



NEWS

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Is Beauty Ready for Transparency?

Transparency Perception Survey and Research: How the Beauty Industry Can Answer the Consumer Demand for Transparency

FIT Cosmetics and Fragrance Marketing and Management Graduate Program's 2018 Capstone Research Presentations

Consumers around the world are demanding transparency and authenticity in every facet of their lives. This is manifested in our political climate, in the fast-changing world of advertising, in our fixation on natural and organic foods—and, increasingly, in the call from consumers for transparency in beauty. But what does “transparent beauty” really mean? Is it a call for clean cosmetics? Is it a demand for insight into how our beauty companies source their innovations and run their business? Or something else entirely?

“The rise of technology and access to information on demand has shifted control to the individual. Newly empowered consumers, now more knowledgeable and vocal than ever before, are adding to the erosion of trust that fostered the current demand for transparency,” stated the beauty industry professionals in the Fashion Institute of Technology’s Master of Professional Studies program in Cosmetics and Fragrance Marketing and Management (CFMM) at the program’s annual Capstone Research Presentations, sponsored by Coty Inc., on June 13 in New York City.

“The outstanding 2018 CFMM research on transparency spoke to the topic in a very modern way that has value to both retailers and brands, and the research identified actionable short- and long-term solutions for industry,” said Norman de Greve, chief marketing officer, CVS Health, and keynote speaker at the presentations. “CVS Health has heard the consumer’s demand for transparency and initiated several new programs to provide visibility on ingredients and authentic beauty images in brand advertising for beauty products in our stores.”

To reach their conclusions, the 2018 CFMM graduate students examined data, conducted extensive global research, designed and fielded the **2018 FIT Transparency Perception Assessment Survey**, and interviewed industry executives, focusing on two key areas: (1) **Clean Beauty**—transparency as it pertains to brands and products; and (2) **Glassbox Organizations**—corporations thriving in a transparent world.

The following are highlights of their findings, predictions, and business imperatives.

2018 FIT Transparency Perception Assessment Survey: The proprietary survey discovered that consumers crave communication, accountability, and values from both brands and beauty industry

employers. Lack of transparency is impeding the consumer path to purchase as well as the employee pursuit of purpose.

- 72 percent of consumers want a brand to explain what the ingredients do.
- 42 percent of respondents feel that they do not get enough information from brands on ingredient safety.
- 60+ percent of consumers want brands to identify sources for ingredients.
- 90 percent of respondents believe natural ingredients are better for them; however, only 10 percent of respondents use products made only with natural ingredients.
- 74 percent of consumers agree to share their data if they are getting something in return.
- 82 percent of the working population chooses their next job because the company's culture and mission align with their values.
- The beauty industry is 72 percent more likely to rank company culture as the top reason for employment over the general population.
- 55 percent of participants within the beauty industry said they do not have enough clarity or information about career progression. This is two times the rate of the general population.

Clean Beauty:

The emergence and growth of the clean beauty movement is a symptom of consumers' growing mistrust in the beauty industry and is likely only the tip of the iceberg. As consumers aim to gain control of their lives by making more informed decisions, beauty brands are at risk of losing customers due to a lack of transparency. What used to be a linear purchase decision journey has transformed into an ever-evolving maze, and brands need to adapt. The time has come to replace the proverbial "mirror" with clear glass. By embracing technological innovations, prioritizing relatability, and putting control into the hands of consumers, brands have the opportunity to evolve beauty industry practices, rebuild trust, and reinvent the way consumers view the beauty industry.

The following four elements represent a **transparency gap** that exists between brands and consumers. The graduate research culminated in the creation of the **Clear Beauty Radical Transparency Model**. By addressing the four elements of knowledge, authenticity, relatability and collaboration, brands can bridge the gap.

- **Knowledge:** There is too much data and not enough information. The lack of clear information is impeding the path to purchase. Consumers are turning to naturals because they think green is clean. Companies need to: 1) Empower consumers through education by making owned media platforms an encyclopedia and share short, "snackable" content. 2) Leverage Google Translate and Google Lens technology to create the clearBEAUTY app, which will allow consumers to translate ingredient lists and to comparison shop in real time.
- **Authenticity:** Knowing what is in a product and what it does is not enough. Consumers want to authenticate where it comes from and what it claims to do. Companies need to: 1) Ensure authenticity and protect consumers by adding clear dates to all products: batch date, production date, and expiration date. 2) Leverage blockchain and crypto-anchor technology to validate the product journey from source to skin, while also combating the industry's gray market and counterfeit problem.
- **Relatability:** Consumers want brands that are reflections of themselves. The new consumer collective trusts one another and wants to have a dialogue with brands. Companies need to: 1) Listen to consumers and leverage conversational commerce to guide product development and build advocacy. 2) Leverage the growth of the consumer genetic testing market to provide hyper-personalized product recommendations and foster "communities of you."
- **Collaboration:** Niche or heritage, mass or prestige, retailer or distributor, partner or competitor, the industry must come together to answer the consumer demand for transparency.

Glassbox Beauty:

In order to achieve success now and in the future, companies must create a structure to respond to these growing demands. This means laying a foundation that allows for responsible and transparent corporate governance. In a world where information is impossible to hide and constant change is the norm, companies—like countries—are being held to a new level of scrutiny. It is not enough to talk the talk: action is required. If not, employees and consumers will migrate.

Organizations must prioritize the following three measures to not only to secure their own future, but the future of society. Obviously, organizations cannot succeed in a failing society and, therefore, must take responsibility for the welfare of citizens where governments have fallen short. The graduate students recommend that brands and corporations provide internal and external perspectives on identity, security, and opportunity. To that end, they have developed a model, called the “Insurer Loop,” which empowers the “insurer”—the convergence of the individual as consumer and employee.

- **Identity:** It is of the utmost importance that brands, and corporations establish and communicate the values for which they stand. The research further revealed that to grow their community, companies must: 1) Implement ongoing recruitment processes that leverage all employees, and 2) build an employee experience using modern human resource tools.
- **Security:** Companies that prove they have employee and consumer safety and well-being in mind—and are able to communicate this transparently—will continue rise to the top, flushing out entities that do not. To gain trust, companies must ensure accountability by: 1) providing 360-degree feedback at all levels; 2) creating fairness and championing their best promoters; and 3) offering incentives by regularly reassessing salaries and clearly communicating progress.
- **Opportunity:** Workplaces and brands that acknowledge individual opinions and empower people to create impact will benefit from continued loyalty, while those that refuse will be phased out of the consideration set. To cultivate loyalty, brands must: 1) Embrace mobility at all levels to satisfy internal curiosity, and 2) Create equality by reducing biases.

Video of the event, white papers, and infographics of 2018 FIT Transparency Perception Assessment research are posted for public view [here](#). High resolution photos can be downloaded [here](#).

About FIT

The FIT Master of Professional Studies (MPS) in Cosmetics and Fragrance Marketing and Management (CFMM) program, one of seven advanced degree programs in FIT’s School of Graduate Studies, was developed in collaboration with industry as a leadership development program for outstanding mid-career executives. Global luxury firms including Chanel, Shiseido, Estée Lauder, and LVMH, and global consumer packaged goods companies including Coty, L’Oréal, and Unilever, nominate talented emerging executives to participate in the two-year program. The CFMM program has become the beauty industry’s recognized think tank, producing high-level research presented to industry executives and organizations, and during specialized panels, symposia, and forums in both academia and industry. Visit fitnyc.edu/cfmm.

FIT, part of the State University of New York, has been a leader in career education in art, design, business, and technology for almost 75 years. Providing its 9,000 students with an uncommon blend of hands-on, practical experience, theory, and a firm grounding in the liberal arts, FIT offers a wide range of affordable programs that foster innovation and collaboration. Its distinctive curriculum is geared to today’s rapidly growing creative economy, including fields such as computer animation, toy design, production management, film and media, and cosmetics and fragrance marketing. Internationally renowned, FIT draws on its New York City location to provide a vibrant, creative community in which to

learn. The college offers nearly 50 majors and grants AAS, BFA, BS, MA, MFA, and MPS degrees, preparing students for professional success and leadership in the new creative economy. Visit fitnyc.edu.

About Coty Inc.

Coty is one of the world's largest beauty companies with approximately \$9 billion in pro forma revenue, with a purpose to celebrate and liberate the diversity of consumers' beauty. Its strong entrepreneurial heritage has created an iconic portfolio of leading beauty brands. Coty is the global leader in fragrance, a strong number two in professional salon hair color and styling, and number three in color cosmetics. Coty operates three divisions—Consumer Beauty, which is focused on mass color cosmetics, mass retail hair coloring and styling products, body care and mass fragrances with brands such as COVERGIRL, Max Factor and Rimmel; Luxury, which is focused on prestige fragrances and skincare with brands such as Calvin Klein, Marc Jacobs, Hugo Boss, Gucci and philosophy; and Professional Beauty, which is focused on servicing salon owners and professionals in both hair and nail, with brands such as Wella Professionals, Sebastian Professional, OPI and ghd. Coty has over 20,000 colleagues globally and its products are sold in over 150 countries. Coty and its brands are committed to a range of social causes as well as seeking to minimize its impact on the environment. For additional information about Coty Inc., visit coty.com.