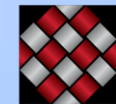




**The Health & Beauty Association**

# **Assessment Report & Roadmap**

**H&BA**  
The Health & Beauty Association



**Integration**

June | 2021 – Updated 2022 Next report due September 2024

# Report Structure



## growing into **NEW SPACES**

1. New channels
2. New geographies
3. New categories



## managing change in **TRADITIONAL SPACES**

1. Local pharmacies
2. Managing discounters
3. Pressure from the major multiples



## meeting changing **CONSUMER DEMANDS**

1. Growing demands for sustainability
2. Importance of convenience
3. Personalisation & experience

# Growing into New Spaces

Looking to the rest of 2021 and ahead, the industry is poised to seize opportunities for growth by leveraging changes in consumer habits from the last year, which have transformed the status quo.

Through our conversations, **3 major growth-related themes emerged:**



**New Channels: the unprecedented acceleration of e-commerce growth and direct-to-consumer**

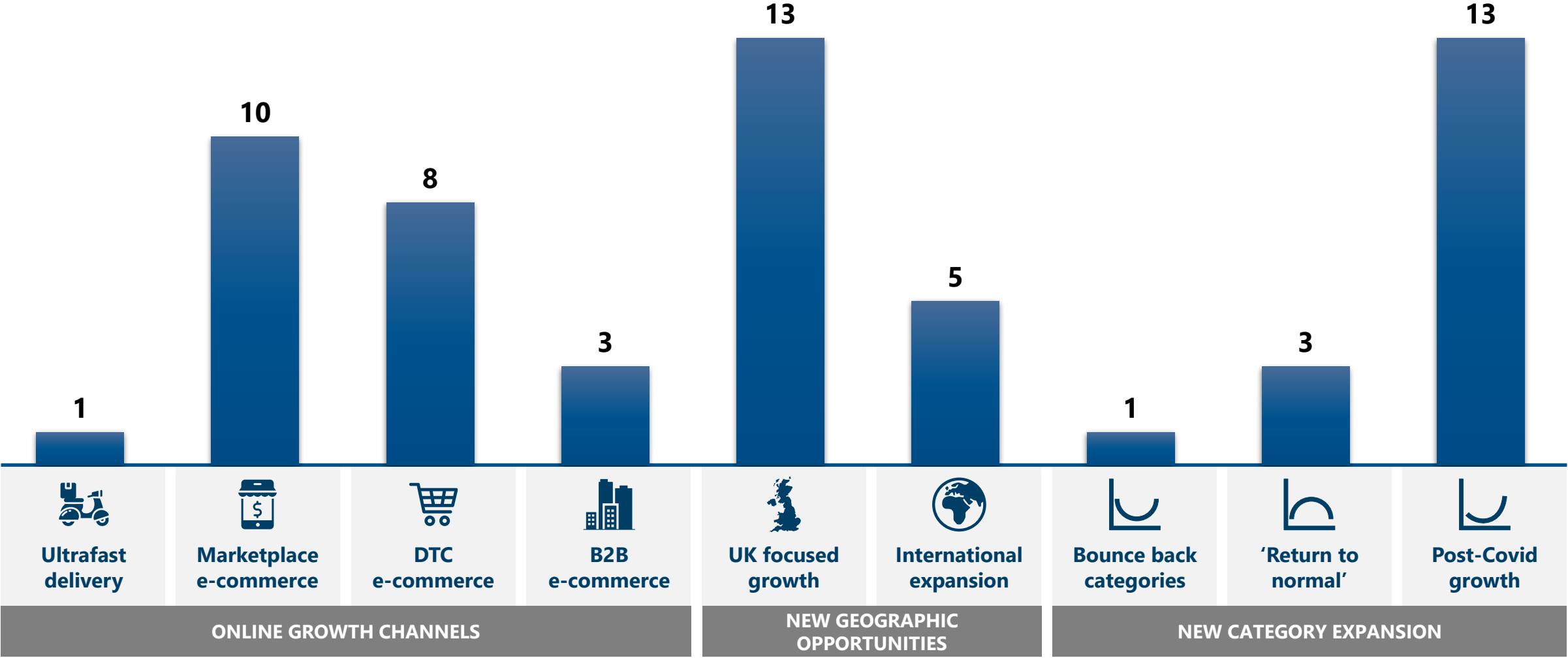


**New Geographies: identifying geographic expansion opportunities**



**New Categories: product & category development**

# Across the 3 the pillars we discussed several topics You saw **UK-focused** and **Post-COVID** growth as most relevant



Based on members votes at the H&BA Annual Conference May 2022

# Questions to answer to unlock growth

## Growing into New Spaces

When assessing the challenges that the H&BA members have faced in growing into new spaces, we identified several key issues for Healthy & Beauty suppliers



- What are best practices from successful e-commerce businesses in the health & beauty industry?
- How do you best balance investments in DTC and e-commerce versus traditional channels?
- How do you build a successful digital marketing area (e.g., strategy, capabilities, tools)?
- Amazon simplified learnings – How do you succeed within the marketplace?



- How to win in China? What can a Western brand learn through entering the market?
- What sort of tariffs and trade regulations exist in the markets you want to enter?
- How do you understand and prioritise new market opportunities with minimal data visibility, or on-the-ground experience?
- How do I design a commercial entry plan that allows me to connect to new customers from a different cultural background?
- How can I identify the right distribution partners to help support me in a new market entry?
- Practically speaking, how do I prepare my organisation for new market entry?



- What are the main upcoming market trends in health and beauty?
- What are the best practices in choosing the right category to invest in?
- How can you prepare your organisation for continuous innovation and portfolio expansion?
- What people, processes, and tools do you need to help your organisation understand and react to upcoming trends?

# Managing Change in Traditional Spaces:

**From the start of the pandemic, consumers and companies had to quickly adapt to the new reality in order to make it through.** With retail stores closed, consumers turned to e-commerce to cover their needs as well as to other traditional spaces such as local convenience stores, grocers or pharmacies.

**What initially seemed like a short-term solution, feels more like a new norm a year later** and leaders being called on to manage this change are still unsure how permanent this transformation is going to be.

Through our conversations, 3 themes emerged:



**The changing role of local pharmacies**

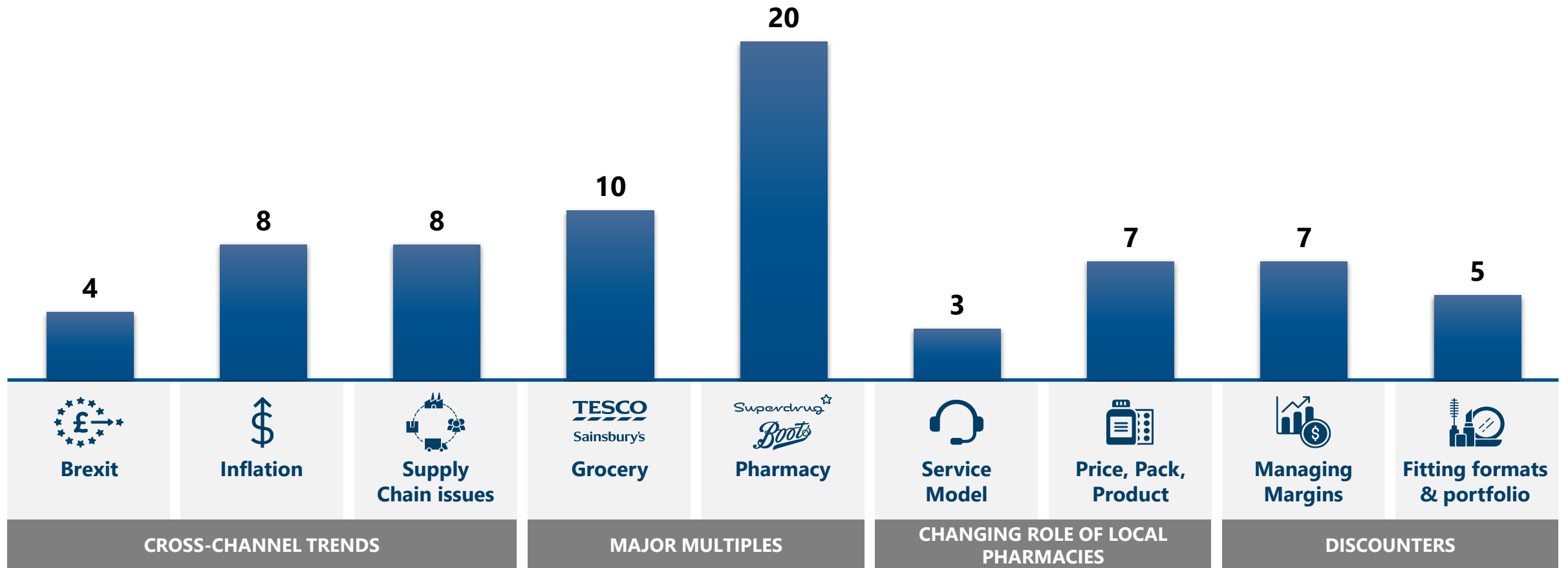


**Managing portfolios in discounters and convenience stores**



**Renewed pressure from the major multiples**

# HBPC Specialists And Major Multiples Continues To Be High Importance



Based on members votes at the H&BA Annual Conference May 2022

# Questions to answer to manage traditional channels

## Managing Change in Traditional Spaces

When assessing the challenges that the H&BA members have faced in managing traditional channels, we identified several key issues for Healthy & Beauty suppliers:



- What do independent pharmacy and retail outlets look for in a supply partner? What are best practices in relationship management at this scale?
- How do you right size your commercial structure post-COVID to manage pharmacies and local independents?
- What are the current best practices in terms of ways of workings, routines and tools for managing pharmacies and independent stores?



- What expectations do discounter buying teams have from Health & Beauty companies?
- How can you best manage pricing, promotions, and format in the discounters given your model in Pharmacy & Grocery?
- How can you best balance and prioritise the discount channels versus the service level and investment required in Pharmacy & Grocery?
- How can you optimise your cost to serve and channel service model whilst broad distribution, and profitability?



- What expectations do buying teams have from Health & Beauty companies?
- What are the best practices in key account management and negotiation for smaller suppliers?
- What are the current best practices in net revenue management (price, product format, promotions)?
- How can you optimise your cost to serve and channel service model whilst maintaining scale and broad distribution?



# Meeting Changing Consumer Demands:

In an increasingly fast-paced world, with rapidly changing market trends and consumer demands, it is **more important than ever for brands to place the consumer at the centre of their strategy**. The high prevalence of digital media means that **consumers have access to an unlimited amount of information, allowing them to make informed decisions** about their purchases.

Through our interviews, we saw 3 recent trends impacting health & beauty companies:



**The growing importance of sustainability**

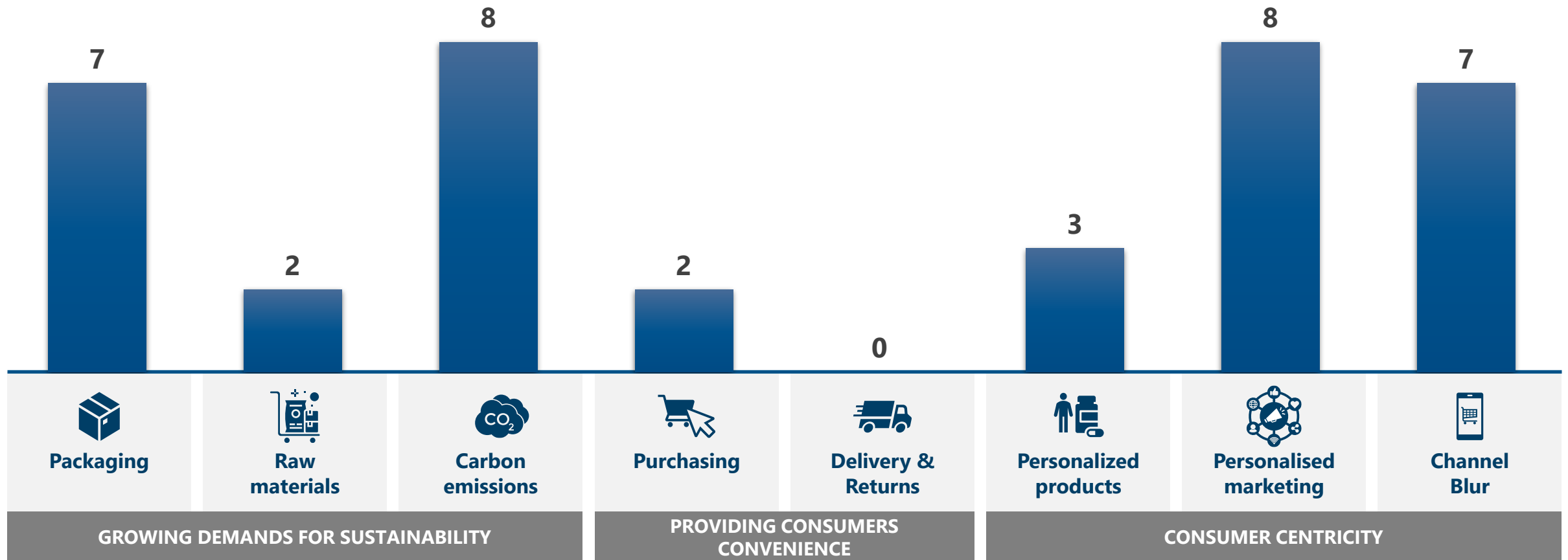


**How to provide convenience without full distribution**



**Consumer centricity, and the importance of personalised experience-driven consumption**

# Consumer and shopper behaviour likely to adjust in response to immediate challenges (e.g. economic conditions, inflation, climate)



Based on members votes at the H&BA Annual Conference May 2022

# Key issues to solve to best meet changing demands

## Meeting changing consumer demands

When assessing the challenges the H&BA members have faced in understanding changing consumer demands, we identified several key issues for Healthy & Beauty suppliers:



- What are best practices when it comes to sustainability? What is the most effective way to present a sustainable image to consumers and customers?
- What is the current view on sustainability held by major retailers? Do they have specific expectations or requirements for suppliers?
- What is the current regulatory environment with regards to sustainability? Is there any government legislation coming up that may impact your offering?
- What are the case studies for similar health & beauty suppliers transitioning their organisations to be more sustainable?



- What do consumers expect from brands today? Are these expectations changing and in any particular direction? What is the current data and/or trends showing?
- What is the end-to-end journey for my consumer? Where along that journey do I hinder convenience? How do I compare to my peers? Where do I need to invest to differentiate?



- How can you best leverage consumer data to tweak how and where you engage with your consumer or make your brand visible?
- Using this data, how can you best segment and profile your consumers to develop more tailored approaches to the market?
- How can you set your team up to be more data savvy? What skills and training can be given to help commercial teams read data on new trends best?

# Summary of Proposed Structure

Industry associations can play across several different spaces and offer support in a number of ways. Given the H&BA's current strengths in acting as a networking space for health & beauty companies, and providing industry insights and professional development in sales & marketing-related topics, this is likely to remain the focus in coming years:

## H&BA FOCUS AREAS & DELIVERABLES:

- 1 Training & best practice sharing
- 2 Tools & templates
- 3 External speaker sessions
- 4 Data/Insights reports
- 5 Trade association collaboration
- 6 Industry networking

*Other areas that may affect individual or a few members will be considered on a case-by-case basis. H&BA will support or connect members with other third parties, when appropriate e.g., Government lobbying.*