general population. (Cosmetics Europe, 2020)

As explained by Cosmetics Europe (2020), the turning point in the western cosmetics world came in the twentieth century when mass-market cosmetics finally became financially viable. Because it was finally possible to make profit out of it, people took an interest in marketing and selling them. This is how “the rise of an actual cosmetics industry took off at the start of the 20th century” (para.10).

Fast forward to today, cosmetics have become part of our daily lives while this global industry has enjoyed unprecedented success becoming a multi-billion one.

3. Today's cosmetics industry

As explained by Cosmetics Europe (2020), today, the cosmetic industry is a giant one that spans the globe, always looking for news products, ways and trends to support and ensure its growth. Globally, "consumers use cosmetic and personal care products contributing to wellbeing and healthy lifestyles, and positive self-esteem every day" (Charlier and al., 2016, p.5).

As brought up by L'Oréal (2019), the global cosmetics market is a powerful and dynamic market, driven by strong consumer growth potential. Indeed, "the global cosmetics market continued to grow steadily, spurred on by the limitless diversity of consumer aspirations and by innovation. This constant growth can be explained by the very nature of the cosmetics sector, which addresses a need that has been around since the beginning of human history: the quest for beauty" (L'Oréal, 2018, para.2).

In terms of figures, the cosmetic market has been constantly growing over the past decade. Indeed, in 2009, the growth rate of the global cosmetic market was estimated to around +1.0%, to +3.6% in 2015 and amounted to +5.5% in 2018 and 2019 (L'Oréal, 2018). In terms of revenue, the global cosmetic market was estimated to 507.8 billion U.S. dollars in 2018, 537.7 billion U.S. dollars in 2019 and is projected to be valued over more than 750 billion U.S dollars by 2025 (Statista, 2019).

Traditionally, the global cosmetics market can be segmented either by product category, by mode of sale and distribution channels or by geographic zone. Therefore, we will analyse today's cosmetic industry landscape though each of these segments.

3.1. Geographic landscape

Globally, the cosmetic industry is biggest in Asia Pacific. Indeed, it accounted for more than 40% of the global cosmetic market in 2019. Asia Pacific is followed by North America that accounted for 24% and Western Europe for 18% of the total global cosmetics sales. The geographic zone that accounts for the smallest share in the global market is Africa and Middle East who both accounted for only 3% in 2019. (L'Oréal, 2019)

It is interesting to note that Europe used to dominate the global cosmetic market not so long ago. Indeed, as pointed out by Charlier and al. (2016), back in 2015, the cosmetic market used to be the biggest in Europe that accounted for about a third of cosmetics global sales. However, as explained by L'Oréal (2019), since a few years, Asia Pacific has become the main geographic growth driver of the global cosmetics market.

As confirmed by Cosmetics Europe (2019), this can be observed when looking at the countries that are the biggest players in the global cosmetics market. Indeed, in 2018, four of the world's most profitable countries in terms of cosmetics sales were Asian and included China, Japan, India and South Korea.

At the European market level, in 2018, Cosmetics Europe (2019) indicates that the value of the European cosmetics market was evaluated to 78.6 billion euros. In terms of countries and their share in the European industry, Germany was the largest consumer of cosmetics and the value of its market was valued to more than 13 billion euros. The country that ranked as a close second was France with a market evaluated to around 11 billion euros. United Kingdom was then ranked as the third biggest consumer of cosmetics in Europe. We can also mention Italy and Spain as they, all the same, weight a lot as cosmetics consumers in Europe.

As explained by Statista (2019), "the cosmetics industry is showing an ever growing (sic) increase in the European markets, with the value in both east and west Europe increasing year on year. The market value of beauty and personal care products in Western Europe reached approximately 84.3 billion euros in 2018 and was forecasted to increase by a further five billion by 2020" (para.1). It is interesting to note that the numbers concerning Eastern Europe tend to be lower than those of Western Europe because of the larger market and higher population of the latter. This can be confirmed given that compared to the Western market, "in the east, the market value for 2018 was estimated at 23.1 billion euros" (Statista, 2019, para.1).

Concerning Belgium, our country was ranked at the 8th place with Luxembourg and accounted for 2.101 billion euros of the European cosmetics market in 2018 (Statista, 2019). It seems like the Belgian market has been growing at a steady pace for the past few years. Indeed, in 2015, Charlier and al. (2016) inform us that it was ranked as ninth at the European level with a value of 2,057 billion euros in 2015.

3.2. Product category landscape

Such as the cosmetic industry that is often segmented into five different categories of products, the cosmetic market can be breakdown by product category to identify how they each contribute to its turnover. In 2019, the global market has been dominated by the skincare category that made up 40% of its turnover. In second place we could find haircare that made up 21% and in third place make-up, with 18%. The two categories which therefore made up the smallest share of the global market were perfume with 11% and toiletries with 10%. (L'Oréal, 2019)

At the European level, Statista (2019) shows us that "in 2018, the most sought after (sic) cosmetic items in Europe were skin care products, accounting for a value of 20.4 billion euros. Toiletries and hair care products were the product categories ranking in second and third place, with market values of 19.92 billion euros and 14.92 billion euros, respectively" (Statista, 2019, para.2). We can also note that "the decorative cosmetics market was worth 11.07 billion euros, the smallest amount among the categories" (Statista, 2019, para.1).

It is interesting to note that, as much in the global market as in the European one, the skincare category has been a leader of the cosmetics industry for the past few years. As explained by L'Oréal (2019), skincare, that includes face care, body care and sun care products, has been the main growth drivers of the cosmetics market and represent around 60% its growth globally. The global skincare market amounted in 2015 to +4,3% of growth while in 2019, the market grew an amount of around 8%.

3.3. Distribution channels landscapes

As explained by Allied Market Research (2016), the global cosmetics market can be segmented depending on its distribution channel. Traditionally, on a global scale, the two main segments are retails sales and online sales. In addition, the retail mode of sale is « further classified into general departmental store, supermarkets, drug stores and brand outlets » (para.7). Generally, it has been proven that customers tend to prefer buying their cosmetics through the retail channel. Indeed, the retail segment always seem to grab the biggest share in the cosmetics products sales. However, since a few years, the online buying channel in order to purchase cosmetics has been on the rise among customers and online sales have been growing at an attractive pace since 2015.

As confirmed by L'Oréal (2018), one of the top factors that has been contributing to the growth of the cosmetics market has been the continual increase of online cosmetic purchases. Indeed, in 2019, the growth of online global cosmetics sales was estimated to +27% and e-commerce represented 14% of the cosmetics market. I

At the European level, Cosmetics Europe (2019) inform us that the consumer preference towards physical distribution channel can also be observed. Indeed, their research indicate that the cosmetic sales by distribution channel in Europe place drug store and pharmacy in first place with almost 60% of share. Supermarkets are placed second with more than 35% of share followed by specialist cosmetics stores and perfumeries. Online sales, as for them, represented less than 10% of the total value of sales.

4. Market structure, competition and global leaders

When it comes to the cosmetics industry, this industry "exists in a market structure that is a cross between the extremes of perfect competition and monopoly – that is, monopolistic competition" (Global Insight, 2007). As defined by Dwivedi (2002), "monopolistic competition refers to a market structure in which a large number of sellers sell differentiated products which are close substitutes for one another" (p.335).

As brought up by Global Insight (2007), in the case of the cosmetic industry, this market structure “is characterized by a large number of firms that attempt to differentiate their products and maintain a certain degree of control over their pricing” (p.79). Indeed, cosmetics companies will often try to put forward the uniqueness of their product or brand with the goal of justifying higher prices, to appeal to a particular audience or for reaping economic profit.

As explained by Global Insight (2017), when it comes to barrier to entry, “in general monopolistic competition is characterized by relatively low barriers to entry and exit" (p.79). But this is always only true to a certain extent. Indeed, in the case of the cosmetic industry, even though companies can easily penetrate the market, they could usually be faced with its main barrier that are the intensity of the competition and the need to comply to strict regulation to enter this market.

In terms of *regulation,* as pointed out by Charlier and al. (2016), “cosmetics products sold in Belgium and the European Union are subject to very strict regulation. They are among the most stringently regulated products, which provides consumers with guarantees as to their safety for humans” (p.18). When it comes to manufacturing or selling cosmetics products within the European Union, companies are subjected to a European Regulation.

This legislation has been harmonized throughout Europe and sets requirements for every cosmetic product circulating within its market. These requirements, with the goal of ensuring the conformity and compliance of cosmetic products, regulate a wide range of area including the method of manufacturing, the safety report, products composition and labelling.

In terms of *competition*, as explained by Ketabchi (2020), the cosmetic industry is characterized by a lot of concentration. Indeed, it is globally dominated by a couple of multinational companies, which alone, share the majority of the market.

In 2019, the top three leading cosmetics manufacturers had the French giant L’Oréal in first place with around 31 billion U.S dollars of revenue worldwide. Unilever was positioned at the second place with 23.6 billion U.S dollars and was followed in third place by Estée Lauder with almost 15 billion U.S dollars of revenue (Statista, 2020).

As explained by Elia (2019), L’Oréal is a French group specialized in personal care and cosmetics products. The company that was founded in 1909 has, since then, managed to become the number one international leader of the cosmetic industry. “L’Oréal is a leader due to the size of its sales turnover, its growth, and its financial results in the world of cosmetic products on a global scale, but also because of the exceptional longevity of its performance” (Chailan, 2010, p.76). L’Oréal’s success can be attribute to several strategies they have banked on.

Firstly, as pointed out by Elia (2019), L'Oréal has a unique strategy focus on universalization. Indeed, with a mission focused on "Beauty for everyone", the company has banked on understanding and respecting differences. Their second main strategy is to offer the best of cosmetic innovation to all women and men around the world. The company therefore constantly invest in research and innovation. Finally, one of their biggest strength also lies in their brand ambassadors who carry enormous weight for the brand and its notoriety.

Besides their extensive product range, it is also important to mention the large brand portfolio that the company possesses. Indeed, as pointed out by L'Oréal (n.d.) one of their main competitive advantages lies in the fact that the company has managed to build a diversified portfolio of brands with the intention of covering all the territories of the industry. Among its many subsidiaries, we can find Yves Saint Laurent in the luxe department, Maybelline in their mass-market segment but also professional brands such as Kérastase and La Roche Posay in their active cosmetics division.

Concerning Unilever, it is one of the biggest global consumer goods companies. As explained by Unilever (2020), the company was founded more than 120 years ago and today, more than 2 billion people are using their products daily. Such as L'Oréal, Unilever has managed to acquire a large portfolio of brands of over 400, covering consumer products from household items to ice creams. The company is present in more than 190 worldwide and among their famous brands, we find big names such as Lipton, Rexona, Dove and Vaseline. Since 2017, Unilever has also created their own new cosmetic company called Unilever Cosmetics International with the goal of extending their portfolio of prestige cosmetics brands, focusing on beauty and fragrance products.

Finally, "Estée Lauder is one of the world's leading manufacturers and marketers of quality skin care, makeup, fragrance, and hair care products" (Technavio, 2019, para.6). Since their beginning in the 1940s with the introduction of their own beauty line, Estée Lauder (2020) has become a global cosmetic leader and is active in around 150 countries. One of its unique features is that the company is only active in the premium cosmetics segments. In fact, Estée Lauder prides themselves as being "the only company focused solely on prestige makeup, skin care, fragrance and hair care" (para.1).

One of the most important strategy that has allowed them to reach a spot in the top leading beauty company is their portfolio strategy. Indeed, Estée Lauder has currently cultivated a large portfolio with more than 25 prestige brands. Their strategy "includes growing existing brands and discovering new high-potential acquisitions" (para.1). In addition, with the goal of maintaining their position as global leader, the company focuses on nurturing and preserving the distinctive identity of each of its brands. Among its prestige portfolio, are founded several popular brands such as Bobbi Brown, La Mer and MAC Cosmetics.

5. The cosmetics consumer

As explained by Charlier and al. (2016), the cosmetic industry value chain is made up of various actors, from manufacturers to retailers, who together, perform activities and add their contribution to a final common goal : providing valuable products and services to the end consumers.

Today, cosmetic products are an integral part of consumers' lives. Indeed, as explained by Cosmetics Europe (2017), a study on consumer insight of the cosmetics industry as shown that European consumer held cosmetics products in high regard. In fact, 71% of them consider them as "important or very important in their daily lives" (p.4).

The fact that cosmetics and personal care products matter so much to consumer is not surprising since, unlike many other products, they play not only a functional but also emotional and psychological role in consumers' life (Charlier and al., 2016).

- Functional benefit

As reminded by Charlier and al. (2016), consumers are surrounded by functional products every day in their life whether it be by using cleaning product to clean your home or mowing your lawn using a mower. However, cosmetics are not as straightforward and embody several aspects to them.

Of course, the starting point of their function is to serve the health and hygiene of consumers. Indeed, "health is, in the first place, the result of personal hygiene, which is achieved by using cosmetics. Personal care and hygiene products, such as soap, shampoo and shower gel, are essential to modern hygiene and good health, and contribute to longevity" (Charlier and al., 2016, p.4). For example, since soaps have become accessible to everybody, several illnesses that were linked to a lack of hygiene are no longer part of western societies. This has not only improved our quality of life but also contributed to higher life expectancies.

An important function of some cosmetics is also to protect our bodies against external influences. For example, even though not many realize it, toothpaste and sun care products are a part of cosmetics. On the one hand, toothpaste can protect our teeth from decay while, on the other hand, sun products are meant to protect our skin against the damage of sun's rays but also to prevent skin cancan that can be caused by sunburn. (Charlier and al., 2016)

The functional role that cosmetics play for the health, hygiene and protection of consumers is a key driver of quality of life. Indeed, as pointed out by Cosmetics Europe (2017), at the European level, the majority of consumers "make a clear link between it and their ability to lead a healthy, hygienic and fulfilling life" (p.7) and this value can be felt across all age groups. In fact, 72% of the respondents have said that the use of cosmetics and personal care products improved their quality of life.

As showed by Cosmetics Europe (2017), “European consumers prioritise good health and personal hygiene as their most important drivers of quality of life” (p.10). Indeed, when asked about the latter, being a relatively nuanced and comprehensive concept, consumers usually have to evaluate it according to several criteria. The results showed that, in Europe, 98% of consumers considered good health as important and very important for their quality of life with a further 94% for personal hygiene placing them “even above financial stability at 93% or a rewarding job for 79%” (p.10). This perception of consumers reflects that well-being as become an emerging priority across society which consumers have been able to achieve thanks, in part, to cosmetics products.

It is important to note that in terms of perceived importance and attachment to cosmetics, some differences can be observed according to the category of products. Indeed, at the European level, the value attributed to cosmetics varies in terms of gender but also of geography. (Cosmetics Europe, 2017)

First, in terms of geography, Cosmetics Europe (2017) tell us that “regional differences and frequency of use may also influence perceived value” (p.8). For example, the value attributed to sun care products varies according to the Southern and Northern European regions. Indeed, “sun care products are considered by 75% of Southern European respondents to be important or very important in their daily lives, while only 32% of Nordic consumers agree” (p.8).

In terms of gender, the biggest gap can be found in terms of perception of make-up products since only 15% of male respondents perceived them important to their life while, for female respondents, 65% of them judged them as important or very important. Men have also shown to have a relatively ambivalent attachment to sun care products. In addition, in terms of their contribution to their quality of life, the value of cosmetics is especially strong among women while being less marked among men. (Cosmetics Europe, 2017)

These figures show that despite men’s “increasing awareness and concern for their appearance (…) especially in the 45-64 age group as they lead increasingly active lifestyles and are more conscious about their appearance and health than earlier generations” (Cosmetics Europe, 2017, p.8), a gap can still be found in terms of perception and value of cosmetics between genders. However, we can still note that, whether it be on the side of women or men, both genders placed oral care product as the most important category of cosmetics, followed by body care and hair care products.

- Emotional and psychological benefit

In addition to their contribution in terms of health and quality of life, as pointed by Charlier and al. (2016), "the hygienic and protective value of cosmetics goes beyond their functional operation to the level of human psychological health" (p.4). Trough odours and textures, cosmetic products are linked to our emotions but also to the memories stored away deep in our minds. "In fact, throughout our lives we sketch an image of ourselves made from scents, experiences and memories" (p.4). For example, scents follow us throughout our development. In addition, knowingly or unknowingly, we linked them to specific events or people which marks us such as the perfume of a beloved aunt or the smell of our childhood blanket.

Beyond experiences and memories, cosmetics also impact our daily lives since they play an important role in social interaction. Firstly, at the personal level, a survey made by Cosmetics Europe (2017) has shown that cosmetics play an important role in building self-esteem. Indeed, 80% of consumers reported that they considered cosmetics important or very important in enhancing their self-esteem thank to its large range of products. It is also important to note that this perception was felt throughout all age groups since "everyone from young millennials to older age groups relying on products that matter to them to help enhance how they feel in their daily lives" (p.14).

In parallel, as explained by Cosmetics Europe (2017), by enhancing consumers' self-esteem, cosmetics also play an additional role at the social level. Indeed, 60% of European consumers reported that cosmetics "help them to interact with others in the way that they want" (p.14) by increasing their confidence and appearance needed to fulfil their social life.

By helping consumers social interaction, cosmetics have been shown to be link to individuals' well-being by having positive effects on our image, mood and confidence but also by reinforcing our personalities. In addition, they have also been linked to enhancing our role in civic society and having benefits for our "love life, family life, professional life and health" (Cosmetics Europe, 2017, p.14).

Finally, it is also important to mention the role that cosmetics can play in our sense of community. First, as explained by Cosmetics Europe (2017), by helping us asserting our looks, they can enhance our feeling of social acceptance and security. Furthermore, as added by Charlier and al. (2016), historically, "the use of cosmetics has been part of a natural tendency of humans to impress, frighten, seduce or manipulate" (p.5) given us control over our appearance and the way we are seen by others. They can also impact how we perceive others, give us a sense of reassurance trough, for example, a familiar scent or of connection by, for example, turning a stranger into a friend thanks to similar styles.

We can therefore retain that, for individuals, cosmetics play a multidimensional role at the functional, psychological and social level. Indeed, "cosmetics have long been part of our quality of life and, consequently, have improved our health. They also determine how people perceive each other and the world around them, while providing a framework for our experiences and memories" (Charlier and al., 2016, p.5).

6. Industry trends

As reminded by CB Insights (2020), the cosmetics market has been growing steadily for years now. Indeed, "despite an increasingly saturated market, beauty has proven to be a strong investment category thanks to its high margins, recurring purchase patterns, and general resistance to macroeconomic events such as recessions" (para.3). Nonetheless, the beauty industry remains a highly competitive one where it's actors constantly have to stay on the lookout of new consumer insights and product trends.

6.1. Clean beauty

The first emerging trend we can talk about is the one concerning ingredient transparency. As explained by CB Insights (2020), consumers are becoming increasingly aware of the products their use and paying attention to what these products are made of. As added by Dardenne (2019), this attention is not surprising, given that, for example, a woman applies on average more than 100 ingredients daily to her skin (cosmetics, hygiene and make-up products combined). That is how, consumers are becoming more and more careful, especially since it has become apparent that certain harmful cosmetic ingredients are linked to undesirable health effects such as endocrine disruptors.

One of the biggest manifestations of consumers' attention to ingredient transparency has been the rise of clean, natural or organic cosmetic products. Indeed, as pointed out by CB Insights (2020), the clean beauty market has been booming and globally, has been estimated to be valued at 22 billion dollars.

This wave of clean beauty has something to be lost within since many names are associated with it from organic to natural cosmetics. However, as pointed out by Dardenne (2019), even though it is not always easy to it give a precise definition, the concept of clean beauty generally refers to products created with care and without any proven or presumed toxic ingredients, mostly natural and organic. However, the emphasis here is not to be put on the word organic since, clean beauty brands are not necessarily brands sporting an organic label. The focus here is on providing product that are safe for the health of consumers and highlights manufacturers who impose greater constraints on their ingredients and manufacturing process.

Beyond the focus on health, clean cosmetics can also be products aimed at being clean for the planet. In fact, if the priority is to eliminate controversial ingredients and to favour those of natural origin, for clean beauty brands, it is also a question of limiting their impact on the planet in terms of packaging recycling, environmental pollution and ethics. (Dardenne, 2019)

Many brands that are parts of the clean beauty sphere, don't consider it as a movement but rather as a standard that should be incorporated throughout the industry. This standard should focus on transparency and allowing consumers to ask questions and learn about what they put on their skin. (Dardenne, 2019)

Nonetheless, it is important to mention that not all natural ingredients are necessarily good for the skin, nor are all synthetic ones (Dardenne, 2019). In addition, as exposed by CB Insights (2020), there can be no-so-green sides to the rise of clean beauty. Indeed, in terms of regulations, no consistent standards have been set to regulate the use of certain terms such as natural and clean. This has resulted in a widespread use of them by brands when their ingredients aren't necessarily even the case. With this greenwashing marketing, consumers must become even more aware of the product they purchase since some brands motives may not always be so "clean".

6.2. Inclusivity

Among the trends that can allow us to project ourselves into the beauty of tomorrow, we learn from Hadjadji (2020) that inclusivity, lately, has been on the rise in the cosmetic industry. The cosmetic sphere has been, for a long time, much criticized for spreading a very monolithic image of beauty over the years. For example, in terms of representation, the same standard has long been put forward of a Caucasian, Western and thin woman, which represents an excluding beauty for a vast majority.

That is how, aspirations to diversify these standards have been rising from consumers and brands whether in terms of marketing, communication or the products themselves (Hadjadji, 2020). Indeed, consumers have been demanding to change the face of beauty from unrealistic or exclusive standards to a more inclusive approach (Danziger, 2019).

On the brands side, inclusivity can be implemented in different ways. Indeed, it can range from putting forward an image of beauty that is more universal in terms of age, sizes and conditions to realising products catering to categories of the population that are usually undeserved (CB Insights, 2020).

One of the brands that has recently managed to stand out by focusing on inclusivity from the get-go is Fenty Beauty. Indeed, the cosmetics brand that was launched in 2017 by Rihanna, famous singer and now entrepreneur in the field of beauty and fashion, is considered as a pioneer in terms of inclusiveness (Moreau, 2017). In order to launch her cosmetics range, the designer first focused on an inclusive campaign putting the spotlight on diversity. Indeed, the brand clearly honoured plural beauty highlighting Black, Asian, veiled or even androgynous models.

However, the brand hasn't only focused on its marketing and communication. Indeed, Fenty Beauty also kept its promise in terms of products, delivering a range of foundation available in 40 different shades. (Moreau, 2017)

Figure 6 - Fenty Beauty's inclusive shade range
Source : Saputo, S. (2019). *How Rihanna's Fenty Beauty delivered 'Beauty for All' — and a wake-up call to the industry*. Retrieved on 18 March, 2020 from https://www.thinkwithgoogle.com/marketing-resources/-fenty-beauty-inclusive-advertising/

Since its inception in 2017, the brand has been a resounding success with global sales estimated to more than $600 million since its launch (Lefèvre, 2019). Moreover, Fenty Beauty, that had the aspiration to break the codes and disrupt the sector, has become a reference in terms of inclusivity. Some even consider there was a "before", and an "after" Fenty Beauty as since then, the brand has set inclusive and diverse standards by which cosmetics brand have been held on (Kameir, 2019).

6.3. Indie brands

As brought up by Meige (2019), in addition to trends emerging at the consumer level, we can also observe changes in terms of the industry's players. For example, alongside major historical players, a new competition has recently been emerging in the cosmetics sphere: the indies brands.

As explained by Trends-Tendance (2012), indie brands are small independent brands which are initially little known to the general public, but real incubators for new and innovative products and ideas. As added by Utroske (2020), the first element that distinguishes indie brands is the fact that they are unique entrepreneurial project led and independently owned by their founders. What secondarily defines indie brand is that their venture is based on standing out through their passion, creativity and uniqueness. Whether it be in terms of ingredients, category or ways of reaching customers, they are usually based of offering a different spin to traditional brands.

For example, recently, the cosmetics industry has seen a surge of new indie brands focusing on streamlining consumer's beauty routine. Indeed, Cosmetics Business (2019) tells that cutting back on consumption has been on the rise among more and more consumers. Purchasing and owning too many products seems to have become overwhelming for many of them. We can thus observe the emergence of various movements encouraging a more conscious consumerism and to generally purchase less. In parallel to these movements, many indie beauty brands have come into being offering new solution for consumers looking to cut back by offering them simple, straightforward yet effective solutions.

As we learn from Trustbeauty (2017), The Ordinary, to mention one of them, is an indie brand, which has succeeded in recent years to impose itself as one of the most trending skincare brand thanks to their positioning focused on minimalism and affordability. To understand the positioning of the brand, we have to know that at the beginning, the founders of The Ordinary were fed up with not finding a bit of "integrity" in the world of beauty: fed up with saturated and overcomplicated formulas, not so advanced patented technologies but also of increasingly exorbitant prices.

<u>Figure 7</u> - The Ordinary's streamlined skincare range
Source : Cult Beauty. (2020). The Ordinary. Retrieved on 18 March, 2020 from https://www.cultbeauty.co.uk/the-ordinary

That is how the Canadian brand, launched in 2016, has placed simplicity at its heart from their name to their vintage pharmaceutical packaging, far from fancy and seductive ones made to grab consumers' attention. However, the brand has above all disrupted the industry in terms of product composition by focusing on transparent streamlined offerings. The Ordinary offers skin care products that are uniquely formulated using but concentrated in pure active ingredients (such as Retinol or Vitamin C) for each skin specificity. Their innovation therefore lies in offering no mirthful promises but effective active products, soberly presented, at a price accessible to all (Parant, 2018).

PART III : COSMETICS IN THE DIGITAL AGE

According to IGI Global (2020), the *digital age*, which is also referred to as the information age or computer age, can be defined as "a historic period in the 21st century characterized by the rapid shift from traditional industry that the Industrial Revolution brought through industrialization, to an economy based on information technology" (para.1). Indeed, according to IGI Global (2020), the digital age has been marked by the *digital revolution* and the widespread use of *digital technologies* that has completed disrupted our "social, economic and political activities" (para.12).

In order to understand what the digital age is, we will therefore firstly take an interest in the digital revolution and briefly look at how, throughout history, it has come about. We will also talk about how the digital age has impacted industries but also society. Then, we will take an interest in the digital technologies that are currently fuelling this new age.

Finally, we will look at how the digital age has impacted the cosmetic industry. That is how we will be brought to analyse three of the most important facets of the digital that are currently reshaping the beauty sphere : e-commerce, new digital marketing strategies and digital experience.

1. The digital age

As mentioned above, the concept of *digital revolution* is closely linked to the concept of digital age. According to IGI Global (2020), the digital revolution is defined as "the third industrial revolution and implies the change from analog mechanical and electronic technology to digital technology, occurring since the 1980s throughout the present day" (para.5).

As added by Pistoletti (2014), *digital technologies* have gradually but massively infiltrated every area and moments of our daily lives from the social level (economy, administration, public spaces) to the individual level (household equipment, leisure activities, objects we carry with, etc.). In fact, the digital revolution is an extremely rapid technical development that has been going on since the second half of the 20th century and is directly associated with the birth and then development of information technology.

As mentionned by Pistoletti (2014), given a precise definition to information technology is quite difficult since is still one of those catchwords that tends to escape a chiselled definition. However, in itself, the term refers to the digitization of all types of information ranging from sound and shapes to music, text, film and photography. This digitization is intended to store, edit and transmit this information by means of a multitude of devices, the best-known being computers, tablets and smartphones. These ever more powerful devices now enable billions of people to perform increasingly complex tasks in ever shorter timescales.

1.1. The digital revolution throughout history

In order to understand the digital age and how it took rise, Pistoletti (2014) explains that it is interesting to highlight the key stages of its construction. That is how we will try to paint a general picture of the development of the digital revolution. As explained by Chan (2016), throughout history, three different industrial revolution have been observed, beginning from around 1770 in the Western world.

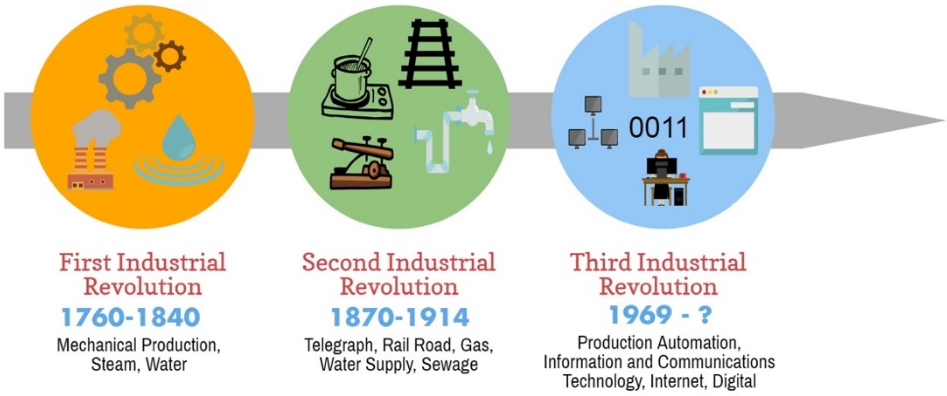


Figure 8 - The three industrial revolution
Source : Chan, S. (2016). *Digital Transformation and The Third Industrial Revolution*. Retrieved on 17 April, 2020 from https://www.linkedin.com/pulse/digital-transformation-third-industrial-revolution-simon-chan

The emergence of technologies and of scientific knowledge have been essential for the rise of industrialization. Indeed, technological changes have enabled the harnessing of mechanical but also electrical forces for the humanity. "As a result, there were many changes in manufacturing and production methods, and working practices, which created new modes of transportation and provided a new kind of infrastructure for much of society" (Skilton and Hovsepian, 2017, p.4).

Concerning the *first industrial revolution,* Skilton and Hovsepian (2017) explains that "prior to mechanization, human endeavor was driven by hand and animal stock to build, work the land and travel" (p.7). The central invention that led to the first industrial revolution was the steam machine, build in 1968, that "enabled production of mechanical energy" (p.7).

By around the 1880s, the *second industrial revolution* begun "with the advent of industrial scale electrification and electric motors, the advent of petrochemical combustion engine and the early prototype for the modern gasoline engine" (Skilton and Hovsepian, 2017, p.7) given that the first automobile was built in 1885.

As pointed out by Skilton and Hovsepian (2017), the *third industrial revolution*, also called the digital revolution, is said to have begun around the 1970s with the creation of integrated circuits and processes. "The integrated circuit expedited the move from mechanical and analogue technology to digital electronics, and fundamentally changed … the digitization of information" (p.8). This revolution was ushered with the rise of information technology, enterprise computing such as Microsoft and the rapid expansion of automation for service and production. "Developments in telecommunications led to the inception of the Internet by the 1990s that in the following decade saw the ground work laid for global data centers and the emergence of search engines, online marketplaces, social media and mobile devices by Google, Amazon, Apple, Facebook, Twitter and a legion of others, that spread the digital revolution to all corners of the globe and industries" (Skilton and Hovsepian, 2017, p.8).

With all of these developments, the digital revolution has enabled the connection of people, businesses and industries on an unprecedented scope. As we learn from Kemp (2020), the Digital 2020 report published by We Are Social, "show that digital, mobile, and social media have become an indispensable part of everyday life for people all over the world" (para.1). Indeed, "more than 4.5 billion people now use the internet, while social media users have passed the 3.8 billion mark. Nearly 60 percent of the world's population is already online, and the latest trends suggest that more than half of the world's total population will use social media by the middle of this year" (para.2). In addition, it has been estimated that more than 5 billion people are now mobile phone users, a number that continues to rise year after year.

1.2. Industry 4.0

As mentioned above, the definition of the digital revolution, also called the third industrial revolution, is defined as having occurred around the 1970s throughout the present day. However, modern experts have established that currently, the digital revolution has been overtaken by the fourth industrial revolution. Indeed, as brought up by Skilton and Hovsepian (2017), "technical advances in materials science, new manufacturing techniques, machine intelligence, biological research, as well as changes in medical and healthcare have enabled developments within the 4th revolution that have the potential to change whole industries and human experience" (p.9).

As pointed out by Schwab (2017), "the three previous industrial revolutions all created major societal change and opportunity, but today's transformation is unique in terms of the great speed with which new ideas and technologies are spreading around the world. Every company across every industry is now compelled to reconsider their traditional ways of doing business to keep pace with rapidly changing technologies and consumer expectations" (pp.vii-viii).

In terms of definition, the fourth industrial revolution is a term used to describe "the blurring of boundaries between the physical, digital, and biological worlds" (McGinnis, 2018, para.2) and the emerging technologies that goes along with it. Indeed, the convergence of these three worlds is central is this new revolution since "it is the fusion of these technologies and their interaction across the physical, digital and biological domains that make the fourth industrial revolution fundamentally different from previous revolutions" (Schwab, 2017, p.8).

As added by Skilton and Hovsepian (2017), it is thanks to various technologies that the fusion of these three domains has been possible. Indeed, a particular set of technologies have been driving the current fourth industrial revolution that are often referred to as "megatrends" (Schwab, 2017).

<u>Figure 9</u> - Megatrends of the Industry 4.0
Source : Motmans, N. (2019). *The Future is Industry 4.0*. Retrieved on 20 April, 2020 from https://www.materialise.com/en/blog/future-isindustry-40

In the physical cluster, Schwab (2017) identifies various megatrends. He mentions artificial intelligence, sensors, autonomous machines, 3D printing and advanced robotics as the major technologies that will drive progress.

In the digital cluster, Schwab (2017) mentions the internet of things (IoT), smart devices, blockchain technology and digital platforms as important technological trends. In terms of application, these technologies have enabled, among others, remote monitoring, Bitcoin and the on-demand economy, made possible thanks to digital platforms.

Lastly, in the biological cluster, Schwab (2017) tells us that biological innovations especially in the field of genetics have been breath-taking. He explains that technologies and computing power have massively contributed to this progress and that they will also open new ways. Indeed, he mentions synthetic biology, personalized healthcare and treatments, genetic engineering and genetic editing as important future opportunities.

Schwab (2017) explains that the common denominator between these technologies is that "they leverage the pervasive power of digitization and information technology" (p.14). In fact, all of these technologies have been made possible thanks to progress in digital power and computing. Another important common feature of these new technologies is that each of them are closely interrelated. Indeed, "the various technologies benefit from one another based on the discoveries and progress each makes" (p.14).

As finally added by Senn (2020), these new technologies "are expected to have a widespread impact across all industries and society as a whole" (para.3). That is how, further in this work, we will be brought to take a particular interest in some of them as part of the new digital technologies that have been transforming the cosmetic industry.

2. E-commerce

One of the major upheavals brought about by digitalization and the Internet is e-commerce. Indeed, it has now part of our daily lives and embodies one of the facets of commerce in the digital age.

According to Eurostat (2019), the concept of e-commerce "can be defined generally as the sale or purchase of goods or services, whether between businesses, households, individuals or private organizations, through electronic transactions conducted via the internet or other computer-mediated (online communication) networks" (para.1).

2.1. E-commerce landscape

As explained by Eurostat (2018), "over the last few years, the share of people ordering goods or services online increased steadily. Businesses selling their goods or services via the internet can potentially reach a large number of online customers and complement their traditional sales channels" (para.1). In Europe, in 2017, around one in five businesses were reported having conducted online B2C sales. In addition, in terms of revenue, as showed by Ecommerce Europe (2019), the turnover generated through B2C e-commerce hit more than 600 billion euros in 2019, with a continuous grow of 13%.

At the consumer level, Eurostat (2018) explains that shopping online has been on the rise "as consumers appreciate the advantages such as being able to shop anytime and anywhere, having access to a broader range of products and being able to compare prices easily" (para.1). Although many factors can differentiate consumers online shopping behaviours, the success of e-commerce has been common among all age groups. However, Eurostat (2018) points out that it has been particularly popular among younger users.

In terms of purchased items, European consumers turn to e-commerce to mostly buy clothes and sport goods (60%) but also household items (46%) and holiday/travel linked arrangements (43%). In addition, Ecommerce News (2020) tell us that in terms of retailers, some international players play a big role in the local European ecommerce given that, for example, in 2018, Amazon was ranked as the most popular online marketplace. However, European retailers are not lagging behind with big names such as the English Tesco or the German Zalando being features in the top 10 biggest online retailers.

Throughout Europe, the popularity of online shopping ranges according to each country. In 2018, the share of consumers who shopped via e-commerce the previous year ranged from 88% to 22% with Switzerland, UK and Denmark being the top 3 countries with the highest shares. Individuals from Western Europe seems to be the biggest consumer of ecommerce since it is where 66% of Europe's B2C ecommerce turnover is concentrated. However, Northern Europe online shoppers have the highest rate of spending per e-shopper. (Ecommerce Europe, 2019)

In Belgium, Ecommerce Europe (2019) tells us that, in 2019, internet penetration, meaning the percentage of the population having access to the Internet, amounted to 90%. This is how 67% of Belgian consumers were reported to be e-shoppers having conducted online purchases in the last year with a turnover growth that rose by 13% in 2019.

Belgian consumers mostly opt to shop online from European sellers (64%) while only 19% of them preferring to shop internationally from sellers from the rest of the world. Figures also show that only a few Belgian consumers indicate having worries when shopping online. Indeed, only a minority of the surveyed consumers expressed not shopping online because of long delivery time or delivery problems (1%), concerns at the payment security level (5%) or trust concerns (2%). (Ecommerce Europe, 2019)

2.2. E-commerce in the cosmetic industry

According to Medium (2019), the rise of e-commerce has had an impact on pretty much every industry, given the overall consumer shift towards the ease of having access to anything at any time online. As already mentioned previously, the success of e-commerce has not escaped the cosmetic industry since it has been one of the major contributing factors in the growth of the cosmetics market.

As explained by Lachowicz (2020), “over the last few years, the beauty and personal care market has experienced a tremendous growth. What once used to be an industry only limited to physical stores, is now taking over e-commerce” (para.1) with the success of online cosmetics retailers and new digital players such as direct to consumer brands, among others.

It is important to note that online shopping was not necessarily predestined to be successful for the beauty industry. With traditional offline channels, cosmetics consumers had been able to successfully buy products that they were able to touch, smell or trial. This is how selling cosmetic products online was believed to be inadequate to this particular industry. Fast forward to today, online cosmetics sales have been growing faster than offline channels and this success is expected to keep on going. (Lachowicz, 2020)

As brought up by Lachowicz (2020), at the consumer level, this success can be explained by the rising power of social media and influencers (that will be discussed later in this work) but also by the “simple fact that modern consumers are striving to have digital experiences” (para.7). Indeed, in this digital age, more and more consumers find it easier but also less time-consuming to shop online. In addition, some of them also enjoy the digital experience that e-commerce can provide with personal recommendation, products reviews or tutorials on how to use their products. As added by Medium (2019), consumers can prefer to shop cosmetics online to have an instantaneous access to information such as lists of ingredients that make their personal search easier and make them feel more informed.

Cosmetics companies have on their side also “recognised the online potential and the necessity to appeal to the digital natives” (Lachowicz, 2020, para.18). This has pushed them towards adapting to this new digital landscape in order to succeed but also to realize the various opportunities that it can offer.

2.2.1. Beauty retailers

Among the big actors of who have taken advantages of e-commerce, we can firstly mention *beauty retailers*. Indeed, as mentioned by Lachowicz (2020), even though many cosmetics brands have their own brand sites to sale their product, most consumers gravitate towards retailers to buy cosmetics online. “L’Oréal, for example, reports 1/4 of their online sales coming directly from the brand itself, while 3/4 come from retailer sites like Amazon” (para.20). This is how many beauty brands choose to partner with retailers in order to increase their sales and reach more consumers, since they have generally become the ultimate destination for digital shoppers.

The success of beauty retailers is not insignificant since they provide an all-in-one shopping destination for customer. Indeed, as explained by Warfield (2019), specialty retailers have recently won over the cosmetic industry not only in-store but also online. Offering products from a multitude of brands ranging from drugstore line to more prestigious brands, these retailers allow consumer to navigate and shop within a large range of products including makeup, skincare, hair, fragrance and tools. By adding the quickness of shopping online, these retailers represent for many consumers an efficient way to shop.

As explained by Danziger (2018), in the U.S, two specialty retailers have managed to make a place for themselves in the cosmetic industry naming Sephora, a French owned multinational beauty chain, and the American beauty chain Ulta, These two companies, who were originally not operating in the same sphere, with Sephora focusing on a more prestige segment on the contrary to Ulta who was targeting mass and professional brands, are today following convergent paths offering broad range of products. Indeed, these two companies are now both trying to appeal to a wide range of consumers. Sephora, on the one hand has, for example, "been developing its own house brand as a lower-cost alternative to the name brands it carries" (para.15) while Ulta, on the other hand, "has been differentiating on customer service and their loyalty program" (para.15).

In Europe, personal care retailers have also enjoyed their share of success. As showed by Statista (2019), in 2018, the British company Boots ranked highest in Europe with a turnover of 27 billion euros. The German retailer DM-Drogerie Markt was ranked at the second place with a turnover of around 11 billion euros.

2.2.2. Direct to consumer brands

Although many brands have chosen to bet on retailers to succeed in e-commerce, others have chosen to focus on a different digital strategy by focusing on their own brand website. These brands are referred to as "*direct to consumer*" and have been conquering digital shoppers by selling their product only through their own channel.

According to Bathelot (2019), the term "direct to consumer" or "DTC" brands is generally used to designate brands that are created on a model of direct distribution to the consumer, without points of sale, in areas where distribution is usually used. Although this direct brand model is not new, direct to consumer brands have, however, recently multiplied and are gaining new fields of activity, with the direct distribution channel that is e-commerce.

As added by WARC (2019), DTC brands have emerged as "a form of e-commerce that involves a direct transaction between manufacturer and buyer, often enabled trough mobile and digital channels, that allows brands … to cut out the retailer 'middlemen'" (para.2).

DTC brands have benefited from the digital era and are often also referred to as "internet-born brands, v-commerce brands, and digitally native vertical brands" (WARC, 2019, para.2). Indeed, as pointed out by Black (2019), prior to the rise of Internet, most sectors involved in retailing of products were mostly dependant of distributors. Brands had to work hard in order to land themselves a shelf space and for their products to be sold in stores. Fortunately, this all changed with Internet and the boom of e-commerce since some brands could decide to sell products directly to customers with a D2C business model.

Using this kind of model offers many advantages to these companies. Firstly, as explained by Black (2019), since "they're in control of the entire process, they're able to create a much more uniform brand experience throughout the entire customer journey" (para.8). This allows DTC brands to manage their whole branding stories from their image to their pricing.

Secondly, Saltis (2020) points out that direct to consumer brand can benefit from higher margin than traditional one by eliminating any intermediaries. This represent a significant advantage for brands but can also benefit consumers in terms of pricing. Indeed, many of these brands choose to focus on value for the customer by targeting lower prices as a competitive advantage.

As added by Black (2019), DTC brands also benefit from having direct engagement with their customers and from being able to quickly act on their customer feedback given them the opportunity to better understand their customers and gain valuable insights.

Finally, WARC (2019) tells us that "DTC brands often position themselves as challengers who seek to disrupt their category by providing unique online offering with high levels of innovation" (para.1) since they benefit from more freedom to innovate and faster time to market their products.

The cosmetic industry has not escaped this wave since DTC brands have, since a few years, seen their success escalate. Indeed, many of these digital born brands have emerged in the beauty sphere, winning over the heart of consumers. Some of the most successful beauty brands such as L'Oréal or Estée Lauder, though leading in terms of their legacy and revenues, have thus seen a new type of digital competitors emerge. (Roberts, 2020)

As brought up by Rawitz (2019), "in an assessment of 2018's top 100 cosmetics brands" (para.1), it was founded that DTC brands had experienced more than 10% of growth from 2017 compared to an 8% decline over the year for legacy brands. Although they haven't yet dethroned traditional leaders, more and more DTC brands have sprung up in the beauty horizon, disrupting the way brands market their products.

When looking into the ecosystem of beauty direct to consumer brands, one can realize that a few brands have succeeded to set themselves apart in this new market. We can firstly mention two of the fastest growing DTC brands who have become pioneers in their category with their rapid ascent: Glossier and Colourpop. (Morris, 2020)

Colourpop (2020) is a U.S born DTC beauty brands that was founded in 2014 who pride itself on being focused on delivering wallet-friendly innovative products with luxury formulas thanks to their unique "under one roof" strategy. Indeed, everything from the lab and manufacturing to packaging and direct retailing is done by the brand itself. Thanks, in particular, to "longstanding collaborations with influencers , as well as its ongoing expansion into broader product categories" (Rawitz, 2019, para.4) including makeup and skincare, the brand "has firmly entrenched itself not only as a DTC success story, but as one of the hottest cosmetics brands in the game" (Rawitz, 2019, para.4) with an estimated monetary value of 552.8 million dollars in 2019.

"Along with ColourPop's runaway success, the rapid rise of Glossier … demonstrates that despite a small initial footprint, DTC brands can rapidly achieve incredible prominence" (Rawitz, 2019, para.9). As explained by Glossier (2020) itself, this U.S born DTC brand was founded in 2014 and build with the idea that consumers should be part of the process. Instead of building products in boardrooms like other traditional brands, Glossier believes in marketing products, having real consumers' beauty routine in mind. With cosmetic products ranging from skincare to makeup and fragrance, Danziger (2018) explains that Glossier has succeeded in becoming a DTC pioneer thanks mainly to their customer-centric approach, engaging content on blogs, social media and internet hype. In addition, the aesthetic reflected and advertised by the brand is not insignificant. Indeed, Glossier wants to reflect a back-to-basics image focused on celebrating consumers' real natural beauty and real life. This is how today, the brand has succeeded in building a cult following and became, in less than five year, a brand valued at more than 1 billion dollars (Saltzman, 2019).

Finally, at the European market level, we can mention the German DTC brand, HelloBody, created in 2015. As explained by Brown (2020), the company is said to have become "the fastest-growing DTC beauty player in Europe" (para.3). The brand's mission, that is quite similar to the one of Glossier, is based on promoting real and authentic beauty away from unrealistic standards and ideals.

As we learn from Brown (2020), HelloBody, which was originally focused on a single body scrub product, has quickly expanded offering a range of face, body and hair-care products based on natural ingredients. In addition to its wide range of products, the brand's online mass marketing strategy has also made a major contribution to its success in becoming one of the most trending brands. Indeed, the brand, like many other DTC players, relies on social media and collaboration with influencers to promote itself. That is partly how the brand has managed to make a name for themselves as one of the top cosmetics DTC brands. In fact, in 2019, "HelloBody generated 65 million euros in revenues" (para.3) and is, via their website, sold all over the world from Europe to the United States.

3. Digital marketing

As reminded by Medioni and Benmoyal (2018), digital has profoundly changed commerce, marketing and advertising. When the Internet became a commercial tool at the crossroads of the 20th and 21st centuries, it was only an agile complement to existing media and supports, be it television, press, posters and direct marketing. However, this changed dramatically with the advent of smartphones and social networks. The parallel rise in power of these tools has profoundly changed our relationship with the world, our consumption but also marketing tools. In fact, today, digital marketing is an integral part of every company's daily life, both in B2B and B2C (Essique, 2018).

When looking into the matter of digital marketing, we discover that many definitions are associated with this concept. Indeed, as pointed out by Chaffey and Ellis-Chadwick (2019), with the rise of digital media, a variety of concepts and slang have been put forward as much by professionals as in the literature such as internet marketing, web marketing or e-marketing. However, Chaffey and Ellis-Chadwick (2019) simply define it as the use of digital media or technologies with the objective of achieving marketing goals.

Such as its definition, the scope of application of digital marketing varies widely. That is why, as we learn from Chaffey and Ellis-Chadwick (2019), it is generally divided into three parts depending on the type of media that are used to implement it :

Figure 1.2 The intersection of the three key online media types

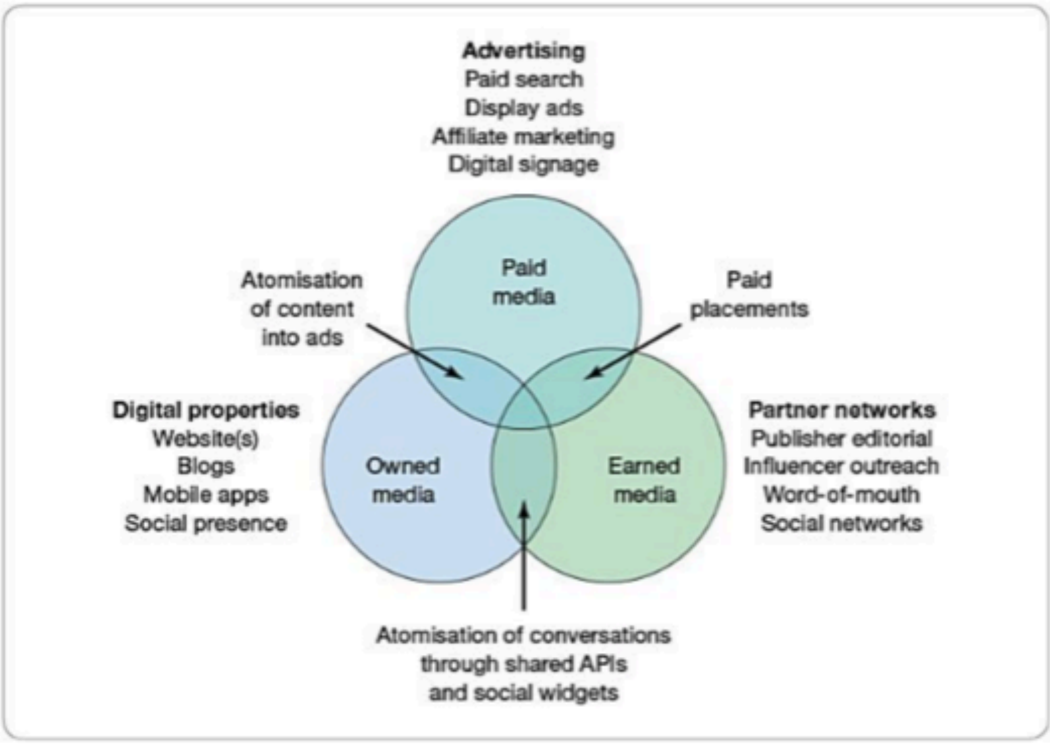


Figure 10 - Digital marketing media
Source : Chaffey, D., & Ellis-Chadwick, F. (2019). *Digital Marketing (7th Edition)* (7e éd.). London : Pearson

- paid media that refer to any media for which a company must pay to reach customers
- owned media that refer to a company's own online presence that is self-controlled
- and earned media where a company can reach and engage with customers through partners.

3.1. Inbound Marketing

While traditionally, brands and companies relied mainly on traditional media communication techniques, today marketing has undergone a major turn with the digital since inbound marketing is gradually replacing outbound marketing (Lambin and de Moerloose, 2016).

As brought up by Ruszczyk, Lucas and Warlick (2017), not long ago, almost all marketing strategies were centred around outbound marketing. "This means that you broadcast a message about your services to your audience and try to grab their attention with your efforts" (p.59) thanks to traditional media such as TV and radio but also emails and telemarketing.

However, as explained by Truphème (2016), inbound marketing is a new approach that aims to attract consumers by gaining their attention through the delivery of quality content. It involves a process of helping potential customers find your brand, its products and services, sometimes even before they intend to make a purchase, with the goal of turning this visibility into a purchase.

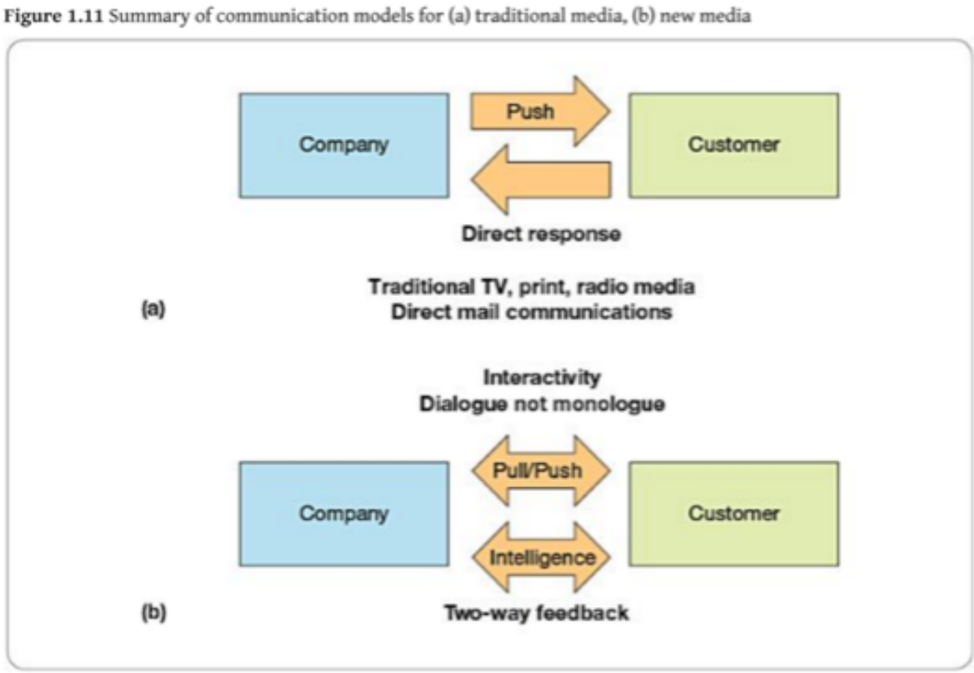


Figure 11 - Outbound marketing vs inbound marketing
Source : Source : Chaffey, D., & Ellis-Chadwick, F. (2019). *Digital Marketing (7th Edition)* (7e éd.). London : Pearson

Outbound marketing relies on interrupting the activities of your targets by grabbing their attention trough advertisements, calls or direct emails, among others (Truphème, 2016). That is how, outbound marketing is also called "push" or "one-way" marketing (see Figure 11). However, these traditional techniques are showing more and more limits. As explained by Troillard (2016), while largest brands still manage to achieve satisfactory results via outbound, on the consumer side, this method is generally becoming less and less effective. Many consumers are tired of being a moving target and, of being overwhelmed daily with marketing messages.

Unlike the later, inbound marketing, also referred to as "two-way" or "pull" marketing, "involves creating content that people will seek out so they can participate in conversations (two-way) rather than simply being bombarded by multiple messages that they may or may not care about" (Ruszczyk and al., 2017, p.60). As added by Troillard (2016), it proposes a non-intrusive marketing method in which the consumer can spontaneously come to the brand.

In the hope of attracting, interacting and converting consumers into customers, a company can use several inbound marketing methods from implementing a search engine optimization strategy, optimizing its website or write blog content (Bathelot, 2020). However, two particular methods have revolutionized the world of digital marketing and more importantly the cosmetics sector : social media and influencer marketing.

3.2. Digital marketing in the cosmetic industry

As explained by Valentine (2019), "the beauty industry has always been one of the most competitive commercial spaces. Pre-social media, beauty brands relied on major ad campaigns to target consumers, and make-up counters or shop shelves to sell to them" (para.2). However, fast forward to today, the world of beauty has been transformed by the digital age. In the face of intense competition and a new connected consumer, cosmetic brands have had to adapt and have become forerunners in digital marketing, particularly with the rise of social media and beauty influencers.

3.2.1. Social media

Social media are now an integral part of consumers' lives. Indeed, as mentioned by Marchandise (2019), in Belgium only, their penetration rate is equivalent to 65% which mean that 65% of the Belgian population is active on at least one social network. The advent of the Internet has given consumers access to a wealth of information and thus increased their power. Subsequently, the emergence of social networks has further increased the latter giving consumer's access to platform where they can mobilize, give and share their opinion (Blaise, 2017). In the face of this digital context, we can understand why brands have had to establish themselves in the world of social networks in order to attract and engage consumers.

As brought up by Khusboo and Ho (2019), in the cosmetics industry, “social media has become an increasingly important platform for brands in order to showcase their products. In addition to Facebook and Twitter, emerging platform such as Instagram and YouTube have spawned a trend of creating products made to accommodate a social-media savvy lifestyle and have transformed the course of brand market and consumer purchase” (p.1). In fact, the latter have been identified to be the most powerful online platforms to reach cosmetic consumers given that they are “the most utilized information source for cosmetic and hair product” (p.1).

As we learn from Khusboo and Ho (2019), the main thing that social media have enabled for cosmetics brands is that they have changed the game in terms of communication. Indeed, these platforms have allowed brand to take their engagement and conversations with consumers to another level by providing new communication avenues. Thanks to two-way interactions, social media have been key to develop brand’s relationship with customers. In fact, “when brands use social media as a means of communication, consumers experience greater efforts of interaction and communication, brand attachment, better perception towards the brand and their products and frequent return to the brand, resulting in more profitability for the company” (p.2).

As confirmed by Claudel (2019), today, most cosmetics brand uses social media to elevate and showcase their brand but also to reach a larger public. We can, for example, mention Huda Beauty, a Dubai-based brand, launched only in 2013 by the makeup artist and influencer Huda Kattan that has nearly 40.2 million subscribers on Instagram and 3.69 million on Youtube. The brand has managed, in a few years, to become the most followed cosmetics brand, with more than 50 million of followers on all social media platforms combined, thanks to an intensive digital marketing strategy.

Indeed, as explained by Cohen (2019), the billion-dollar brand Huda Beauty has, from the outset relied on social networks to win consumer’s heart. Their digital marketing strategy is focused on original video content and customer-generated content, but also on sharing beauty tips from the owner herself. By being heavily active on social platforms but also achieving a healthy balance between product promotion and genuine content, the brand managed to create a large community of followers and an engaging relationship with customers. This has propelled the brand into the tier of the most influential online brand alongside big names such as the runner-up Maybelline New York, MAC Cosmetics and L’Oréal Paris (Claudel, 2019).

In addition to allowing cosmetics brands to better engage and communicate with customers, social media have not only changed the brand-consumer relationship but also the relationship between customers. A pointed out by CosmeticOBS (2020), social media have enabled dialogues with customers but also set up round-table conversations between them, amplifying the word-of-mouth phenomenon. Today, people use social networks to share their opinions with many other people, not just their friends and family, which can increase a brand’s visibility and popularity. In fact, for cosmetics consumers, using social media to share your thoughts about beauty products and as a source of inspiration has become common, allowing consumers to influence other consumers' purchases. This phenomenon is even more present amongst younger generations and their community tendency that, having grown up around social media, encourage them to share their tastes and experiences with each other (Puaux, 2019).

While word-of-mouth already had a strong influence in the customer's purchasing process, this one has thus been exacerbated with the emergence of social networks. Darpy and Guillard (2016) refer to it as the "electronic word-of-mouth" defined as all positive or negative information made by past, present or potential consumers about a product, service or company via the Internet.

Social media have thus essentially changed the communication and marketing model of brands. Indeed, in the past, companies were the only one sending content and messages to consumers which is referred to as the "bowling approach" (see Figure 12). However, with the rise of the Internet and social media, this model has since evolved towards a "pinball approach" where interactions are made in all sense, not only from businesses to customers but also conversely and between customers (Blaise, 2017).

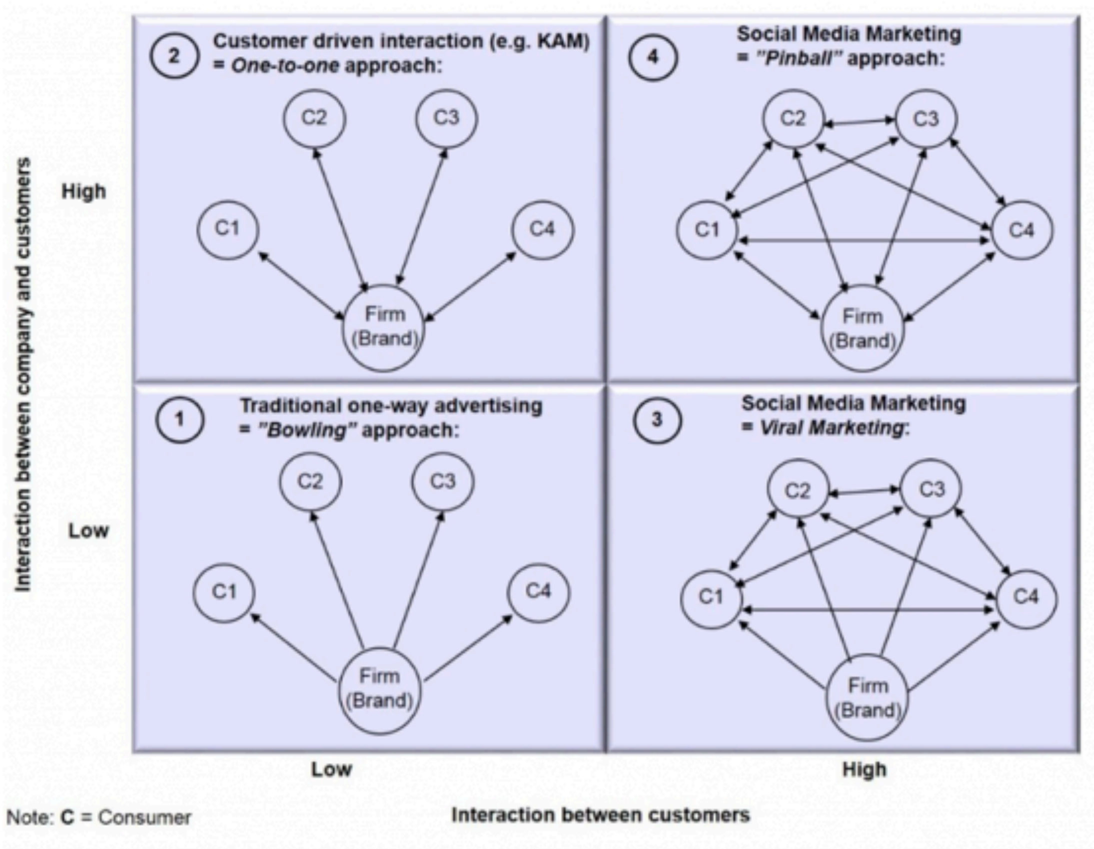


Figure 12 - Communication models

Source : The Marketing Journal. (2017). *"Social Media Marketing: A Practitioner Guide" – An Interview with Marc Opresnik*. Retrieved on 20 June, 2020 from https://www.marketingjournal.org/social-media-marketing-the-practitioners-guide-an-interview-with-marc-opresnik/

3.2.2. *Influencer marketing*

Beyond managing their own communication on social media and allowing consumers to increase their visibility through word-of-mouth, beauty brands have also been pioneers in another related digital strategy: influencer marketing. Indeed, as explained by Ryan (2017), being present on Instagram, Facebook, Pinterest and Twitter, among others, has become a must these days. However, in order to be up to date in the beauty industry, most brands have had to take a step forward by integrating influencer marketing into their digital strategy.

According to Lauchmetrics (2018), for more than any other category of products, social media have become integral part of cosmetics consumers' purchasing journey. Indeed, in the face of an array of products and countless beauty brands, consumers use social media to guide their choices. That is how, beyond being influenced by their entourage, the digital consumer now turns to beauty influencers, a new type of trusted voices.

As we learn from Trustbeauty (2020), influencers are defined as users of social networks that have a significant impact on a large number of people and on their purchasing acts through shareable digital content.

What is important to mention is that, initially, influencers of the cosmetic sphere do not need to be celebrities or well-known figures to have influence. Indeed, in the world of beauty influencers, we can firstly find beauty professionals such as professional make-up artists or aestheticians who share tutorials, techniques and tips on their YouTube channels or their Instagram feed. However, we can also find passionate cosmetics amateurs who have accumulated a large number of followers over the years. Thus, beauty influencers do not have a typical profile. They can come from all walks of life, have completely different backgrounds or origins. They are simply individuals who influences a community in a certain way. (Trustbeauty, 2020)

In order to benefit from this type of digital marketing, brands may call upon different type of influencers. Indeed, as explained by Medium (2019), the spectrum of influencers is very large, but they can usually, according to their following, be segmented into four categories:

- *Mega influencers* which typically refers to celebrities who have millions of followers from various backgrounds. Although not beauty experts, due to their status, a single post from them may send consumers into havoc which brands would have to pay a large amount for.
- *Macro influencers* who typically are individuals, with more than 100,000 followers, who have gained their fame online as content creators that brands will still need to pay an expensive price for.
- *Micro influencers* who, with a following between 1000 and 100,000, typically post authentic quality content from a specific niche. While being less expensive

to work with, these influencers usually have a strong relationship with their followers that relate to them.

- *Nano influencers* who, with a following of around 1000 or less are viewed as your "everyday individuals" that can influence friends, family and followers since they usually have a high level of engagement with them.

These influencers can work with brands in many ways, creating content of all types. At the marketing level, influencers can showcase a brand through beauty tutorials, by sharing their favourite beauty products and shopping hauls with their audience (Launchmetrics, 2018). In addition, influencers can also highlight a brand trough sponsored content, by sharing promo codes that allow viewers to benefit from promotions on certain products or services, or simply by tagging brands in their beauty posts (Chabal, 2018). To do so, the influencer can use several different channels but today, Instagram and YouTube remain the tools that are most used by brands.

On the one hand, YouTube is the ideal network to reach out to the new generation that has moved away from family television and commercials to phone, tablets and PC screens (Chabal,2018). As added by Launchmetrics (2018), with its high level of engagement rate, Youtube remains the most popular channel to connect beauty influencers with their community.

On the other hand, Instagram doesn't lag behind since it is inseparable with the beauty and cosmetic sphere. As we learn from Koetsier (2019), "it's probably not shocking that Instagram captures the lion's share of the beauty industry's ad dollars. It is, after all, the quintessential platform of the selfie" (para.1). That is how for cosmetics brands, Instagram reigns supreme in terms of collaborations and paid content. Indeed, "as an inherently visual medium, it's a no-brainer that makeup brands make Instagram their platform of choice when it comes to their social marketing strategies" (para.6).

4. Digital experience

As explained by Carù and Cova (2015), experience has become an integral part of consumer culture since, beyond simply purchasing goods and services to fulfil their needs, consumers also expect from companies to meet their demand in terms of shopping experience.

Immersed in the digital age, this experience has to be delivered not only through the experience in the point of sale but also largely through online experience. This is not surprising, as the modern consumer is a connected consumer. As we learn from Kemp (2020), in 2019, globally, the average amount of time that people spend online each day was estimated to more than 6 hours. And when it comes to Belgium, this amount was estimated at 5 hours and 9 minutes.

We can therefore understand that, faced with this connected consumer, companies from all walks of life are now focusing a lot on providing the best possible digital experience for the consumer. The cosmetics industry has not escaped this trend and is even considered a pioneer in terms of digitalization. Indeed, the cosmetics market, which continues to grow year after year, owes this growth, in part, to its investment in digital technology to meet new customer challenges. (Robert, 2019)

By fully integrating digital into their business model, most companies of this sector have been reviewing their entire strategy in terms of marketing, communication but also in terms of customer experience. (Robert, 2019)

First, this can be achieved by providing the customer with a seamless experience in an all-encompassing way. Indeed, cosmetic companies no longer just sell their products in shops, they push them towards consumers (outbound marketing) or they attract them (inbound marketing). A long time ago, products were only available in shops, but with the advent of e-commerce, purchasing cosmetics is now accessible everywhere and all the time, thanks to online shopping. That is how today, delivering a good experience to the customer involves offering a frictionless and flowing experience, particularly through the link between off-line and on-line. (Robert, 2019)

Several big names in cosmetics are, in this way, betting on providing an omni-channel experience to their customers. For example, the famous beauty retailer Sephora has understood this by allowing its customers to buy on its website and on its application anywhere and anytime with the possibility of fast delivery or to pick up in store. Indeed, since 2015, the company has been banking on click & collect, which allows people to buy online and to be able to collect their orders 2 hours later in physical store. This guarantees them to have the products they want in case of high demand, to pay no shipping fees and to enjoy the store experience. (Robert, 2019)

Moreover, thanks to their Sephora application, in addition to being able to use it to buy products online, customers can use it in store to access product sheets, prices by scanning a product, access their loyalty card or to their previous purchases, to find the references of the products they use. The off-line thus becomes complementary to online. In addition, on the latter, everything is done so that the customer can access beauty advice online and thus recall the store experience (beauty advice tab with blog posts, possibility to make appointments for different services, access to their loyalty card and points balance...). (Robert, 2019)

Beyond improving the omnichannel aspect, in order to improve the online shopping experience for consumers, one of the other advances we have seen rising in recent years is augmented reality. Indeed, if augmented reality is making its way into our lives, this is also the case in the world of cosmetics, as it now embodies one of the new facets of beauty. AR technologies are being implemented in smartphone applications as well as in stores and are paving the way for a real shift in purchasing and consuming patterns at the service of experience. (Innovatys, 2018)

We can, as an illustration, take the example of L'Oréal, which for some years now has been investing heavily in augmented reality and the development of applications in order to improve its positioning and be a pioneer in "beauty tech". (Innovatys, 2018)

L'Oréal had already started to offer a brand-new cement experience with its MakeUp Genius in 2014. MakeUp Genius, a make-up simulator for mobile phones, simulated the application of cosmetic products (lipstick, blush, eye shadow...) by applying them on a capture of the user's face. However, in 2018, L'Oréal went one step further by acquiring Modiface, a Canadian company recognized for its development in augmented reality. The new solutions developed by Modiface allow consumers to simulate, among others, hair colouring, the spontaneous ageing of the face, or the benefits to be expected from cosmetic surgery, thus offering a new vision of AR technologies that goes far beyond simple virtual fittings. (Innovatys, 2018)

PART IV : PERSONALIZED COSMETICS AS A MARKETING LEVER

As we learn from Caussanel (2018), personalization is a rising trend which may continue to perpetuate until it becomes an integral part of every company's offerings. Concerning the cosmetics industry, even if they are still, today, only a new trend, some go so far as to say that, with technological advances, personalized cosmetics will be an integral part of tomorrow's beauty.

In order to analyse this new phenomenon, we will begin by taking an interest in the concept of personalization, in its origin and various applications.

Afterwards we will look more particularly at personalization applied to the field of cosmetics. We will first analyse how more and more beauty players, in response to new digital technologies and evolving customer expectations, have been taking an interest in personalized cosmetics. We will then look at some examples of companies who have already invest in this new type of products. Finally, we will also look at the benefits that personalization can bring for companies and brands but also at the current limits of this practice.

1. The origins of personalization

As explained by Laschet (2015), personalization is intimately linked to the concept of relationship marketing and more specifically to one-to-one marketing. According to Bathelot (2017), relationship marketing refers to all marketing aimed at establishing a reinforced and enriched relationship with the consumer in order to build his loyalty and possibly increase his consumption. This relationship is typically built through the establishment of a dialogue between the brand and the consumer, which can be carried out through different channels and media. This type of marketing was developed in opposition to transactional marketing which focuses on the act and techniques of sale. Indeed, around the 1990's, driven by both competition and consumer demands, relationship marketing become prevalent for companies and brands when they discovered the importance of monitoring their commercial relationships beyond simply dealing with transactions. That is how relationship marketing came about, pressuring firms to adapt and consider marketing practices differently (Laschet, 2015).

Concerning one-to-one marketing, it is often considered synonymous with relationship marketing. However, beyond focusing on the relationship between the business and the consumer, this approach of marketing goes further by focusing on the individual (Laschet, 2015). As explained by Emarketing.fr (2020), the concept of one-to-one marketing was firstly introduced by the Professor Peppers, reference in the field, as a more personalized and individualized approach of marketing based on an in-depth knowledge of the consumer.

As we learn from Won (2002), this theory advocates advanced targeting in order to best meet the needs of the customer. Indeed, the goal of this one-to-one approach is to understand "the needs, habits and lifestyle, preferences, likes and dislikes of its customers, and addressing (or at least giving the illusion of satisfying) customers' individual needs and preferences" (p.31). The idea is that by understanding these unique and individual information businesses may use them to adapt their strategies. By tailoring a part of their marketing mix, whether it be their product, pricing, distribution or campaigns, they might become "more successful in acquiring new customers, retaining existing customers, and selling additional goods and services to existing customers" (p.31). It is therefore within this framework, that the general concept of personalization was developed.

2. The concept of personalization

As we learn from Riecken (2000), "personalization is about building customer loyalty by building a meaningful one-to-one relationship; by understanding the needs of each individual and helping satisfy a goal that efficiently and knowledgeably addresses each individual's need in a given context" (p.26).

In terms of definitions, one can found that personalization, being a broad concept, is defined by academics in different ways :

- Firstly, according to Hagen, Manning and Souza (as cited in Laschet, 2015), « personalization is the ability to provide content and services that are tailored to individuals based on knowledge about their preferences and behavior" (p.5).
- Secondly, we learn from Adomavicus and Tuzhilin (as cited in Laschet, 2015) that personalization is about using customer information to tailor the interaction between a company and an individual. By "using information either previously obtained or provided in real time about the customer, the exchange between the parties is altered to fit that customer's stated need, as well as needs perceived by the business based on the available customer information" (p.5).
- Finally, personalization is said to "occur when the firm decides what marketing mix is suitable for the individual. It is usually based on previously collected customer data" (Laschet, 2015, p.5).

As explained by Adomavicius and Tuzhilin (2005), each of these definitions highlight different aspects and features of personalization. However, regarding the literature, they collectively view personalization as the process of tailoring *offerings* for individual *consumers* "based on *knowledge about them* with certain *goal(s)* in mind" (p.2).

- Personalized *offerings*

As explained by Adomavicius and Tuzhilin (2005), "the result of personalization is the delivery of various offerings to consumers" (p.3).

A company can thus, by using personalization engines, provide different type of personalized offers to consumers that can concern the entire marketing mix. These can include:

- personalized content, that can take place in the form of personalized Web pages or mails;
- personalized recommendations of products and/or services, such as the popular recommendation systems of Amazon, Netflix or Spotify where companies are able to keep trace of consumers' tastes and preferences to predict the content they might enjoy;
- personalized prices, that be offered through personalized discounts, bonuses or payment plans;
- personalized products.

As a reminder, as part of this work, it was decided to focus on this last type of personalized offerings. Indeed, we will take an interest in personalization as the approach that manifest itself through product personalization.

- The *consumer*

As we learn from Smits (2014), personalization is an operation carried out by a company, brand or provider in order to provide consumers with an individualized offering that best suits their needs and expectations. In this process, the role and implication of the consumer can take place in two ways:

- *implicit* when the company bases itself on the choices made by the consumer when he buys a product or browses the web, and thus infers his preferences, without asking for his implication. As an example, we can mention the process through which YouTube suggests videos we could be interested to watch, that we might not have spontaneously thought of
- *explicit* when the company uses information collected directly from the consumer such as his centres of interest to propose the good best adapted to the consumer's profile among its existing offers in its portfolio or to create the product that will.

As part of this work, we will focus on this second approach where personalization is achieved through a collaboration where both the consumer and the company are included in the process. Indeed, as we learn from Smits (2014), in this case, the personalization process is done directly with the involvement of the consumer willing to be offered a personalized product and/or service. In addition, in this case, the customer plays an important role in the conception of his personalized offer. Indeed, although the personalisation operation is carried out by the company in order to propose a personalised offer to the consumer, the latter is involved in this process in particular by voluntarily sharing information concerning him or her that will build their *knowledge*. As added by Adomavicius and Tuzhilin (2005), “successful personalization depends to a very large extent on the knowledge about personal preferences and behaviour of the consumer” (p.4) as well as information about his/her profile.

- *Goals*

According to Adomavicius and Tuzhilin (2005), “the personalization objectives usually are multifaceted. They may range from simply improving the consumer’s browsing and shopping experience (e.g., by presenting only the content that is relevant to the consumer) to much more complex objectives, such as building long-term relationships with consumers, improving consumer loyalty, and generating a measurable value for the company” (p.4).

However, even though numerous, the goals of personalization usually lie in placing the customer at the centre of your strategy. Indeed, most companies choose to embrace personalization to enhance their customers’ experiences and/or to develop personalized products and/or services with the goal of moving towards more customer centric approaches.

3. Personalized cosmetics

For several years now, many trend agencies in the cosmetics sector have been recurrently evoking the personalisation of cosmetics. Even if personalization is defined as a current trend, it turns out that this phenomenon is not new but that its access is just beginning to democratize, revealing its full potential and its appeal for brands as well as for consumers. (Caussanel, 2018)

It is important to know that historically, personalization is intimately linked to the development of luxury. Indeed, the elite have always had their wardrobes, perfumes and care products made to measure by calling upon numerous craftsmen and suppliers. Even today, haute couture is the very example of personalization associated with luxury, where the garment is sewn on the person, perfectly fitting the shape, thus defining itself as a unique piece. Personalization has thus for many years been a symbol of unique know-how, luxury that remained accessible only to a handful of very wealthy clients. (Caussanel, 2018)

In the cosmetics sector, the phenomenon of personalization is also not recent. Indeed, we can cite two examples illustrating that traces of personalized cosmetics can be found dating back more than 50 years. We can firstly mention the American brand Prescriptives, launched in 1979, that focused on personalization in the form of custom colour-blending cosmetics. In 2009, as the brand's long-term business model was considered unviable compared to the market at the time, Prescriptives closed its doors. A brand that was maybe too ahead of its time, for a market still immature from a personalization point of view.

Especially since the brand was subsequently given a second life, but this time online in 2011. (Caussanel, 2018)

The second example is the one put forward by Le Joliff (as cited in Caussanel, 2018), president of the Cosmetothèque, the conservatory of the cosmetic industry, who found an interesting video showing a saleswoman, in the 50s, making personalized powder in an American department store. This type of personalization was therefore based on the concept of pre-mixes.

If personalization in the cosmetics sector is therefore not a recent phenomenon, it has long remained the prerogative of luxury. As mentioned by Caussanel (2018), a question thus arises as to what has made its recent democratisation, making it a key player in future trends. And the answer seems to lie in two factors: the evolution of consumer expectations and digital advances.

3.1. Evolution of consumer expectations

As explained by Salgues (2018), consumers expectations refer to what they "expect" from a company, product or service. Indeed, these expectations are defined as the "perceived-value customers seek from the purchase of a good or service" (BusinessDictionary, 2020, para.1). Beyond the technical and functional point of view, customer expectations also encompass the benefits and "any set of behaviors or actions that individuals anticipate when interacting with a company" (Salesforce, 2020, para.1).

According to Grantham and Carr (2002), "expectations are based on many things—past experiences, attitude, beliefs, and other factors. Customers expect transactions to take place in certain ways, to be treated in a specific fashion, and to receive something of value—value to be determined by them. When these expectations are met or exceeded, customers are satisfied with the transaction and/or product" (p.64).

As added by Belyh (2017), whether it be in terms of performance, quality, services, needs or interactions, companies should "always aim at meeting or exceeding customer expectations" (para.1) in order to satisfy them and to be successful. This is especially the case since the expectations of the modern consumer have been reported to be higher than ever. As confirmed by Salesforce (2020), "historically, customers have expected basics like quality service and fair pricing — but modern customers have much higher expectations" (para.1).

The evolution of consumer expectations has not escaped the cosmetics sector. As we have seen previously, cosmetics consumers have had higher demands ranging from higher inclusivity to clean ingredients. These new demands are indicative of a certain redefinition of the behaviour of consumers who are increasingly interested in products in which they can identify but above all in products that resemble them. Today's consumer seems to be motivated by a need for distinction and self-assertion. (Caussanel, 2018)

As we learn from Caussanel (2018), the growing trend towards product personalization reflects changing consumer expectations. Indeed, in markets such as North America and Europe, cradles of the consumer society, we can note a saturation of the latter in regard to standardized offers and a growing weariness towards overconsumption.

We can firstly note a desire for self-affirmation and uniqueness from consumer that can be expressed through personalized objects, including cosmetic products. Shopping has become a real mode of expression: by appropriating them, the consumer asserts his taste and style. There is a real rise in the desire for more individualized consumption that is in line with consumers' expectations and needs. The product must reflect the consumer's values, tastes and personality, hence the search for the "unique product". (Caussanel, 2018)

By adding a personal touch or being personalized, a product also becomes different from the others, closer to the consumer, to his image or to the one he wishes to reflect. The term "personal branding" is used in the sense that the consumer seeks to enhance his personality and image through the possession of singular objects, thus giving an authentic image of beauty. (Caussanel, 2018)

Beyond asserting oneself and having access to a unique product, personalized product can have several benefits for the consumer. First, the experience gained during the personalization process further enhances the appeal for its proposal. Indeed, on the one hand, by participating in the making of the product, the consumer becomes involved in the personalization process and becomes a “consom’acteur” or in other words an active player in the creation of its own individualized product. On the other hand, from being an active player, stems a sense of hedonism, i.e. the pleasure and amusement experienced during the realization of the product and which gives the feeling of a certain accomplishment. (Cassanel, 2018)

The attractiveness of personalised products in terms of reliability and transparency should also not be neglected. Indeed, as explained by Caussanel (2018), cosmetic products, which occupy an important place in the daily lives of consumers, are often perceived as lacking reliable information. That is how we can observe a rising consumer demand for dialogue and education on the labelling of cosmetic products and generally on information concerning them. The world of cosmetics is a very competitive sector where many brands are evolving but also where new brands are developing every day, with the aim of conquering this buoyant market. Faced with so many choices not only in terms of brands but also in terms of products, the consumer often find himself lost. This create a real difficult to identify the needs of his skin and the products that can correspond to it.

Thereupon, as added by Caussanel (2018), relentless media hype is also not to be overlooked, especially as it is strongly present in the beauty sector. Indeed, too many consumers, guided by well-tailored marketing arguments, buy cosmetic products that end up not really adapted to their needs.

Tired of this misdirection, of this lack of information, Caussanel (2018) tell us that personalization is a way for the consumer to remedy this. First, through a personalization process system that breaks down and simplifies the formulation of products, the customer is offered better visibility. Second, through personalized diagnostic and offering, personalization aims to help the consumer in his choices in order to provide him with the products best suited to his cosmetics needs and expectations.

3.2. Digital advances

As explained by Caussanel (2018), beyond customers' expectations having evolved, demanding more from brands, the democratization of personalization is also closely linked to technical and technological advances. Being immersed in the digital age, various technologies have been driving progress, transforming industries, including the cosmetic one (Senn, 2020).

As we learn from Beauty Business Journal (2019), technologies have always been a big driver of change in the cosmetics industry, given that, in such a competitive environment, innovation plays a key role for the success of beauty brands and companies. That is how more and more companies are embracing new technologies "to create new solutions to customer demands; and secondly, to enhance customer experience and connection" (para.2).

Concerning the latter, as already analysed before, many tools such as augmented reality are now widely used in the cosmetics industry to improve the digital experience of consumers whether it is to help them find the perfect foundation shade or to virtually try-on cosmetic products.

However, in terms of offering innovative solution, artificial intelligence appears to be one that is currently revolutionizing the beauty industry. Indeed, more and more beauty players, ranging from the largest cosmetics companies to start-ups, have been embracing this emerging technology "to give customers a more personalized, tailor-made approach to beauty" (J.P. Morgan, 2019, para.1).

As stated by Rouse (2018), artificial intelligence (AI) can be defined as "the simulation of human intelligence processes by machines, especially computer systems. These processes include learning (the acquisition of information and rules for using the information), reasoning (using rules to reach approximate or definite conclusions) and self-correction" (para.1).

As explained by Rouse (2018), AI technologies generally refer to systems designed to mimic human intelligence and abilities. In fact, artificial intelligence systems are able to work without our intervention by analysis and learning and are developed with the goal of augmenting human capabilities (Guray, 2017). For that matter, many experts think that the term of AI should be replaced by the term augmented intelligence.

As we learn from Priya (2019), "artificial intelligence (AI) is one of the key drivers of the Fourth Industrial Revolution, and it is changing the way we think, work, and interact with data and technology" (para.2). At the cosmetics level, AI has, among other things, taken the process of personalization further. Indeed, "with the advent of artificial intelligence, smart technology, and machine learning, increasing numbers of companies are embracing product personalization and offering knowledge-based beauty routines to their consumers" (para.2).

These technical advances can be seen through the performance and precision of diagnostic technologies or trough intelligent machines that make it possible to formulate tailor-made cosmetic products. Moreover, with the advent of digital, these advances are now, not simply reserved for the point of sale and become more easily accessible to the consumer via brand's optimized websites or mobile applications. (Caussanel, 2018)

3.3. Examples of personalized cosmetics

- *My Blend by Dr. Olivier Courtin*

Recently, personalization has been seen in the form of mix & match cosmetics such as My Blend, range of personalized skincare products offered by Clarins and developed by Dr. Olivier Courtin (My Blend, n.d.).

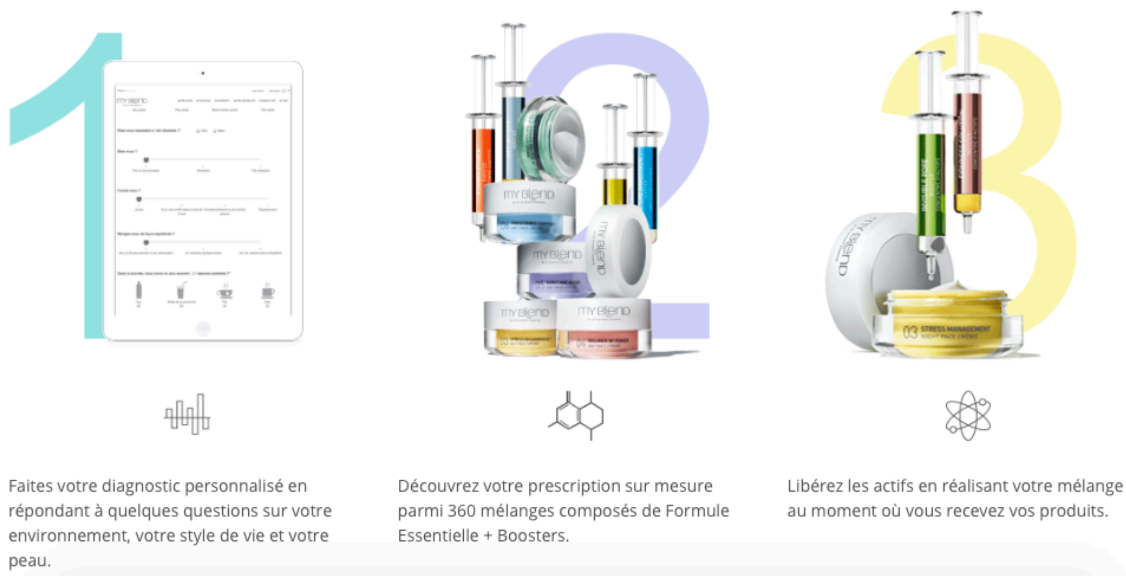


Figure 13 - My Blend by Dr. Olivier Courtin
Source : My Blend. (n.d.). *Votre formule beauté en temps réel*. Retrieved on 10 July, 2020 from https://my-blend.com

This range of personalized cosmetics based on the concept "You're unique. So is your skin" is delivered to customers by first going through their "Skin Diag" : a diagnosis proposed online or in a spa offering this range of products. The aim being to define a tailor-made skin care programme that will enable them to recommend a treatment adapted to the needs of the consumer's skin but also adapted to their lifestyle. This parameter being just as important as the nature of their skin. (My Blend, n.d.)

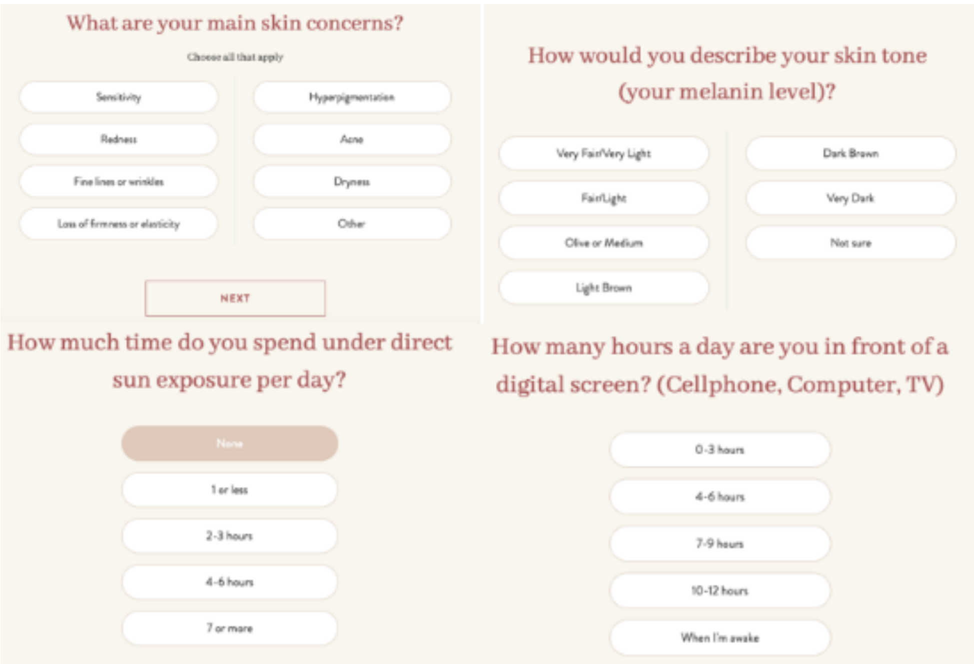
The My Blend product range is built around 10 Essential Formulas (5 night formulas and 5 day formulas) that meet the specific needs of women's skin such as dull complexion, dehydrated, dry or blemished skin, among others. To these formulas can be added one or two boosters, among the 9 proposed by the brand (antioxidant, radiance, anti-ageing…) which are concentrated in active ingredients and specifically formulated to meet the individual and changing needs of their skin and lifestyle. (My Blend, n.d.)

If personalization is therefore present here through a diagnosis, then offering the consumer skin care products adapted to his needs, the concept remains limited in the sense that the mixture can only be done among formulas and boosters catered to certain skin parameters, preset by the brand.

However, as stated previously, today, technical advances and new technologies have allowed beauty companies to go further in personalization, by making it possible to create entirely personalized products from scratch.

- *Proven*

We can firstly take the example of Proven, an American women-led start-up, founded in 2017, which has used AI to take personalized skincare to the next level. Indeed, the company offer "a line of skincare products that utilizes technology and science to offer a personalized skin assessment through a quiz on its website (Gould, 2019, para.3).



<u>Figure 14</u> - Proven Skin Genome Quiz
Source : Proven. (2019). *Proven.* Retrieved on 10 July, 2020 from https://www.provenskincare.com/quiz/

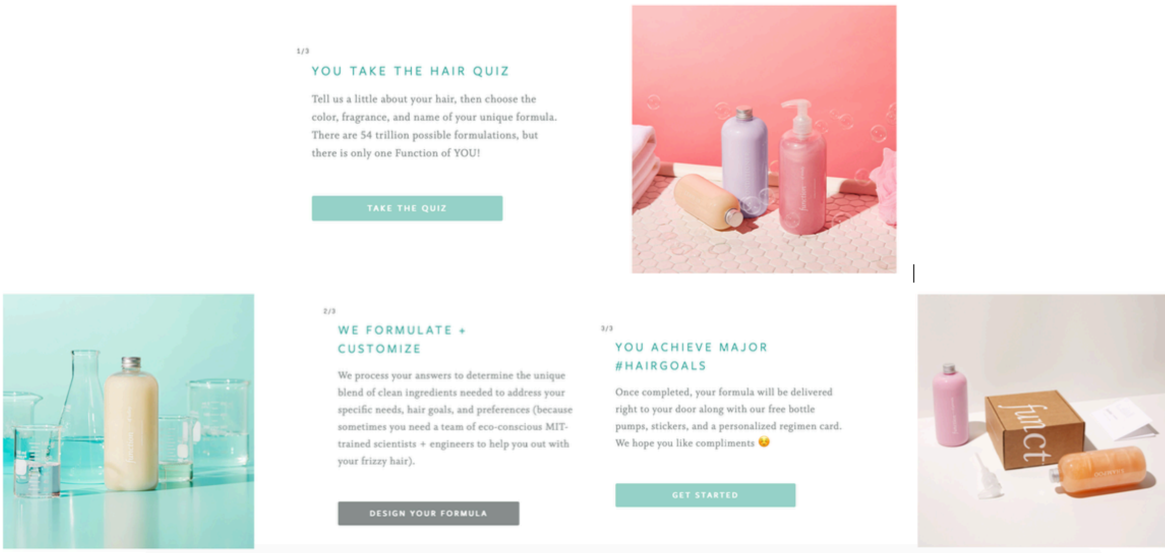
This questioning “is meant to create an experience similar to sitting down in front of a dermatologist. Afterward, it offers a customized skincare solution that's reflective of your skin type, skin goals, lifestyle, ethnicity, and climate” (Gould, 2019, para.3).

Indeed, after their Skin Genome quiz, Proven (2019) offers customers an entirely personalized skincare routine with a system composed of 3 simple product: a cleanser, a day moisturizer to protect the skin daily and a night cream to renew the skin overnight. All of this is possible thanks to their Skin Genome Project, an artificial intelligence driven database developed by the co-founder and data scientist, Amy Zaoshi Yuan. Indeed, based on the information from thousands of scientific publications, customers testimonials and skincare ingredients, their database uses machine learning to asses and process and select the most effective regime for each individual’s skin (Proven, 2019).

As explained by LiveArea (2019), with their Skin Genome Project, Proven has potentially created a disruptive innovation and a technology that could change the way consumers experience and purchase beauty product. Indeed, as the first awarded skincare company which uses AI to create personalized skincare products in a holistic approach, Proven could prompt other companies to integrate AI technologies to deliver true personalization.

- *Function of Beauty*

Next, we can mention Function of Beauty, a start-up based in New York, that similarly to Proven, uses intelligent technologies to design and offer personalized hair care products. Indeed, the company, founded in 2015, “uses machine learning algorithms to develop the custom shampoo formulas based on customers’ hair type and the treatments it needs” (de Jesus, 2020, para.23) ranging from conditioners, hair mask to hair serum.



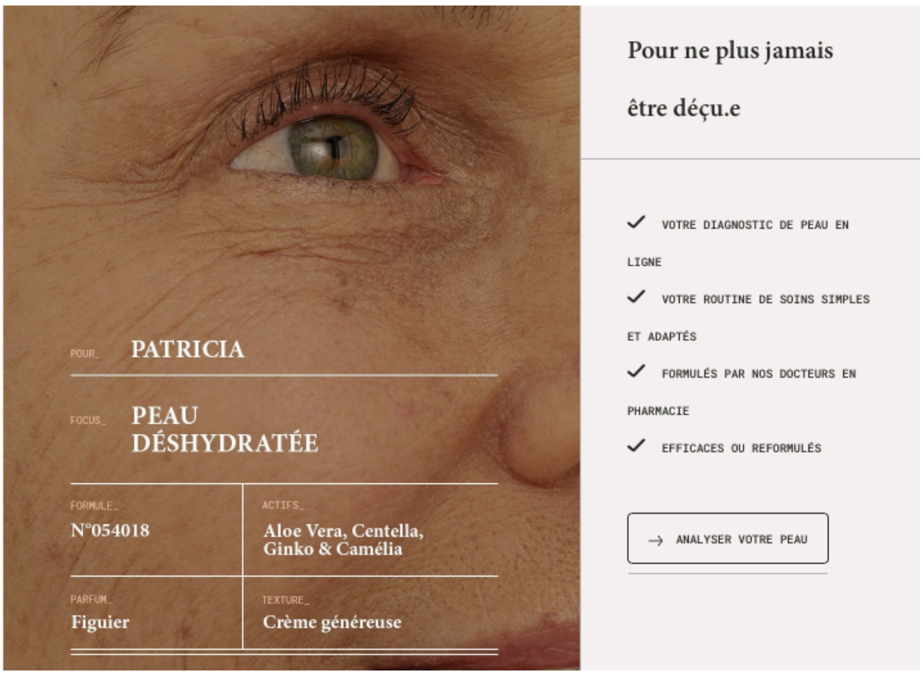
<u>Figure 15</u> - Function of Beauty
Source : *Function of Beauty*. (2020). Function of Beauty. Retrieved on 12 July, 2020 from https://www.functionofbeauty.com

As explained by de Jesus (2020), "to start the recommendation, customers need to answer the survey about their hair type, hair structure, scalp moisture, fragrance preferences, shampoo and conditioner color, preferred bottle size, and frequency of use. This profile enables the algorithms to find patterns in the company database and come up with matches for the customer" (para.24). That is how Function of beauty (2020) claims to be "the world's most extensive customized hair care brand with the potential to create over 54 trillion unique formulations" (para.2). In addition to a customized formulation, their personalization goes even further since "with Function of Beauty products, the users can customize the shampoo-conditioner scent, fragrance strength, and color" (Priya, 2019, para.14).

On the European side, we can also observe that some cosmetic brands are starting to invest in new solutions for consumers looking for personalised products.

- *Laboté*

We can firstly talk about Laboté (2020), a brand that offers tailor-made skincare products, formulated in Paris, that consumers can purchase without moving from home. Through their website, the brand offers a skin diagnosis which allows their Doctors in Pharmacy to determine in a very precise way the right dosage of medicinal plants needed to create 100% custom-made formulas. Indeed, the brand offers a range of personalized cosmetics, focuses on the power of fresh plants, that ranges from day and night creams to targeted care products.



<u>Figure 16</u> - Laboté

Source : Laboté. (2020). *Cosmétiques sur-mesures : vos soins botaniques*. Retrieved on 12 July, 2020 from https://www.labote.com

Thanks to their online skin diagnosis and their personalized simple and adapted routine, the brand promises to deliver for all the individuals who have been disappointed with cosmetics. Indeed, by reversing all the principles of the mass industry, the brand caters to those who have trouble finding a cream adapted to their skin among standardised formulas.

- *Seasonly*

Finally, we can mention the brand Seasonly and their personalized day care range "L'Unique". This made in France clean beauty brand wants to take up the challenge to do better with less, without compromising efficiency and pleasure. And that results in healthier, truer, more transparent and more durable cosmetics with formulations without dubious ingredients. (Lemaire, 2020)

In order to offer product adapted to all skin types, Seasonly sell, among others, a personalized face care cream composed of more than 99% natural ingredients and formulated according to each individual's skin needs and lifestyle. This personalized formulation is achieved with one common active, rice, that revitalizes and protects, to which is added, other specific active ingredients, according to a diagnostic established after answering a questionnaire on the company's site. The concept is offered to the consumer in the form of a subscription. Indeed, all you have to do is register on the site, to receive, at home, every two months, a new skincare product formulated with updated ingredients adapted to your skin's needs in real time (Bladt, 2019).

<u>Figure 17</u> - L'Unique by Seasonly

Source : Bladt, M. (2019). *Beauté : 4 nouvelles marques à connaître en 2019*. Retrieved on 15 July, 2020 from https://www.vogue.fr/beaute/shopping/story/beaute-nouvelles-marques-a-connaitre-en-2019-green/5063

Looking at this new trend, we can realize that most of the new solutions proposed by beauty companies mostly target skincare and haircare personalized offerings. However, this is not surprising since, these two categories carry the most weight in the industry today. For example, in 2019, the global market was dominated by the skincare category that made up 40% of its turnover and the haircare one that made up 21% of it (Statista, 2019).

4. The stakes of personalization for cosmetics companies

By taking interest in these examples, we can observe that with the advent of digital and new technologies, more and more beauty companies are getting interested in personalization by investing in new solutions and offerings. In addition to have various benefits for consumers, personalization can represent significant benefits for beauty brands.

As we learn from Capgemini (2016), personalization can be a real lever for cosmetic companies that can help them differentiate their brands, products or service. By moving away from mass and standardized offers towards hyper personalized solutions, personalization can represent a real added value in a complex and highly competitive universe where new brands are developing every day.

4.1. Attract and retain the consumer

As explained by Causanel (2018), personalisation is first and foremost a means of creating a link between the customer and the brand. The objective is to build consumer loyalty with an offer specifically dedicated to his needs. Indeed, contrary to standardised offers, which are very widespread on the cosmetics market, personalised products have the primary goal of seducing the consumer with a targeted and one-to-one offer.

In addition, a product that corresponds to the specific needs of a consumer's skin and/or hair should theoretically be more effective for the consumer. If the consumer sees its effectiveness, he or she will want to remain loyal to that product. Even if he might want to explore other horizons because of the appeal of novelty, the goal here is that he will want to return to the product that corresponds to him in order to meet his expectations.

Personalization is interesting because it falls within the principle of a long-term relationship with the consumer. Indeed, especially thanks to the diagnostic system, it is necessary to take the time to exchange with the consumer and to identify his needs. Moreover, generally, there is a possible delay in the manufacturing and delivery of the personalized product, if it is not made at a point of sale. Consumption is therefore not instantaneous because the consumer must wait to receive his product or take the time to make the mixes that suit him, but far from annoying him, this delay can on the contrary reinforce the attractiveness of the product. (Caussanel, 2018)

Personalization therefore seeks to make the offer more qualitative, more desirable and above all more suitable. It also offers the consumer a unique, rewarding experience for the ones in search of uniqueness and self-assertion.

4.2. Meet consumer’s new demands

Brands in the cosmetics sector have to face new demands from customers, who expect them to offer solutions that meets their expectations. This is particularly true, since in a growing market, it can become increasingly difficult for cosmetics players to be visible and maintain their market share in the face of growing competition. (Caussanel, 2018)

In recent years, the cosmetics market has been shaken by numerous controversies, whether in terms of controversial ingredients or misleading advertising, which have undermined the relationship of trust between consumers and brands (Buski, 2020). More and more consumers are thus regaining control over what they use in terms of cosmetic products. The consumer has never been so demanding and goes as far as analyzing the ingredients contained in products. Tailor-made cosmetic products are, among others, the answer to this demand for transparency towards brands and their product offer. Indeed, with customized cosmetic products, the aim is to formulate products that contain only what the consumer's skin needs in terms of active ingredients while being transparent on its formula.

4.3. Simplify the marketing speech

Consumers are also tired of the marketing hype of cosmetic brands, for products that do not necessarily correspond to their needs and expectations. This change therefore encourages brands to adapt and personalise products, in order to bring them more uniqueness and therefore more value.

Personalization represents a way for the cosmetics industry to diversify its products, but also to simplify, target, and differentiate its marketing speech. This translates into advice and an ultra-targeted and personalised experience, thanks to technologies that enable a skin or hair diagnosis. The consumer can then purchase the product or care routine tailored to his or her exact needs. The consumer is therefore less lost when faced with the multitude of products and brands on the market. The choice and therefore the purchase of personalized cosmetic products becomes easier. (Caussanel, 2018)

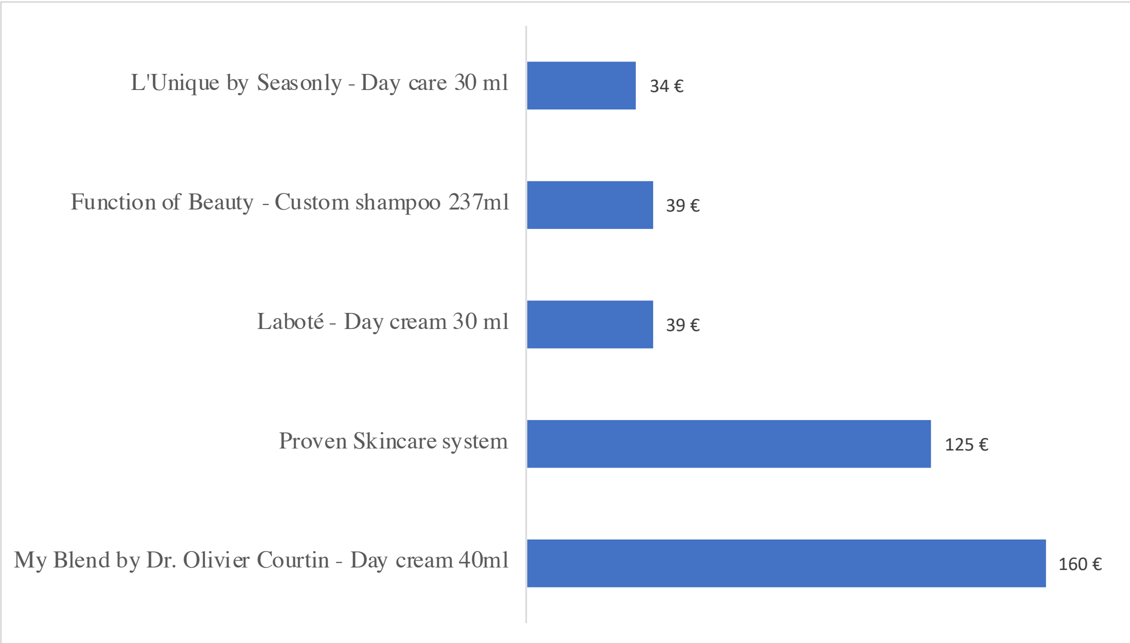
5. Personalization limits

Although personalization can represent a real added value for both consumers and businesses, it still has certain limitations that could hinder its development mainly in terms of price, data sharing and the limited number of possibilities.

5.1. Prices

When looking at the following diagram (see Figure 18), representing different prices associated with personalized cosmetic products, one can see that their prices can vary from around 40 euros to 200 euros. These prices are thus far from those usually found in supermarkets and hypermarkets and, on the contrary, tend to be close to the prices found in perfumeries. A question therefore arises on whether the consumer would be willing to increase the budget he or she allocates to cosmetic products if they are personalised cosmetic products?

This question of price thus reveals one of the current limits of personalization since, by moving away from standard and mass products, these one-to-one offers often display rather high prices that would not necessarily be accessible to everyone.



<u>Figure 18</u> - Illustration of prices associated with personalized cosmetic products
Source : Official websites of the brands

5.2. Data Sharing

As we learn from Capgemini (2016), the second limitation that can be highlighted in offering personalized solution concerns the use of personal information. "Beyond ethical or regulatory limitations …, the use of personal data can indeed carry a risk in terms of invading the privacy of individuals, and various studies have shown that customers are full (sic) aware of this. In fact, the majority of them are actually reluctant to share personal information that they consider the most sensitive. Being wary of this fact, customers are now taking precautions to minimize unwanted access to their personal data" (p.11).

However, as we learn from Caussanel (2018), personalization cannot be successful if the brand does not know its consumer. This requires a significant collection of data on the latter via diagnostics, online or point-of-sale questionnaires. This is an important entry point to better understand what the consumer is looking for and what they expect from their care.

More and more consumers are claiming their uniqueness through personalised products, but in return they have to provide a lot of information about themselves. This information is a gold mine for brands which, in addition to offering a specific offer to the consumer, can enrich their database. (Caussanel, 2018)

The type of data needed to carry out the personalization varies according to the company and its offerings. In general, in order to have products adapted to the unique needs, the consumer is very often obliged to go through the diagnostic stage.

Among the brands offering personalised cosmetics analysed earlier, there are usually some questions that can be characterised as general and that will allow the brand to collect socio-demographic data such as gender, date of birth, age, among others. Then generally come more precise questions, essential for the proper formulation of tailor-made products but also for a good understanding of the priorities and needs of the consumer. Then, depending on the personalization system, questions concerning the consumer's lifestyle and environment, such as his state of sleep or stress level, may be asked.

Faced with this collection of data, the question thus arises as to whether consumers will be willing to share so much data about themselves in order to have access to a personalised product. Indeed, consumers may be reluctant to give information about, for example, their skin, their lifestyle and the environment in which they live. This is why it is important for brands offering, in particular, personalised cosmetics, to be transparent about the purpose of the diagnostics, to prove the adequacy of their offers in relation to the consumer's expectations and to demonstrate that this collection only serves to propose an increasingly personal offer.

5.3. Limited number of possibilities

As explained by Caussanel (2018), personalized cosmetics have responded to the changing expectations of consumers looking for uniqueness and self-affirmation. However, even though these solutions are offered with the aim of targeting the consumer on a one-to-one way fashion, a certain limitation exist on offering him a truly unique personalization. Indeed, it can be observed that the number of possibilities is certainly large, but often remains limited.

On the one hand, this limit can firstly be observed in the number of possibilities offered by the brand. If we take, for example the solution offered by Clarins and their mix and match My Blend, their personalization is only possible at a certain level with their 10 formulas that can be personalized by adding boosters (My Blend, n.d.).

On the other hand, when the consumer responds to a diagnosis as accurately as possible, there is no guarantee that in the end the product offered to him will not also be offered to another consumer with similar responses. Of course, the final product is not a standard product, it corresponds to the consumer's needs, but its uniqueness is reproducible, considering other consumers with similar skin characteristics and expectations. This therefore represents a further limitation since, even if brands use the terms personalized and tailor-made to illustrate the concept of their offer, this personalization is more of a marketing concept than an established fact. Indeed, until now, the number of possibilities is not infinite and the equation advocating that each product is designed to match one individual has not yet found its solution. (Caussanel, 2018)

PRACTICAL PART

In order to answer the following research question "cosmetics in the digital age : can personalization be a marketing lever to meet new consumer expectations?", we have so far been interested in its theoretical framework. Indeed, in the first three parts of this paper, we have first looked at its conceptual analysis in order to learn more about the context of my question. Then, in the fourth part of this paper, we focused more precisely on personalization, this new trend that more and more cosmetics players are looking at, in the face of new technological advances and new consumer expectations.

As far as this practical part is concerned, based on these theoretical observations, we will start by drawing up a list of hypotheses that will enable us to answer the above-mentioned research question.

Next, a qualitative interview was also conducted through with a professional in the cosmetics sector in order to gather elements of answers to our research question. We will analyse this interview in order to compare the data collected so far, with that of a professional familiar with our subject.

Finally, a quantitative study has also been carried out with consumers in order to collect information on their cosmetic consumption habits and to determine whether personalised cosmetics represent a demand on their side.

Thanks to these different steps, we will be able to collect elements of answers to the hypotheses and our research question. Finally, we will draw some conclusions but also useful recommendations for companies active in the cosmetics sector and especially for those wishing to propose new personalised solutions.

1. Hypothesis

In order to respond to our research question, it is essential to first draw up a list of hypotheses. These are based on the elements studied and analysed in the first theoretical part of this work :

1) Personalization can be a marketing lever for cosmetic brands by offering products that meet the unique and individual needs of consumers

2) Offering consumers personalized products can be a marketing lever for cosmetic brands by meeting their demand for uniqueness and self-assertion

3) Offering consumers personalised products can be a marketing lever for cosmetic brands by meeting their expectations for transparency

2. Qualitative interview

In order to enrich the content of my research, it seemed necessary to me from the outset to conduct a qualitative interview with professionals familiar with my subject and the concepts we have been working on throughout this work. To do so, I had the opportunity to interview Hannelore Verheyen, Head of Digital of the Actives Cosmetics Division at L'Oréal Belgium, who has been working for 8 years in the digital and cosmetics field. The complete transcript of this interview can be found in the appendix (See APPENDIX 2: Interview with Hannelore Verheyen).

It was interesting to talk with her because it allowed me to get the opinion of a professional working for the brand which is, today, the world leader in the cosmetics industry. I would also have liked to interview beauty actors particularly specialized in offering personalized cosmetics solutions to understand how they came to be interested in personalization and in response to what. Unfortunately, as mentioned in the preface, due to a lack of time on their part, none of the brands I contacted could respond favourably to my request for an interview.

- Cosmetics in the digital age

When asked about how the digital changed the beauty industry, Hannelore first mentioned that, in response to the digital age, companies have had to start thinking about online sales and investing in e-commerce, on which L'Oréal is always working on strengthening their position. However, as we have analysed in our theoretical study, she pointed out that the latter was only a small aspect of the digital.

In this sense, she told us that over the years, advertising budgets have shifted from TV and print to digital media. She first mentioned the new wave of influencers who, today, are an integral part of L'Oréal's digital strategy, whereas 10 years ago the brand only used celebrities as brand ambassadors. With the rise of social networks, community management has also emerged as a way to manage engagement and the conversations dynamics with customers online. Online experience has also been something companies have had to invest in. Indeed, she told us that today, we have to make sure that consumers find what they are looking for, in the easiest way possible and help them throughout their purchase.

Concerning the latter, their behaviour and expectations have completely changed with the digital. Indeed, according to Hannelore Verheyen, two aspects of consumer behaviour are to be retained: the growing expectation of transparency and the accessibility to information.

With the rise of the Internet, she pointed out that consumers now have the ability to look up everything and access a ton of information concerning products. Whereas previously people could only rely on the advices from their entourage or sales professionals, everything has been made easier with the Internet. With this easy access to information, consumers now expect more from companies especially in terms of transparency. A lot of them have now concerns about ingredients and use apps such as Yuka to make sure that they are “clean”. Brands therefore now have to take into consideration this need for transparency and higher expectations in terms of products’ ingredients. In the case of L’Oréal, she indicated that, when developing products, it has now become regular for them to check that their products formulation will be highly scored on these kind of app.

- Personalized cosmetics

Next, in terms of personalized, Hannelore Verheyen told us that it was something that L’Oréal has been looking into since “people are definitely wanting more personalized products” (Verheyen, 2020). At the moment, the personalized solutions the brand has managed to offer to consumers has been in the form of a personalized makeup line : Lancôme’s “Teint Idole” foundation. Indeed, she indicated that it was possible for customers to get a tailor-made foundation shade thanks to a machine located in Paris.

However, she pointed out that L’Oréal has slowly been taking steps towards offering other form of personalized offers by working with the pharmaceutical division, supporting the development of products by clinical studies and investing in new technologies. She mentioned the fact that working towards reaching “this level of expertise, of excellence” (Verheyen, 2020) is quite complicated because it takes time and a lot of testing to develop products that are effective, even more if the goal is to offer personalized formula.

Besides the time it takes to develop different formulas, she pointed out two other type of limits to the development of personalized cosmetics. She first told us that in order to offer individualized offers, brands would have to make sure that in each formulation, ingredients still work together without losing efficiency. In addition, she pointed out an important aspect: regulations. In this sense, she told us that when working in the cosmetic field, brands have to follow regulation “in terms of certain ingredients, formulation, percentages of actives, etc.” (Verheyen, 2020). Every form of tailor-made formulation is therefore not allowed and, by offering individual one, brands would have to make sure that, for each product, the rules are followed. That is how, it has been, thus far, much easier to offer personalized makeup items since, in this case, the formulation stays the same and it is only about a personalized pigment.

In the face of these limits, she mentioned that L’Oréal has been investing in personalization “in the form of personalized services, in means of technologies” (Verheyen, 2020). Through these services, the idea has been to personalize the shopping experience of consumers by helping them make the choices most fitted to their needs. The company has therefore invested in augmented reality and artificial intelligence powered services. These can be observed trough virtual try-on but also online service such as “La Roche Posay’s Effaclar spot consult” (Verheyen, 2020).

3. Quantitative survey

3.1. Method

With the aim of being able to confront the information gathered throughout this work with the reality of the field, it was necessary to carry out a quantitative study. To confront this first theoretical research but also to bring answers to our hypothesis, among the various existing tools for collecting quantitative data, the survey was chosen in order to gather the opinions of consumers through a random sample of the Belgian population.

The method of administration used here is qualified as being indirect, meaning that the respondents completed the questionnaire by themselves. This survey was done via the Google Form platform. This method was chosen for its ease of use, both in terms of designing the questionnaire itself and for its ease of sharing.

This survey was posted and diffused on Facebook from June 8 to 14, 2020. In this space of time, 116 number of answers were managed to be collected. Although we understand this sample cannot be truly representative of the population, we will all the same take these answers into account while keeping in mind that it cannot fully reflect the whole population.

The primary goal of this survey was to understand people's behaviour in relation to cosmetics products and to see if certain elements of the digital age such as e-commerce or digital marketing were in fact important to their consumption habits. Next, we wanted to gather opinions on personalized cosmetics product in order to see if they represent a demand on the consumer side and if how they could respond to their demands. As a result of this quantitative study, we also had the aim of being able to affirm or invalidate the hypothesis we were able to establish thanks to our theoretical research.

To do so, I created a survey containing 16 questions that can be divided into 3 different parts :

- Identification
- Cosmetics purchasing habits
- Personalized cosmetics

The first part was thus dedicated to identifying the general profiles of the people surveyed mainly through 2 typical socio-demographic questions such as age (established on the basis of age categories) as well as gender. Beyond simply identifying the respondents, these questions were also used as filtering factors and compared with the information collected in the remaining parts.

The second part was therefore devoted to the cosmetics purchasing habits of the respondents and contained 6 questions. Respondents were first asked about what type of cosmetics products they bought and consumed as cosmetic products cover a wide variety of products including personal/hygiene care, body care, facial care, hair care and fragrances.

Then, they were asked about their average consumption of cosmetics products (all categories included) in order to analyse the frequency of their purchases. The respondents had the option to choose from different frequencies ranging from weekly purchase to yearly purchase of products. Next, respondents were asked 4 additional questions concerning their purchasing habits in terms of average budget allowed, usual place of purchase (from physical shops to online), influence and type of cosmetics products. Finally, the last question in this section had the goal of finding out the general purchasing criteria of the respondent thanks to a selected list to which they could attributed a note according to their importance.

Finally, the third part of this survey was devoted to personalization. Indeed, the idea was to find out if trough the responses of the respondents, an interest and demand for personalized cosmetic products could be detected. It is important to note that in terms of personalization, the respondents were informed, within the framework of this questionnaire, that the term "personalization" was used here in reference to products customized on the basis of your profile and your specific needs thanks to innovative technologies.

That is how the first question was directed to their interest or not in personalized cosmetics. Then the respondents were asked about the possible reasons they would be interested in them. The next question was asked in order to judge which type of cosmetics products the respondents would be interested in, in terms of personalization. Two addition question were asked in order to collect information on the potential brakes on purchasing customized products in terms of pricing and data sharing. Finally, the last question was asked in order to know if, for the respondents, personalized products could represent an advantage for a cosmetic brand in order to differentiate itself and better meet their expectations.

Each of the questions posed allowed me to draw different conclusions based on the answers collected, in relation to our research question or our hypothesis, and subsequently allowed me to point out some recommendations.

We will now analyse the answers and results from the survey. The complete survey and responses can be found listed in appendices (See APPENDIX 1 : Survey and results)

3.2. Results presentations

- Identification

Of the 116 participants, 87.1% are women and 12.9% are men. In addition, different age categories were composed. The distribution of respondents is as follows:

- 0,90% are less than 18
- 46,6% are between 18 and 25 years of age
- 28,4% are between 26 and 35 years of age
- 7,8% are between 36 and 45 years of age
- 12,1% are between 46 and 60 years old
- 4,3% are more than 60 years old

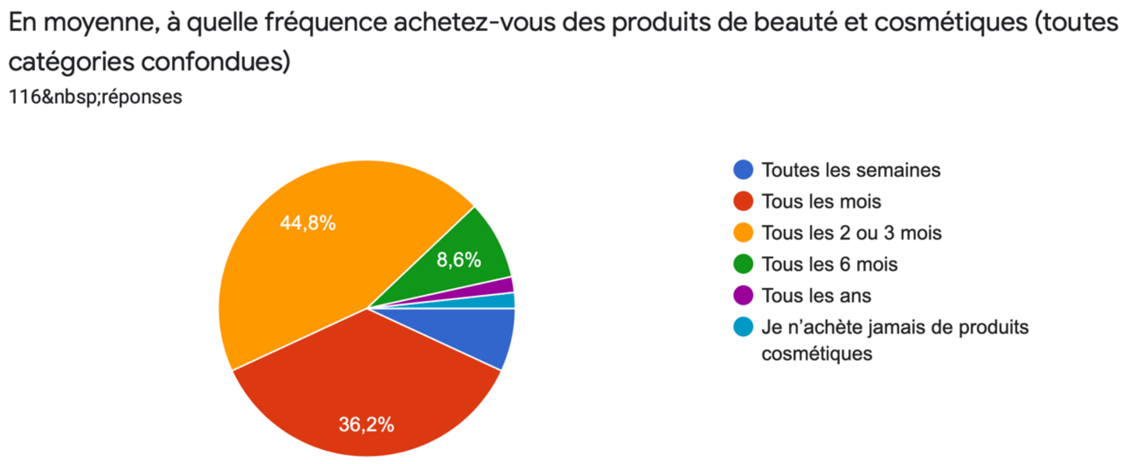
We can thus see that the majority of respondents are in the 18-25 age bracket, representing almost half of all respondents. This parameter is important because it tells us that most respondents are young adults belonging to a specific generation: the generation Z, designing the group of individuals born since 1995 (Brodart, 2018). This will enable us to determine, in the answers that follow, whether this generation has different behaviours and expectations than the others in terms of cosmetic products.

Concerning the other age brackets, as they are not fairly represented, we cannot say that their answers will be really representative. However, they will give us an idea of the general trend.

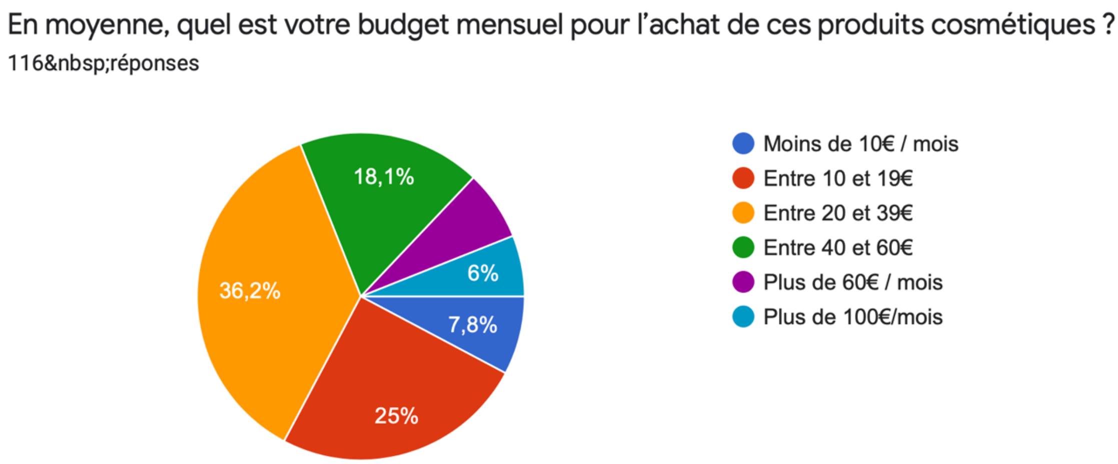
- Cosmetics purchasing habits

First, in terms of cosmetics purchasing habits, the respondents were asked about what types of cosmetics product they purchased in general. With different cosmetics products categories, the respondents had the option of checking each of the one they consumed. In addition, they also had the option of informing us that they never purchased cosmetic products. The results show that:

- 98,3% of the respondents consume *personal care and hygiene product*
- 75.9% of the respondents consume *facial care products*
- 76.7% of the respondents consume *body care products*
- 87.1% of the respondents consume *hair care products*
- 77,6% of the respondents consume *fragrances and perfumes*
- None of the respondents declared never purchasing cosmetics products



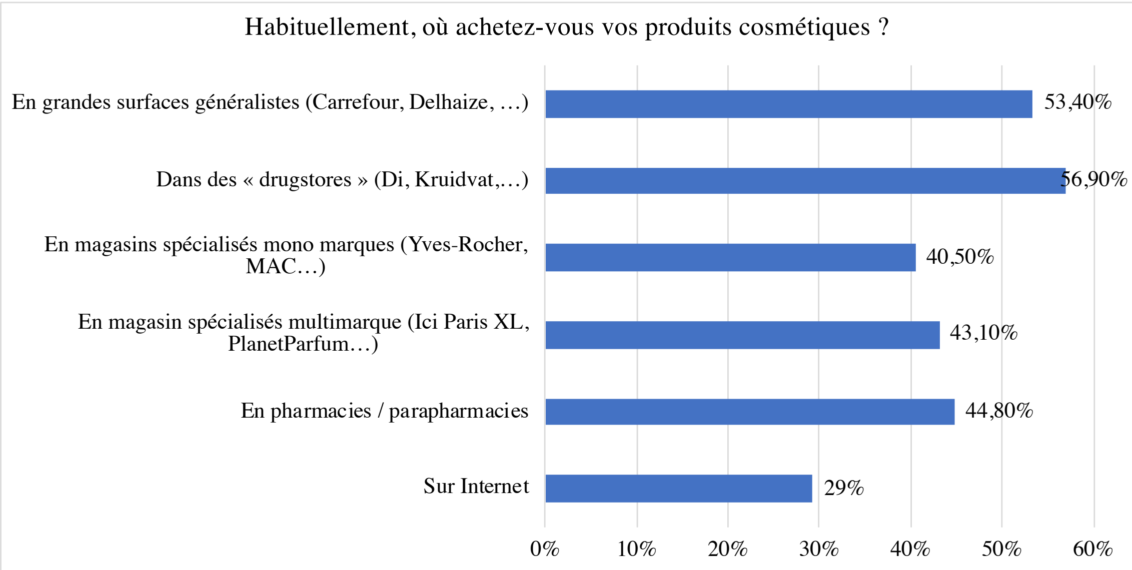
To the 4th question "on average, how often do you buy beauty and cosmetic products (all categories combined)?", 44,8% of the respondents declared that they purchased cosmetic products every 2 to 3 months, while 36,2% of them declared purchasing cosmetics every month. We can therefore see that most respondents regularly purchase cosmetic products at a frequency varying between every month and every 2-3 months.



Concerning the budget they allow monthly to cosmetic products, a large part of the respondents (36,2%) said they allowed between 20 and 39€ to this category of products while a quarter of the participants (25%) said they allowed between 10 and 19€ monthly to cosmetics. We can thus see that the majority of them generally allow between 10 and 40€ of their monthly budget to cosmetics. However, it should not be overlooked that some of the participants confirmed that they spend more than this amount monthly varying from between 40 and 60€ (18,1%), more than 60€ (6,9%) and more than 100€ (6%).

By comparing this data to the age of the respondents, we can observe that, both for those between 18 and 25 years old (70.3%), and those between 26 and 35 years old (66.6%), the majority of them does, in fact, spend on average between 10 and 40€ per month on cosmetics. However, for the 36-45 (55.5%) and 45-60 (57%) age groups, the majority of them allow more than €40 monthly to cosmetics. We can thus deduce that older individuals generally spend more than younger adults.

The respondents were then asked about the places they usually buy cosmetics from. Among a given list, they could tick one or more places according to their shopping habits. In addition, respondents could, if they were not in the list of typical distribution channels, indicate their usual place of purchase by themselves via a free response.



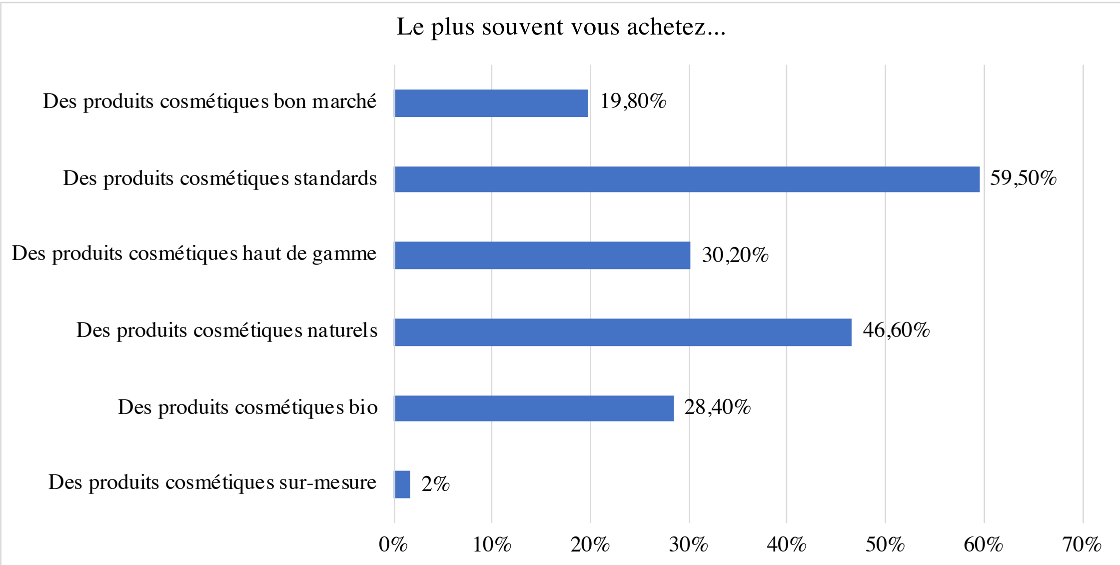
The results show that the participants' place of purchase of choice are drugstores (56,9%) such as Di or Kruidvat followed by general supermarkets (53,4%) such as Delhaize or Carrefour. However, a substantial part of the respondents also pointed out pharmacies and parapharmacies (44,8%), multi-brand specialty store such as Ici Paris XL or Planet Parfum (43,1%) and single-brand speciality store such as Yves Rocher or MAC (40,5%) as their cosmetics usual place of shopping.

The portion of participants who have also chosen e-commerce as a usual purchasing channel was 29,3%. It is also important to note that some of the participants indicated to us that they also purchased cosmetics in organic shop (around 4% respondents), African shops (0,9%) and trough export via their entourage (0,9%).

This survey therefore highlights the fact that drugstores and supermarkets remain in pole position as places where consumers buy their beauty products. It can be assumed that the equation proposed by them remains winning in terms of wide choice, ease of access but also prices that remain accessible for all wallets.

We can also see through these figures that despite the rise of e-commerce, the majority of respondents still turn to physical points of sale to buy cosmetics since only 30% of them favour the Internet to make their purchase.

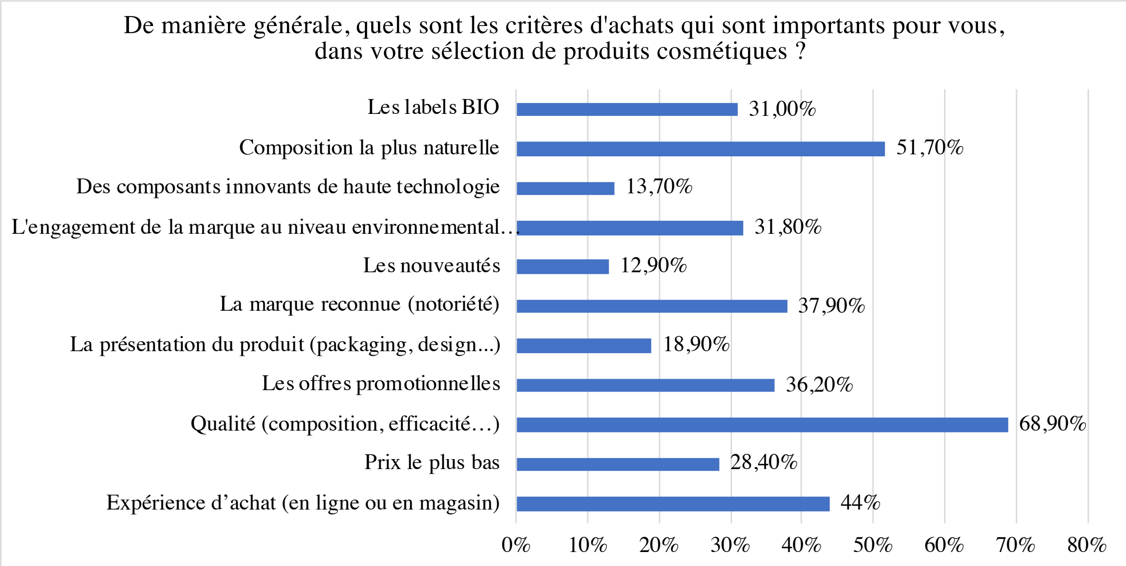
We can however note that comparing this data with the age of the participants, among those heading towards e-commerce to purchase cosmetics, 88,2% are aged between 18 and 35 with 58,8% being between 18 and 25. We can therefore observe that e-commerce is mainly part of the youngest individuals' habits.



In terms of types of cosmetics they usually purchase, we can see that the majority of the respondents (59,5%) tend to stick to standard cosmetic products. However, a significant amount of them (46,6%) also indicated that they usual buy natural cosmetics with an additional 28,4% who have also chosen organic products. Then, we can all the same observe that 30,2% of the respondents usually turn to high-end products and 19,8% to drugstore products. Finally, we can note that a small number of respondents (1,7%) indicated that they usually buy custom-made products.

We can therefore observe that even if all respondents do not turn to drugstore products first, they usually stick to standard beauty products. Comparing this data with the age of the respondents, we can also note that among those who buy high-end cosmetics, 68.5% are between 18 and 35 years old. We can thus deduce that even if these young adults generally have a smaller budget to spend on cosmetics, some of them nevertheless regularly purchase high-end products. On the other hand, concerning the over 35s, even if we saw earlier that they have a higher budget per month for cosmetics, only 35.7% of them regularly buy high-end products.

In addition, these figures show us that clean cosmetics are a trend that can be confirmed among the respondents since almost half of them regularly buy natural products and almost 30% of them buy organic products.

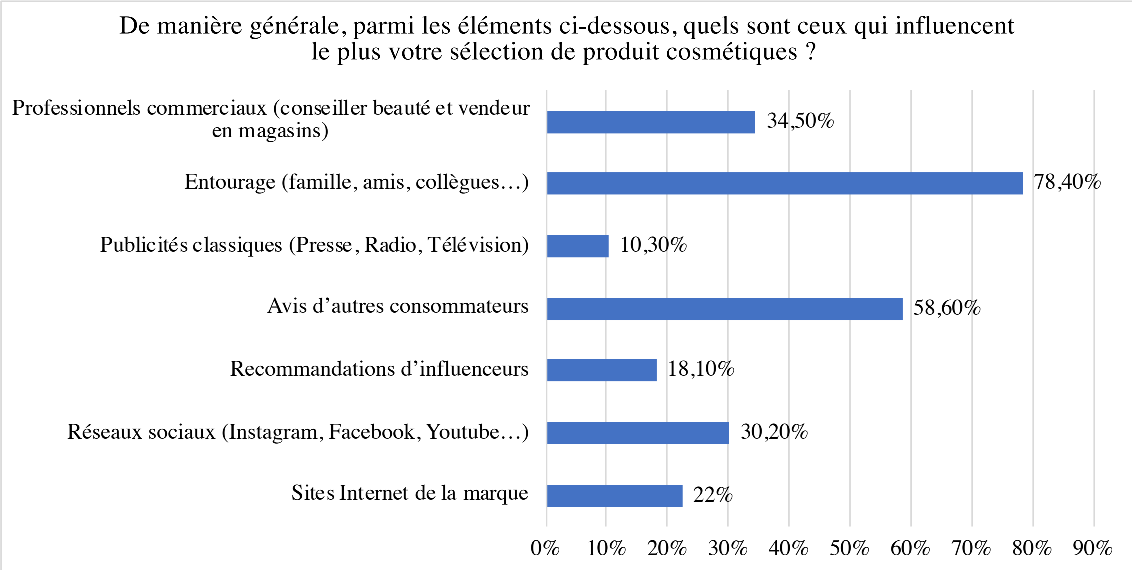


The respondents were then asked about their most important purchasing criteria when purchasing cosmetic products. It was indeed important to identify these in order to be able to pinpoint the main expectations of consumers for this category of products. We can firstly observe that the purchasing criterion that emerges the one concerning quality in terms of composition and efficiency (68.9%). This indicates that people are primarily looking for products that are effective, that will effectively meet their specific needs and that pay off in terms of what they claim.

Next, we can note the importance for the respondents to have product with a clean composition (51,7%) which again indicates, in line with the large purchase of natural cosmetics, that many of the respondents take more and more into play the clean composition of their products. We can also observe that the purchasing experience of consumers whether online or in physical point of sales has its important given that 44% of the respondents pointed it out as an important criterion.

Then we can also point out, although less important, the criteria of having a recognized brand (37,9%), of being offered a promotion offer (36,2%), of a brand commitment to environmental issues (31,8%) and of organic labels (31%). We can also observe that having a low price point (28,4%), packaging (18,9%), innovative high-tech components (13,70%) and the novelty of the product (12,9%) are amongst the criteria that are the least important to the respondents.

Overall, from these indications we can see that what is most important for consumers turns out not to be criteria such as the lowest price, novelties or the use of new technologies. What interests the consumer is first the product itself and its promises. Indeed, we can see that respondents expect above all quality and efficient products that can meet their needs. In addition, a composition that tends towards being clean is becoming increasingly important.



In terms of influence, we can observe that, in order to select their cosmetics, the respondents (78,4%) are first and foremost influenced by the people around them (family, friends…). We can than see that comments from other users comes in second place with 58,6% of the responding having chosen it as an important source of influence. Commercial professionals then come in third place with 34,5% of the respondents pointing them out as important, closely followed by social media (30,2%). Brands' website (22,4%), influencers (18,1%) and traditional source of advertising (10,3%) are, as for them, less influential for the respondents in their selection of cosmetics. Some of the consumers, although a minority, also freely indicated that they could be influenced by applications such as Yuka or INCI beauty intended to inform consumers mainly on the composition of cosmetics products but also by their previous experiences or by a doctor.

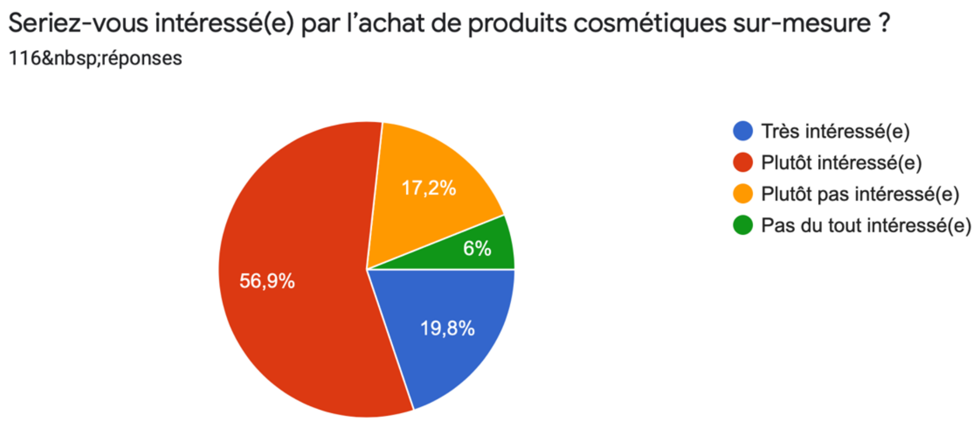
What emerges from these data is that the strongest source of influence for respondents is the people closest to them, i.e. their entourage, family and friends. Second, we can point out that among the various facets of the digital, it is mainly being able to access the opinions of other consumers that has changed the game in terms of cosmetics, much more than social networks or influencers. However, these are, nowadays, much more impactful than classic advertisements method such as TV or press which seem to be outdated.

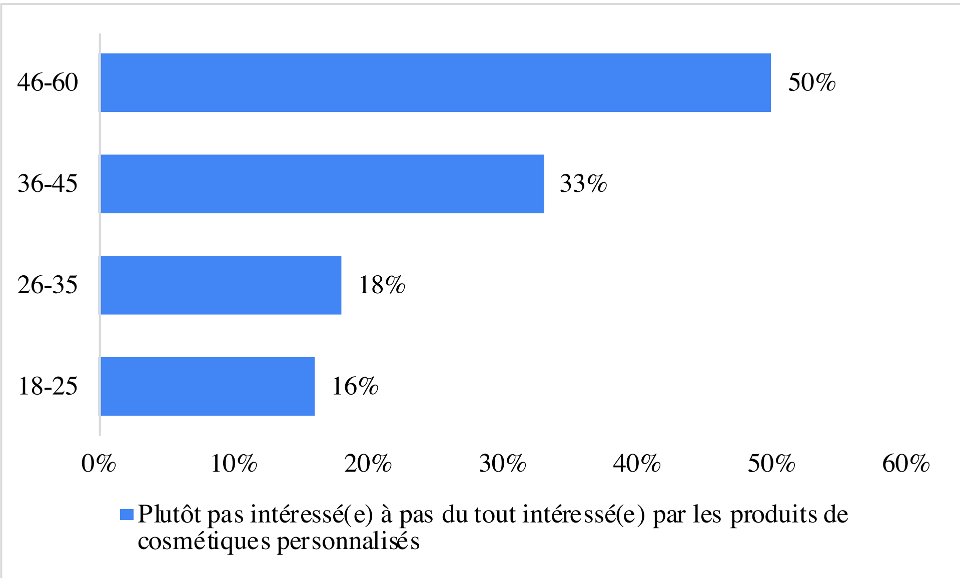
We can however note that that the digital and its new applications influences young adults much more than the rest of the respondents. Indeed, among those who pointed out as a source of influence:

- social networks, 85% of them are aged between 18 and 35, with a majority between 18 and 25 (54%).
- Influencers recommendations, 85% of them are aged between 18 and 35 years old with a majority between 18 and 25 years old (66%).

- The brand's website, 80% of them are between 18 and 35 years old with a majority between 18 and 25 years old (50%).

- Personalized cosmetics

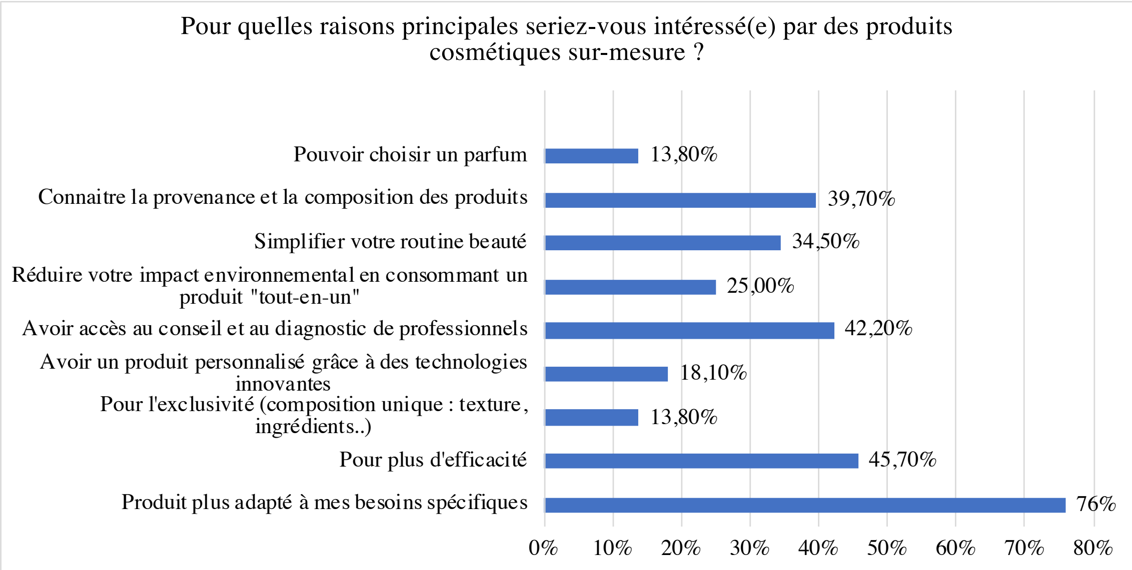




When asked if they would be interested in buying personalized cosmetic products, a large part of the respondents (56,9%) said they would rather be interested while 19,8% indicated they would be very interested. We can therefore see that an interest for this type of products can be detected in majority. The rest of the respondents are, as for them, rather not interest (17,2%) or even not interested at all (6%) by personalized cosmetics.

By comparing these data with the profile of the respondents, we can point out that a large proportion of men (60%) would be rather not interested or not at all in personalized cosmetic products. This is not surprising since, as our research showed us, men attribute less importance and value to cosmetics in their lives compared to women. This could explain why there is no particular interest in this new type of cosmetics. We can also assume that standard products for men, present on the market, already meet their needs, which are often less specific than those of women.

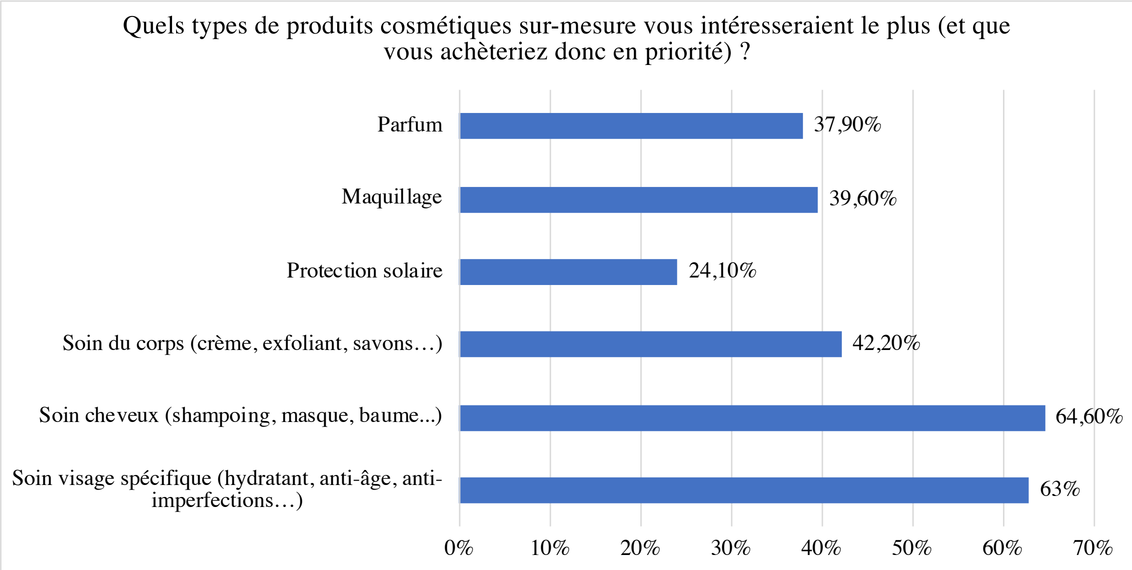
We can also observe that by looking at the respondents who are not interested or not at all interested in personalized cosmetic products, a trend can be identified. Indeed, the older the respondents are, the larger the portion of those not interested in this type of cosmetics. We can thus deduce that, even if a majority of respondents are interested in personalization, this interest seems much wider for the youngest among them, mainly those between 18 and 35 years old.



In terms of benefits, the majority of the participants (75,9%) told us that they would be mainly interested in this type of product in order to purchase product more adapted to their specific needs. The second source of interest for respondents would be to have a more effective product (45,7%) followed by having access to the advice and diagnosis of professionals (42,2%). We can also note the interest for the respondents in terms of knowing the origin and composition of the product (39,70%) and also of simplifying their beauty routine (34,50%).

We can see from these figures, that through personalized products, the respondents are above all looking for efficiency through a product dedicated to their specific needs. Personalization is thus above all for them a means of making their uniqueness recognized in terms of needs and expectations much more than a means of distinguishing or asserting themselves. This could be achieved through personalization since it is, above all, thanks to precise and complete diagnosis, a means for consumers to better understand what their skin needs in terms of care.

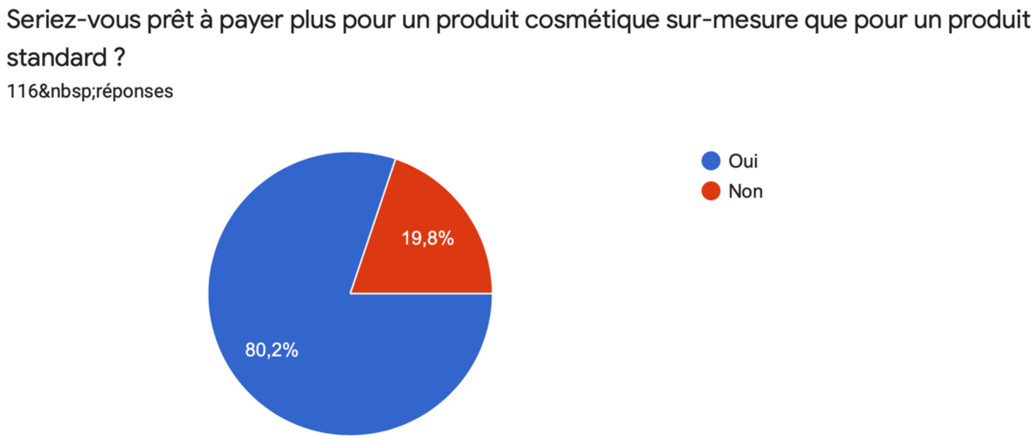
We can also observe that, as our research indicates, these products could be a response to their need for transparency in terms of the composition of their products. This confirms that the consumer is increasingly concerned about the products they consume and expects to be informed in full transparency about the ingredients that make them up. We can also point out that personalized products could be a way for them to simplify their beauty routine, which confirms a certain tendency among consumers to avoid over-consumption.



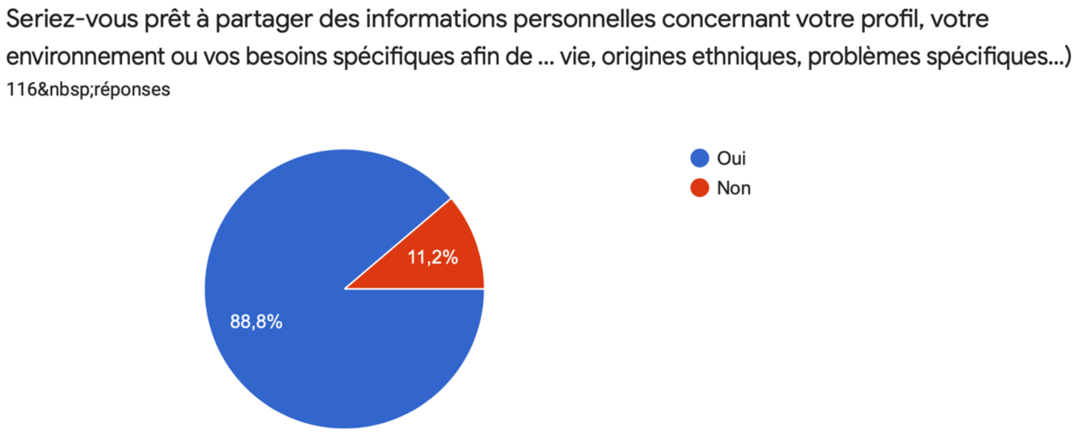
The respondents where then asked about what type of cosmetic products they would be the most interested in in term of personalization and the results are rather unanimous. Indeed, hair care (64.6%) and skincare products (63%) are the two product categories that are most in demand among respondents.

This is not surprising since, as indicated in our research on the cosmetics industry, these two categories are today the most important in terms of turnover. It also explains why most companies that have invested in personalized cosmetics focus on hair and skin care products. We can thus see that the demand matches the supply at this level.

We can note, however, that respondents indicated that they would also be interested in personalized body care products (42,2%), makeup products (39,6%) and perfumes (37,9%). Lastly, sun protection products seem to interest consumers a bit less (24,1%).

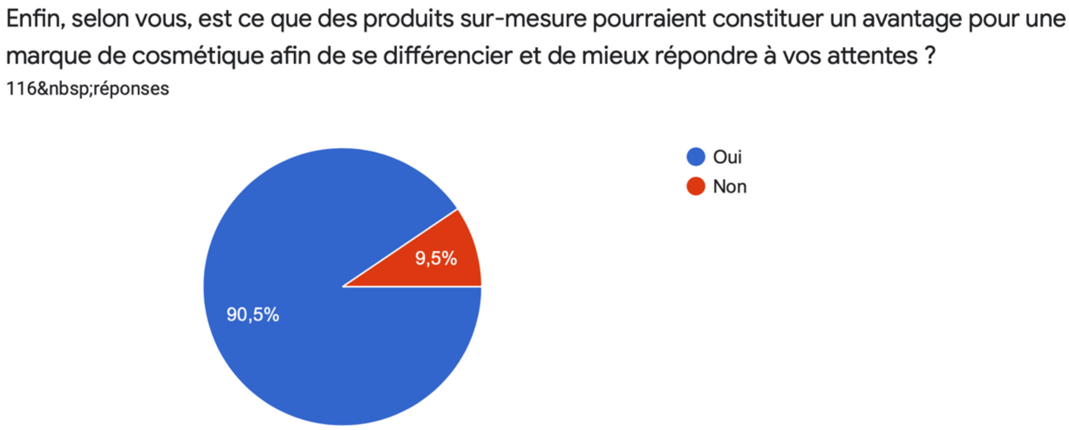


In terms of price, the majority of respondents (80.2%) told us that they would be willing to pay more for a personalized product compared to a standard one. This allows us to observe that regarding the first limit that this type of products represents at the moment, consumers seem to consider them more valuable than traditional products. Personalization thus represents for them a certain added value for which the majority would be willing to pay more.



With regard to the sharing of personal information, we can observe that the majority of the respondents (88,8%) would be willing to share information about their profile, environment or specific needs (such as skin types, lifestyle, ethnic origins, specific problems) in order to benefit from personalized cosmetics. However, as some of the respondents indicated they would not be willing to do so (11,2%), they were asked to give us the reason why. The main reason we can find is the one linked to privacy. Indeed, they pointed out that they would want to make sure that these data could not be resold and to know the exact use of these information.

We can thus deduce that, in a general way, the sharing of personal data does not represent today a limit for the consumers, in order to be offered personalized products as long as companies clearly state the reason for this collection.



Finally, the respondents were asked if, in their opinion, personalized products could be an advantage for a cosmetic brand in order to differentiate itself and better meet their expectations. To this question, the results are unanimous: almost all of the respondents (90,5%) indicated that personalization could actually be an advantage in this regard.

We can thus observe that, as our theoretical research has shown, personalization can represent a real added value for companies. Indeed, on the one hand, on the consumer side, it could enable them to better meet their expectations while, on the other hand, differentiating themselves from other cosmetics players in an increasingly competitive industry.

4. Intermediate conclusion

At the end of this practical part, by putting together the qualitative and quantitative data that we have collected, we can now draw certain conclusions as well as examine our hypotheses in order to know if they can be confirmed or refuted.

Whether it is for personal hygiene or to take care of their appearance, cosmetics are now an integral part of consumers' lives since, through our survey, we can see that they buy them on a regular basis, in all categories combined. However, we cannot neglect the fact a minority of men were interested in this survey. We must therefore note that the data we will analyse here are mainly concern the female target group.

Through our quantitative interview, we can retain that, as we analysed in our theoretical research, it turns out that, with the digital age, cosmetics companies have had to face and adapt to new facets of business such as online sales, community management and influencer marketing. However, the results of our survey show that, despite their growing success among Gen-Z consumers, these elements have not yet taken over cosmetics consumer's habits. Indeed, in terms of distribution, the majority of them still turn to physical point of sale to make their purchases. Moreover, in terms of buying influence, despite the rise of social networks and digital media that have become more influential than traditional media, the majority of consumers are still mainly influenced by the people closest to them: their entourage.

However, if there is one thing that the digital has enabled for them, it is to change the dynamics. With the rise of internet and social networks, interactions are now made in all directions, not only between customers and businesses but also between customers. Our survey, in this sense, reveals that consumers' second most influential element in their selection of cosmetics is the opinion of other consumers. The word-of-mouth phenomenon is thus still happening today via our entourage but has also been amplified with the use of digital media.

With digital, consumer expectations have also changed. Indeed, as Hannelore Verheyen told us, consumers expect more from brands in terms of engagement, accessibility to information and online experience. This is confirmed by our survey where consumers told us that they attach substantial importance to their online and in-store experience in their selection of cosmetic products.

However, it is important to note that what remains most important to the consumer is the product itself, its promise and composition, rather than criteria such as the lowest price, recognized brands or packaging. The number one expectations of consumers reveal to be the product's quality and efficiency. The survey shows us that consumers are primarily looking for products that are effective, that will effectively meet their specific needs and that pay off in terms of what they claim.

This is where personalization can come into play in order to meet consumer expectations. Even if it is only a trend that is starting to rise today, it turns out that about 3 out of 4 consumers are interested or even very interested in tailor-made cosmetics. Moreover, this interest seems much wider for the youngest among them, mainly those between 18 and 35 years old.

This demand can be explained by the fact that consumers through personalized products, are above all looking for efficiency through a product dedicated to their specific needs, especially in terms of skincare and haircare. Moreover, personalization would also be a way for them to have access to professional diagnostics and to know the composition of their product. This falls in line with our researches which pointed out that personalization could meet their demand for transparency and also, thanks to diagnostics, help the consumer, often lost in the multitude of products on the market, to find the product adapted to their needs.

It is also important to note that the limitations we had raised for the implementation of personalized cosmetics appears to be surmountable on the consumers side, either in terms of data sharing or price. Regarding the latter, we must nevertheless nuance the fact that people would be willing to pay more to access personalized products. Indeed, it remains to be seen how much they would be willing to spend since based on their consumption habits, only 30% of them often turn to high end cosmetics products.

Moreover, as Hannelore Veryehen pointed out, another limit could slow down the implementation of personalization on the company's side : developing tailor-made products while making sure that each formulation is legal in terms of composition, since cosmetic products are highly regulated. This may explain why today, some brands such as L'Oréal, focus on delivering personalization trough new digital services, that are much easier to implement.

However, we cannot overlook the fact that, even if personalization represents today some limitations and a significant investment in terms of development, product personalization is not only in demand at the consumer level but could also represent a real added value for consumers. Indeed, personalization would not only allow companies to better meet their expectations and thus attract them but also to differentiate themselves from other cosmetics players in an increasingly competitive industry.

- **Hypothesis testing**

Through this practical part, we can now look at our hypotheses that were based on our theoretical analysis.

1) Personalization can be a marketing lever for cosmetic brands by offering products that meet the unique and individual needs of consumers

This established hypothesis *has been verified through our research*. Indeed, we can affirm that offering tailor-made products to consumers would be a way for cosmetic brands to attract them and differentiate themselves from other competitors offering standard products. Despite the evolution of the sector with digital technologies and their new expectations, our survey shows that consumers most important demand still comes down to one thing : a quality product that will effectively meet their specific needs. Thanks to new technologies and the diagnostic process, personalization could allow them to have access to a product adapted to their individual needs and expectations.

2) Offering consumers personalized products can be a marketing lever for cosmetic brands by meeting their demand for uniqueness and self-assertion.

Through our theoretical research, we were able to identify the fact that today's consumer does not have the same expectations as yesterday's consumer. One of these expectations was their need for distinction and self-assertion, which companies could meet by offering them unique, personalised products. However*, our research did not allow us to affirm this hypothesis*. Indeed, it seems that for consumers, personalization could be a means of making their uniqueness recognized in terms of needs and expectations much more than a means of distinguishing or asserting themselves. We cannot therefore confirm that consumers are really looking for products through which they could, in a process of personal branding, express their uniqueness and individuality.

3) Offering consumers personalised products can be a marketing lever for cosmetic brands by meeting their expectations for transparency.

As our researches pointed out, cosmetic products, which occupy an important place in the daily lives of consumers, are often perceived as lacking reliable information. Indeed, consumers can often face a multitude of products pushed with well-tailored marketing arguments rather than reliable information. Consumers are therefore today looking for companies that can be truly transparent, particularly in terms of product composition, as Hannelore Verheyen told us. Faced with this new expectation, our survey allowed us to affirm that personalization could meet this demand for transparency since it represents for consumers, a way to really know the composition of their cosmetic product.

GENERAL CONCLUSION

It is now time to draw some general conclusions regarding the research question we studied throughout this work, which is : “Cosmetics in the digital age : can personalization be a marketing lever to meet new consumer expectations?”

By taking an interest in this question, the first goal of my thesis was to analyse how the cosmetic industry has changed with the digital age and which new business facets beauty players have had to adapt to. Secondly, the goal of my research was to analyse how personalized cosmetics have been rising in the industry, powered by new technologies and digital advances. Even though personalization has only started to democratize recently, I wanted to determine if it could represent a lever for companies to differentiate themselves in this ever-growing industry and attract consumers by responding to their new expectations.

In order to carry out this project, the methodology that has been used has been one of an applied research with a deductive approach. Indeed, I firstly took an interest in the theoretical framework of my question to understand its context and the concepts that were linked to it. Then, it was critical to confront this theory to the field in a practical part, where we have gathered quantitative and qualitative data with the help of an interview and survey.

What emerges from our theoretical researches is that, for more than a decade now, businesses have plunged into the age of the customer. Whereas previously, companies’ keys of success resided in manufacturing or distribution, an important shift has occurred since then, to be able to create and sustain a competitive advantage, companies have had to shift towards more customer centric approaches.

For every companies, placing consumers at the heart of business strategies involves understanding their behaviour, needs and processes, as well as meeting their expectations. However, this has become even more important for players of the cosmetic industry which has been in perpetual evolution. Since the beginning of the 20th century fasting forward to today, cosmetics have become part of our daily lives while this global industry has enjoyed unprecedented success. However, this also comes with intense competition and a market that has become saturated with many beauty products ranging from skincare to perfumes. Evolving and adapting to changes is therefore essential today for beauty players to ensure and support their growth.

One of the evolutions that the cosmetics industry has had to face is the digital one. Indeed, this revolution has gradually but massively changed our daily lives. From the development of information technology to the rise of the Internet, it has enabled the emergence of search engines, smartphones, social media, new marketplaces and level of connection between people, businesses and industries.

Through our research, we were thus able to identify several new challenges that have been brought to the cosmetic industry with the digital.

First, we were able to notice the rise of e-commerce, online cosmetics retailers and of direct to consumer brands, new digital players who are trying to conquer digital shoppers through their own channel. We were then brought to understand how the digital has changed the world of marketing and advertising by shifting the dynamic between customers and business. Indeed, today, more and more cosmetics companies are relying on inbound marketing, which aims to attract consumers by using tools that will “pull” them towards the brand. This can be done through social networks like Instagram or YouTube where brands can use quality content to showcase their products and engage with customers. It can also be done by working with influencers, a new type of trusted voices, who can have a significant impact on customers purchasing acts by sharing their favourite beauty products or by highlighting a brand trough sponsored content, among others. We were also able to point out how, faced with the connected customer, beauty players are beginning to focus on offering them an omnichannel experience between off-line and on-line and new services such as virtual try-ons.

Beyond adapting to these new facets of the digital, the beauty industry is now going further, using it to innovate. Indeed, it is partly thanks to technological advances that one facet of cosmetics is starting to become more democratic: personalization. The latter, which originated in one-to-one marketing, aims to offer the individual customer tailored solutions based on an in-depth knowledge of him and his needs.

While personalized products were until now considered a luxury, many trend agencies in the cosmetics sector have been recurrently evoking personalisation as a new trend that is beginning to democratize. On the one hand, our research allowed us to point out that this progress has been made possible thanks to digital advances. From the performance and precision of diagnostic technologies, to intelligent algorithms and machines that make it possible to formulate tailor-made cosmetic products. On the other hand, we were also able to observe that personalization was starting to rise in response to new customer expectations. Indeed, it could be a way to meet their new needs for distinction and self-assertion that can be expressed through unique products, but also their growing demand for transparency in terms of cosmetics composition.

However, personalization represents above all a lever that can allow brands to attract the consumer and to differentiate themselves from the competition. Its primary goal is after all, to seduce the consumer with a targeted and one-to-one offer. In addition, by moving away from mass and standardized offers towards personalized solutions, it can represent an important added value in a highly competitive world.

In order to confront these theoretical results to the field, I then had the opportunity to conduct a quantitative survey and to collect qualitative data through a professional interview. Analysing those data allowed us to point out several observations regarding cosmetics consumers, such as their growing interest for clean beauty and the impact of digital on their buying behaviour. We have indeed observed that despite their growing success with younger consumers, new business facets such as e-commerce or the influence of social networks have not yet taken over cosmetics consumer's habits.

Besides that, this confrontation to the field allowed us to highlight an important element: what remains the most important to the consumer is the product itself. Above all other criteria and demands, consumers are primarily looking for products that are effective, that will meet their specific needs and that pay off in terms of what they claim. It is in the face of this observation that we were able to note that the majority of consumers would be interested in personalized cosmetics.

The contact with the field then allowed us to verify that personalization could represent a valuable lever for cosmetic brands. On the one hand, thanks to new technologies and diagnostic processes, personalization could allow brands to differentiate themselves by finally offering consumers what they truly want : efficient products adapted to their individual needs. On the other hand, it could allow the consumer, who is increasingly concerned about their cosmetics composition, to be informed in full transparency about the ingredient that compose their products. However, we were unable to confirm, in the face of consumers' opinion, that they were looking for products through which they could express their uniqueness and individuality.

- Concluding remarks

Based on our theoretical research as well as the data we have been able to collect in the field, I have observe that, even if they are still only a trend among others in the beauty field, personalized cosmetics are slowly beginning to reveal their potential and appeal to beauty brands as well as consumers.

In an ever-growing industry and a market that is becoming saturated, I think it is undeniable that cosmetic players will have to innovate if they wish to stay competitive. Indeed, it might become difficult for brands to stand out if they do not invest in new offerings as consumers may at some point feel they have seen it all.

Using new technologies to develop new solutions such as personalized cosmetics could therefore be advantageous. First, it could allow companies to be pioneers in what could be the cosmetics of the future while, at the same time, offering consumers what they dream of : a product made for them that will meet their individual needs.

However, it must be note that at the moment, they are only slowly starting to become more democratized. Only a small number of cosmetics players have decided to invest in these new solutions. The personalization of cosmetics is thus still in its early stage and represent many limitations.

First, in terms of price, even if consumers state they would be willing to pay more for a personalised product, most of the solutions on the market are still niche offers that are sold at prices that are not accessible to everyone. Moreover, we also noted that their development could be difficult in terms of regulation, which may explain why some choose to explore personalization through other forms such as the personalization of customer experience.

One of the questions we could also ask ourselves is whether, if the personalisation of cosmetics were to become widespread and truly democratised, this accessibility would not lead to a loss of value by losing their exclusivity and uniqueness. The question would then be to determine whether it could still represent a competitive advantage for brands.

- Limits of the analysis and difficulties encountered

At the end of this work, I think that certain aspects could have been treated differently. Indeed, personalization applied to the cosmetics industry could have been the subject of more detailed research. I believe it could be interesting to explore this subject in greater depth, by analysing other forms of its implementation. Moreover, in terms of my survey, in hindsight, I was able to observe that additional questions would have enabled me to enrich my confrontation to the field.

In terms of the difficulties encountered, this subject was not always easy to deal with. Whether it was at the level of the cosmetics industry or the implementation of personalization, it was quite complicated to find relevant and interesting theoretical sources. Moreover, given the COVID19 pandemic and due to lack of time on their part, I unfortunately could not obtain qualitative interviews with professionals who had already bet on cosmetic personalization.

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