



Aptean Process Manufacturing ERP

The Five 2022 Beauty Trends Personal Care Manufacturers Need to Know



Are you fully prepared for the next big beauty trend?

In the personal care industry, things move fast. And while rapidly changing trends drive consumer sales, they create major practical challenges for manufacturers.

To help your business build closer relationships with personal care brands and deliver on their needs, Aptean has been looking into the key beauty and hygiene influences that will impact what consumers buy over the next twelve months.



Keep reading to discover how these five things will shape personal care product development and what they mean for manufacturers – so you can fully prepare for the industry's next big trends.

From our research, we've identified five must-know personal care trends for 2022:

- 1. Ingredient transparency**
- 2. Greater sustainability**
- 3. Mass personalization**
- 4. Ultra-convenience**
- 5. Inclusive beauty**



“People are craving transparency.
They find comfort in the fact that the
consequences of their actions are clear.”

Tyler Chaffo, Manager of Global Sustainability, Avery Dennison

Trend #1: Consumer demand for ingredient transparency

Consumer loyalty is built on complete trust in their chosen brands – and when it comes to personal care products, people want to know EXACTLY what’s gone into them.

COVID-19 has been a major driver for ingredient transparency, as there’s been a marked rise in the number of people wanting to buy personal care items that are free from parabens, sulfates, artificial colors and fragrances. In fact, 68% of consumers now actively seek out skincare brands that use natural or clean ingredients.

It’s not just the type of ingredients that are attracting people’s attention, either. In a bid to avoid greenwashing scandals and unethical sourcing practices, consumers want to know the exact origin of each product element. Which is leading many personal care brands to provide supplementary sourcing information such as who harvested key ingredients, and under what conditions.

The bar on transparency is rising quickly, too. Already, we’re seeing clean beauty brands winning big by tapping into the consumer’s appetite for openness and authenticity. For example, SheaMoisture hair care and Dr Bronner’s soaps sales increased by 20% in 2020, while sales of b.tan self-tanner – which uses natural, vegan, cruelty-free tested ingredients – rose by 50%.

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What does the transparency trend mean for manufacturers?

For personal care product manufacturers, there are two critical areas that will be impacted by rising consumer demand for clean beauty and hygiene products.

The first is **recipe formulation**. Many personal care brands are evolving their product composition to incorporate more natural and ethically harvested ingredients. These changes need to be carefully captured and documented, to prevent a situation in which new products are accidentally created using old recipes.

Not only that, but the requirements for managing these new ingredients may be more intense. Natural products often have a shorter shelf life or different storage instructions to synthetic materials, which manufacturers need to navigate carefully to avoid spoilage.

The second operational area impacted by natural beauty demands is **ingredient traceability**.

For personal care brands to authentically market their clean credentials, sourcing information and product labelling needs to be totally accurate. And the end-to-end traceability of raw ingredients rests squarely on the shoulders of manufacturers, who must be able to track balances, serial numbers, lot and production line information in real-time.

Without clear ingredient visibility, beauty and personal hygiene brands are vulnerable to consumer criticism and regulatory non-compliance penalties. Which means they'll only work with manufacturers whose capabilities they fully trust.



Trend #2: Strong appetite for sustainability

Like the clean beauty trend, concern for health and wellbeing during the pandemic has accelerated demand for eco-friendly, sustainable beauty and personal hygiene products. And this has driven brands to look at different, greener ways to bring personal care items to market.

For example, over the past couple of years we've seen an increase in the number of companies creating waterless personal hygiene products, and these are set to reach wider audiences in 2022. Investors have already put more than \$5 million behind By Humankind, which has created a range of waterless toothpaste and mouthwash tablets sold in refillable plastic-free containers. And other brands following suit include Susteau, which has patented powder-to-liquid hair wash products.

Beyond product composition, there's been an increased drive for greater packaging sustainability as well. Consumers want to see personal care brands reducing the volume of packaging they're using, making packaging recycling where possible, and looking to replace plastic packaging with eco-friendly alternatives like cardboard or sugarcane-based bottles.

Some beauty and personal hygiene brands are even taking their sustainability mission a step further and eliminating packaging altogether. Lush has pioneered several 'naked' beauty products including bubble bars, henna hair color and hot oil treatments, while Stephenson added a solid conditioning bar to its 'melt and pour' soap bar ranges in 2020.

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“Consumers are seeking healthier and safer products for their family and themselves but are also looking to reduce their impact on the environment by choosing brands with sustainable and ethical values.”

Frederic Braud, General Manager, Sozio



What does the sustainability trend mean for manufacturers?

To enhance their sustainability credentials, personal care brands are looking at how their products are sourced, produced and distributed, which is impacting their choice of partners – including manufacturers. And to remain attractive, manufacturers need to look at the practical and strategic changes they can make to become more sustainable.

On a practical level, changes to products and packaging (or the removal of packaging altogether) are challenging manufacturers to enhance both their **R&D** and **distribution** strategies to support sustainable development. New innovations need to be moved into production quickly. And **quality control** is also critical to ensuring any sustainable initiatives are successful; for example, the condition of finished goods cannot be compromised by packaging that lacks structural integrity compared to its plastic predecessor. Everything should reach either the retail shelves and or the end consumer's home in perfect condition.

On a strategic level, manufacturers need to seize every opportunity to become more sustainable in order to align with customer demands. This doesn't necessarily need to be a complete overhaul of the way in which organizations work, but a series of optimizations across the end-to-end operation: for example, increasing **overall equipment effectiveness** to prevent the overconsumption of energy, and performing what-if analyses to foresee potential disruptions before they occur.

Personal care manufacturers also need to invest in **materials requirement planning** to avoid unnecessary wastage from over-ordering and manufacturing mistakes, along with looking at ways to **digitize shop floor operations** to reduce paper consumption.

Trend #3: Rising demand for personalization

When the beauty treatment industry locked down during the pandemic, many consumers looked to at-home alternatives for the first time, which accelerated demand for personalized beauty products. If people couldn't have the salon experience, they wanted the closest thing to it.


But while it's easy to be completely customized in a 1:1 environment, achieving personalization on a mass scale is much more difficult. And beauty and personal hygiene brands have been exploring different ways to bring product tailoring to direct-to-consumer sales.

For example, many brands have created consumer quizzes, to help them personalize product recommendations from their range of relevant items. Major winners from this approach include custom haircare brand Function of Beauty, which secured \$100 million in net sales last year.

Other brands have invested in diversifying product ranges to accommodate multiple skin, hair and body types – like Superfluid, which uses feedback from its user community to shape the brand's directional strategy. This approach is a salient lesson in how customer insight can be used to nurture more meaningful relationships, driving better product reviews, stronger loyalties and higher lifetime spend.

At the cutting edge of the industry, personal care brands are using AI and machine learning capabilities to take customer insights to a new level, delivering fully personalized products using valuable information being generated by every customer interaction. For instance, skincare brand Atolla is continually adapting its formulations using deep learning technology, while L'Oreal's Perso at-home skincare and cosmetics device harnesses AI to deliver personal analysis and environmental assessment, combined with customizations to product preference and dispensing methods.

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“Mass personalization is finally becoming a reality. Businesses have not only developed the capabilities to measure specifically what each individual consumer wants, they are now in a position to link their processes and resources to provide it.”

Deloitte



What does the personalization trend mean for manufacturers?

Demand for tailored or fully customized beauty and personal hygiene products on a mass scale is increasing the diversity of orders that personal care product manufacturers are managing. Customers may be placing similar order volumes, but the complexity of those orders are increasing thanks to a larger number of smaller batch runs.

In this environment, production scheduling is critical to maximizing both output and profit. For example, rather than running orders chronologically, personal care product manufacturers can group 'like' processes together, reducing the number of stoppages to change equipment settings. There may also be opportunities to automate operational tasks in order to focus shop floor employees on high value activities and stop inefficiencies affecting speed of production.

And like the personal care brands they work with, manufacturers have an opportunity to use data insight and analytics being generated by their customers to understand changing demand patterns.

Aligning efficient, automated processes and optimized schedules with customer ordering trends will enable manufacturers to invest in the most promising growth areas, giving personal care companies the flexibility and diversity of product range they desire without impacting product quality or consistency, or destroying their profit margin.

Trend #4: Getting goods right here, right now

We've already discussed how COVID-19 changed consumer demands around product ingredients and personalization, and these weren't the only two areas that evolved under pandemic pressures. Another example is how the rapid increase in ecommerce sales when stores were ordered to close put new strains on personal care companies' product speed to market.


With all consumers suddenly forced to shop online, the tangible, shelf-edge brand experience was taken away; giving speed and convenience much greater influence on customer spend and loyalty.

We also saw a sharp increase in the power of direct to consumer (D2C) companies against more established personal care brands, because they already had the infrastructure in place to compete on convenience.

As a result, brands like Tula (skincare), and ManiMe (nailcare) enjoyed a significant uptick in sales, while previously 'generic' products developed their own brand identity – such as Billie and Manscaped (grooming), Native Deodorant and Wild (anti-perspirant) and Who Gives a Crap (toilet paper).

But while appetite for immediacy remains high, we've seen problems with the wider value chain impacting availability and speed of delivery for personal care brands. Supply issues have led to delivery delays and product shortages, which have impacted brand/consumer relationships – particularly for emerging brands, where consumers are less familiar and therefore less forgiving.

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“Speed and convenience are the new obsessions in the beauty sector as brands compete to stand out in a booming and ultra-competitive marketplace.”

Vogue Business



What does the convenience trend mean for manufacturers?

As the bar continues to rise on speed and convenience, **production efficiency** is critical to post-pandemic success. The greater output manufacturers can reliably achieve, the stronger their customer relationships will become.

Many factors contribute to efficient production – from real-time **inventory management** and smart staffing, to ensure that the right people and materials are available to meet demands, to **flexible scheduling**, so that any order changes or material shortages have a minimal impact on overall output.

Personal care product manufacturers will be best placed for success if they have the data insight to understand all the factors affecting their delivery capabilities, and they can use that information to model outcomes and make strategic decisions.

A good example of this data-driven decision-making efficiency is **supplier management**. We've seen over the past two years just how quickly supply chains can become disrupted. With business-wide, real-time insight, manufacturers can understand exactly which orders are impacted by a delayed or cancelled order, how this will change the production schedule, and whether they can find an alternative supplier that fits their material requirements and lead times.

The new climate of ultra-convenience isn't just increasing speed to market, either; it's pressurizing beauty and personal hygiene companies to **innovate quicker** – and the sooner manufacturers discuss products in development with personal care brands, the earlier can use this information to forecast workload and manage expectations.




Trend #5: Making beauty more inclusive

Beauty is a trends-based industry, which used to mean that consumers were encouraged to buy the same products. But increasingly, people want to be recognized for what makes them different – rather than loyally following companies that treat everyone the same.

As such, the demand for diversity and inclusion in the personal care industry is accelerating. 8 in 10 people now expect companies to represent a broader spectrum of society in their advertising, and this celebration of difference follows through in their product expectations as well.

In some cases, inclusivity can mean streamlining the number of products on offer to make them accessible to more people. The creation of gender neutral fragrances, skincare products and makeup are examples of this trend, and Rihanna's Fenty Beauty and Pharrell's Humanrace are among the companies pioneering gender inclusive products.

But in other instances, inclusivity can increase the range of products being created, in order to reach a wider customer base. For instance, more men are buying personal care products – as reflected in Chanel's decision to launch Boy de Chanel, a male-oriented makeup and skincare line, in 2018. We're also seeing a rise in female-targeted face shaving products through brands like Jill.



“Beauty marketing is increasingly **shifting from ‘aspirational’ to ‘inspirational.’** Successful brands recognize that demonstrating a **strong commitment to diversity and inclusion** – whether through employment, advertising and/or product development – **helps drive inspiration and empowerment.**”

Clare Hennigan, Senior Beauty and Personal Care Analyst, Mintel





Beauty brands are also investing in a wider variety of cosmetics to make sure their product ranges are suitable for people with diverse skin tones and physical features. Mac foundations are now available in 50-60 different shades across its product range, for example, while L’Oreal has submitted a patent for color-tinted sunscreens. And there’s been a noticeable increase in personal care companies creating ranges for ageing skin, like Lajoie Skin and Better not Younger.

We’re also seeing some welcome developments in the practical accessibility of beauty and personal hygiene products. Such as:

- › P&G launching Gillette Treo, a razor blade designed for caregivers to assist with shaving
- › Perfume brand Chatler updating its fragrance boxes to include braille text
- › Degree Deodorant developing a hooked deodorant bottle for people with limited upper limb mobility

And brands are also looking at how price point affects the accessibility of their products. According to Mintel research, 52% of beauty product consumers believe creating affordable products indicates that a brand is inclusive – which means many companies are looking at how to incorporate premium products alongside lower cost items.

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What does the inclusivity trend mean for manufacturers?

Even if personal care companies aren't personalizing their product ranges like we discussed in trend two, demand for diversity is increasing their average number of SKUs. Which is pushing manufacturers to **manage more small batch orders** without compromising on quality control or speed of production.

And it's not just the actual products that are becoming more complex. New packaging requirements like braille instructions may require additional techniques or manufacturing processes, which can increase the time and cost of production.

In order to manage new industry demands without spiraling costs, manufacturers need a **detailed understanding of profitability** at both customer and product level. This will help them to identify the true cost to produce, so that order estimates can be compiled accurately, and profit margins protected from the impact of constantly evolving personal care trends.

Personal care product manufacturers are also needing to look at where operational efficiencies can be achieved in light of these insights, to streamline costs where possible. The leaner manufacturing operations can run, the easier profit margins can be maintained – without having to pass costs onto the consumer, pushing up product price costs.

In many ways, the challenges greater inclusivity pose are emblematic of the challenges personal care manufacturers face in general. How do they deliver what brands need to excite an increasingly demanding and diverse customer base, while maintaining speed to market and maximizing profit opportunity?

The answer lies in having industry-leading technology underpinning every decision and action their manufacturing organization makes...



Innovate at industry-leading pace with Aptean Process Manufacturing ERP

In the fast-paced world of personal care, the only way to cost-effectively navigate continuous change is to make intelligent decisions and act on them as efficiently as possible. And this relies on having complete data visibility and system integration in order to share information and take collaborative action.

Aptean Process Manufacturing ERP is an industry-specific solution that reduces the time, cost and complexity of production for personal care product manufacturers, by enabling them to work cohesively:

- › Increasing accuracy with real-time inventory
- › Ensuring compliance with regulatory reporting
- › Improving quality control with integrated testing processes
- › Completing forward and backward lot traceability with recall management
- › Managing complex formulas and recipes flexibly with an integrated system
- › Streamlining processes and reducing costs with a cloud-ready platform
- › Making more informed decisions with accurate data



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