

HEALTH IS THE NEW WEALTH

Wellness is big business, last year the Global Wellness Summit estimated the worldwide health and wellness industry to be worth \$4.2 trillion, with beauty and anti-ageing being the largest individual sector. 2020 is a year when health and wellness has taken on an even more important meaning as consumers of every generation have shifted their priorities to focus on wellbeing.

VALÉRIE KAMINOV – BIOGRAPHY

Valérie Kaminov is Founder and Managing Director of the highly successful International Luxury Brand Consultancy based in London.

For over 20 years Valérie has been at the forefront of the global cosmetics industry and has worked with a vast array of luxury, premium and niche beauty brands and fragrances.

Her extensive expertise, commercial acumen and practical experience are much sought after by both iconic global brands and newly emerging talents.

Valérie's wealth of knowledge in international growth strategies and business development is combined with an inspirational and forward-thinking approach.

Through her exceptional insight and understanding of the industry Valérie has helped brands amplify their market reach on an international scale, elevate their brand presence and improve their performance.

To her clients, she is more than a consultant, she is a trusted asset, advisor, partner and brand guardian.

Valérie's expertise in brand evaluation, acquisition due diligence, risk assessment and commercial growth is particularly highly valued by Private Equity Funds, multi-national organizations and financial investors.

Her advanced qualifications and her proficiency in corporate governance have made her a much-desired Board Advisor and Non-Executive Director to well-established companies and pioneering Indie brands.

Valérie is also dedicated to passing her knowledge along through a range of conferences and events.

She has been a guest speaker at the non-profit organization CEW's Mentoring Services where leading executives offer guidance and professional development support.

As the International Manufacturers & Distributors Forum (IMF) Master of Ceremony, Valérie organizes this influential conference in Europe; it has become a key global gathering for manufacturers, brand owners and distributors to come together to discuss the opportunities and challenges facing the industry and their businesses.

For some time now the borders between beauty and wellness have been blurring, when we used to see silo markets (i.e. fitness or spa) we now have everything converging in and around wellness. Brands such as the UK's The Organic Pharmacy were early pioneers of a "Health is Wealth" mantra, born out of a desire to create better beauty this multi-award-winning company places equal emphasis on beauty, health and skin care. "Health has always been number one for me," Margo Marrone, Founder of The Organic Pharmacy, "and for years I have talked about the benefits of eating well, Detox and taking the right supplements." This holistic approach is now much more mainstream as the beauty industry taps into the idea that the customer is looking for products that come with the feel-good factor. It is not just about looking good but feeling good too. This desire has developed the conventional beauty offering much further so now it can encompass the mind, body and spirit. Trends such as Happy Cosmetics which explore how positive emotions can be triggered by the application of a cosmetic will become more every day. In 2018 Euromonitor's research showed how the primary response on beauty was to 'look healthy', this was followed by 'feeling good about yourself' and to be 'self-confident'.



Uncovering the wealth in wellness demonstrates the extent of its influence, its momentum is shaping every sector of the industry and remaking the world of beauty. The pursuit of healthy beauty reflects a widespread cross-generational consumer movement. It is not just those in their 20s and 30s that are embracing the trend, the over 50s market is helping to drive its popularity through a greater focus on long-term wellness. The Generation Silver economy

puts a premium on health, wealth,

and nutrition. One brand that responded directly to this sector is Shiseido with the launch of PRIOR specifically designed for women aged 50 and up.

China has of course had a huge impact, as the growth of the sophisticated, well-educated Chinese consumer became the new engine of consumption and a healthy lifestyle is a high priority to this market. Their impact continues to be immense particularly as we are now seeing a rapidly developing 'she-economy' with women leading the wellness consumption trend. With this individual health focus comes an expectation of personalisation, like many other industries the 'power of me' is a driving force for today's beauty customer - one-size-does-not-fit-all.

Innovating Beauty

From advanced technology to game-changing ingredients, the beauty world has turned to innovation to help accelerate the growth in the wellness sector. In the last decade, we have seen an explosion of health-focused apps and devices, a trend first started back in 2007 with the launch of Fitbit. Today Virtual Wellness technology provides a much-desired accessibility, people want their workouts to align with the flexibility of their everyday routines and offer consistent wellness. We look to smart watches and Oura rings to track our sleep quality, breathing apps to improve our mental clarity and mindful meditation to keep calm. The busier and more stressful our lifestyles become the more we look to innovative research in products and ingredients to help us. Nature has long been a source of inspiration in the world of cosmetics and fragrance but now we are seeing how cutting-edge techniques can be used to harness the power of more than just plants. Since the time of Cleopatra minerals have been used to improve the appearance of the skin but it is only in recent years that cosmetologists have taken a more scientific approach in how to apply them to skin problems.



Mineral cosmetics pioneer Gemology Paris has developed highly specialised technology to extract the trace elements of minerals such as iron, magnesium and copper from precious gemstones to use them as cosmetic active ingredients within their formulations. "Minerals are essential for the health and youth of our skin." Jean Claude Bozou, Doctor in Biology Responsable Scientifique de Gemology "They provide the trace elements which are catalysts for the main vital reactions of our cells and, through their physical properties, minerals are sources of light and heat for the skin." Gemology's creator Chrystelle Lannoy has taken this inspiration further with a collection of treatments at the Gemology Flagship Spa in Paris. These sensory designed experiences combine skin improving efficacy with emotional wellbeing and relaxation rituals using precious and semi-precious stones such as Pink Quartz, Rock Crystal and Jade.

A Healthy Beauty Aesthetic

The consumer revolution goes beyond just looking for natural and organic skincare, it is about looking good, feeling good and doing good. This empowering of wellness has led to a change in perception, caring for your skin is not superficial it is healthcare. The recent boom in CBD products is testament to the increasing crossover between beauty and the wellness industries.



Clean complexion make-up brand Be + Radiance is founded on a philosophy of offering products that actively respect the skin's balance, promote its health and condition.

"Most cosmetic brands are focusing on hiding imperfections, masking, transforming and offering waterproof long lasting hold, but they don't really care about the skin itself."

Aïmara Coupet, Founder Be + Radiance, "Our Cucumber Water foundation helps the skin not only to look better but to feel better with its silicone free formula and 85% from natural ingredients."

This ethos is attracting more and more consumers of all ages and ethnicities who are looking for this type of products but it is still a relatively small portion of the global cosmetics offer. The traditional 'cosmetic repair' model has given way to a beauty approach that revolves around prevention and slowing the signs of aging by focusing on health and wellness. Rather than trying to turn back the clock, women want proactive beauty products that can support their skin's power and resilience, to help radiate a healthy glow.



This new attitude is driving brands to create products to maintain the skin from the inside out. Shiseido's Ultimune Power Infusing Concentrate uses a potent concentrate of natural extracts that actively encourage the skin's ability to defend its ideal condition. There is a new generation of smart skincare combining innovative technology and powerful natural ingredients to enable your complexion to be the best version of itself. The inside-out trend with its ingestible beauty Nutricosmetics and drinks has steadily risen in popularity and continues to be an in-demand category.

Whilst with our busier and more stressful lifestyles we are embracing the meaning of 'beauty sleep'. The impact of sleep and particularly lack of it on our appearance is well-recognised. Research has shown that during the REM stage, skin cells are able to renew at an optimal level and the crucial DNA and barrier processes activate, so getting your beauty sleep is not a cliché but is medically proven to improve our skin's health. The resultant demand for night-time skincare whether via traditional moisturisers or sleep-in masks is set to continue.

Holistic Hair

When it comes to healthy hair a holistic approach to caring for the hair and scalp ecosystem is the primary conviction of leading haircare brand Phyto. It's founder Patrick Alès vision focused on creating products that were formulated with the highest degree of natural ingredients to maintain a healthy scalp and reveal the real beauty of our hair.

For over 50 years this pioneering brand has been using an exclusive extraction process to ensure the highest percentage of naturalness in their formulas to achieve 'Phytotherathrie' or taking care of the hair through the plants. Phyto's commitment to R&D ensures they continue to lead the way in haircare innovation and their recent launch of Phyto RE30 follows 6 years of intensive research in how to avoid greying hair. This new product is stimulating the natural pigmentation of our hair through a highly efficient peptide to postpone the appearance of white hair with a 98% natural formula. As International Training Manager Golzar Salmani-Toussi explains, "Phyto RE30 is reflective of our founding vision to combine the best science with nature and to provide new solutions to meet consumer expectations."



Fragrance Renaissance

The world of perfume has had one of the most interesting wellness makeovers as there is a new understanding of scent's crucial role in our physical and emotional wellbeing. New aromas are being discovered, new applications and products devised whilst new innovations are changing the way we can harness the power of scent. The disruption in fragrances has seen a market shift from traditional luxury perfumes to an unconventional and often surprising scent. It is reflective of the consumer desire for more individual, personal and inspiring beauty products. One of these early disruptors is Olivier Durbano, in 2005 he created his first in a series of his «Parfums de Pierres Poèmes» collection with Cristal de Roche. His inspiration is the mythical and symbolic qualities of stones; the deep feeling of each stone is translated over time into a perfume through his collaboration with local manufacturers in Grasse.



To Durbano a fragrance is not about analytics but experiences, with each of his creations he invites us to look at them in a renewed way and to appreciate their symbolic power. "I love the fact a fragrance is invisible and that everything is one - past, present, future, interior and exterior, physical and emotional - it melts into one connected perfume. This alchemy goes beyond wellbeing to a sense of harmony and unity." Olivier Durbano, Designer Olivier Durbano. Durbano is not alone in recognising the influence of scent; 75% of the emotions we generate on a daily basis are affected by scent. Neuroscience studies have led to an increased focus on how to use scent. In travel guests can personalise the in-room aroma, workplace wellness sees the introduction of mood enhancing and productivity boosting fragrances whilst art installations exploring how an aroma can shape our perceptions are just some of an evolving exploration in the power of smell in wellness. Brands such as The Nue Co have developed functional fragrances using data insight and research into the connection between cognitive function and the olfactory system. They created the first anti-stress fragrance designed to 'biohack' our brains and help you reset during times of high stress. The UK's Neom Organics Wellbeing Pod uses advances in delivery systems to humidify the perfect amount of scent for better sleep, less stress and more energy at the touch of a button. The concept of aromatherapy or using scent as a healer is centuries old, but this renewed emphasis on its power in combination with technological advances, fragrance development and neuroscience studies is leading this new wave of wellbeing applications.

What's Next in Our Post-Pandemic World

Newly aware of our fragility and the speed with which the world can change consumers reset their priorities with health coming to the top of the list. The result in the beauty industry will be far-reaching with products and services that offer real wellness benefits gaining. "Health-driven skin care is a category to watch with more topical minerals and topical CBD becoming available" Margo Maronne, The Organic Pharmacy "One of the areas that we have seen skyrocket is immune health and of course stress relief.



I do believe that the wellbeing area will now be a staple in people's lives whereas before it was perceived as an indulgence now it will be the norm." Marrone will herself be adding to their immunity category with the launch a clinically proven immune boosting day and night kit in October 2020. Echoing the global rise in self-care at home products China has seen an increase in simple to use home care treatments to enhance your daily routine. Consumers are spending more time online learning how to care for their skin at home. "From social media platforms such as Facebook or YouTube, they learn from KOLs tips and tricks for self-care protocols that can be done at home," explains Ricky Sun, AGM Parlain Co Ltd. He has also seen an increased demand in facial hygiene with Chinese consumers looking for products that have antiseptic properties. "As a result, we have experienced a sales spike with our Yon-Ka Emulsion Pure, because of its natural antiseptic essential oils within." Sun also believes the Chinese consumer will get more health-conscious and actively look for products that have natural and organic ingredients. Some brands responded quickly and launched new, highly topical products but it is also important not to dilute your brand with something that is not your area of expertise.



The M&A Pivot

The impact of the pandemic goes beyond consumers and brands, it has affected the business of beauty and changed its focus too. Ariel Ohana, Founder and Co-Managing Partner of Ohana & Co, a global investment bank with a strong track record in the beauty sector, shared his insights on a post Covid-19 M&A market. "The first consequence of the pandemic is that it now takes much longer to finalise a deal, investors are looking more carefully into their future investments and what was in demand pre Covid-19 has now pivoted, we are clearly seeing a trend towards wellness. In general, all M&A markets are very active when business is strong. During a period of a crisis, as we have been living in, the M&A activity slows dramatically. This isn't new as we experienced the same thing during the Gulf War, 9/11 and other geo/political crisis that have occurred around the world. Covid-19 is another of these crisis situations and one that has affected the whole world simultaneously. It is also a very personal crisis in that it directly touches us as individuals and has changed our consumption motivation.

The result of this crisis in the M&A beauty sector is that there is a lot less interest in companies that have not been in demand during the time of the crisis or are linked to its recovery. Globally the industry sector that is anticipated to bounce back fairly quickly is linked to the categories covering Clean, Wellness, Free-From, Organic and Natural brands; ones that the consumer associates with cures and protection particularly the ones that have an engaged digital platform. The best of both worlds will be Clean Beauty with a strong and successful digital presence. I foresee that the sectors that will do well for both transactions and investment are linked to health. Any crisis that we go through has a straight influence on the most active M&A sectors, for example post 9/11 the interest was on security. The nature of the crisis has a direct correlation on the appeal of the solutions, so now the real luxury is to be healthy and this will have a domino effect on brand interest. The two types of brands that I would expect to recover quickly are:

1. Clean, Natural & Wellness Brands - as this crisis was linked to our health there is a desire for products that demonstrate 'clean' properties and results. This is not just about being hygienic but also about the ingredients within the formulations. Consumers want to know what they are putting on their skin and they care about a brand's provenance. The 'clean tendency is a movement that we have seen in M&As gaining in strength over the last 10 years. Now the crisis is reinforcing the demand for the sector.
2. Digital Brands - with the closure of stores brands that have demonstrated an engaged digital presence, interactive consumer platform and successful e-commerce including cross-border are now creating great interest for investors. Prior to Covid-19 these online digital brands were not as hot as they are right now, this was mainly due to the fact they were not always profitable. The change in the retail landscape caused by the pandemic shifted the consumer to the digital domain. The brands that stepped up with their digital footprint have also raised their profile with the investment market.

In two words 'Natural' and 'Digital' are the keys to success. "

The mantra of health as wealth is here to stay, post Covid-19 it has gained even greater momentum and value at every level. As scientific and medical research continues to analyse its impact we will see previous niche categories growing as we look for ways to boost our aesthetic, physical and mental health. Changing priorities will result in a changed industry dynamic.