



Beauty Report *2026*





The future of beauty is intelligent, transparent, and profoundly personal. At THG Ingenuity, we're not just imagining that future - we're building it.



Hannah Pym
Chief Brand and Marketing Officer

Never before has the beauty landscape been so ripe with opportunity, or so fraught with complexity. Market saturation, rising acquisition costs, and increasingly discerning consumers demand a new playbook. The next era of growth won't come from navigating change, but from reshaping it - through innovation, technology, and human connection.

Success in 2026 will be defined by proof, not promises. Brands that win will move beyond transactions to build lasting, data-driven relationships that inspire trust and loyalty.

This report is our perspective on that evolution. It explores how technology, powered by authentic purpose, can unlock meaningful connection at scale.

At THG Ingenuity, we partner with ambitious beauty brands to turn uncertainty into measurable success - building platforms, not just products. The future of beauty is intelligent, transparent and profoundly personal. It's a future we are passionate about building alongside our partners. I invite you to explore the insights and shape the next commerce era together.

Section 01.

Putting the "tech" in "technology"



By 2026, beauty brands face their toughest challenge yet: how to turn scientific credibility into consumer trust. While the global beauty and personal care market is forecast to grow at 5% annually through 2030¹, this growth is set against a backdrop of challenges. Intense market saturation, rising customer acquisition costs, and uncertain consumer spending, which 54%² of beauty executives identify as the greatest risk to growth, are creating immense pressure. The urgency for brands to rebuild trust, reimagine value, and modernise operations has never been greater.

This report provides a framework for converting that uncertainty into measurable growth, outlining the critical shifts in science, data, and commerce that will define the next era of beauty.

Building Trust Through Science & Transparency

In 2026, trust is the new currency, and it is earned through scientific proof, not just marketing claims. As consumers increasingly seek scientific evidence to back up product claims, the narrative has shifted from 'natural' to 'scientifically proven'.

Advances in biotech - from microalgae actives to epigenetic innovations - now let brands deliver superior results while meeting sustainability goals. This is a critical commercial advantage, as 73%³ of consumers are willing to pay more for brands offering complete transparency, and 67.7%⁴ of Gen Z prioritise sustainability in their purchases.

At the same time, forward-thinking brands are fusing emotional wellness with sensory innovation, creating neurocosmetics that engage the skin-brain axis to deliver a measurable impact on mood and wellbeing.

From Claims to Proof: Activating Transparency in the Digital Experience

Customers are demanding verifiable proof of a product's journey and impact. The challenge is to present this complex data in a way that is accessible, engaging, and directly influences the purchase decision.

1. Transform product pages into Digital Passports that prove your claims: The PDP must become an interactive hub for proof.

- Interactive Ingredients List: Allow customers to click on any ingredient to see its function, origin and the scientific data backing its efficacy.
- Visualised Traceability: Use interactive maps to show the journey of key ingredients from the source to the bottle, telling the story of the farmers and communities involved.
- Embedded Impact Metrics: Integrate data on carbon footprint, water usage, and packaging circularity directly on the page, as pioneered by platforms like Provenance, which offers blockchain-verified proof of claims.

2. Connect online and in-store experiences through interactive proof.

- QR Codes on Packaging: The most effective 'phygital' tool. A customer in-store can scan a QR code on a box to instantly access its Digital Passport on their phone, bringing rich, interactive content into the physical retail environment.
- Blockchain for Ultimate Verification: For the ultimate in traceability, blockchain offers an immutable record of a product's lifecycle, eliminating the risk of 'greenwashing' and providing unparalleled proof of authenticity.

By 2026, trust is the new currency - earned through proof, not promises.

- Augmented Reality (AR): In-store, customers could point their phone at a product, and an AR overlay could appear, showing its carbon footprint, its journey from the farm, or video testimonials, transforming data into a memorable experience.

Brands like The INKEY List and REN Clean Skincare have built trust by making this kind of education and transparency a core pillar of their identity, proving that radical transparency is not just an ethical stance but a powerful commercial strategy.

Reference:

1. <https://www.google.com/url?q=https%3A%2F%2Fwww.mckinsey.com%2Findustries%2Fconsumer-packaged-goods%2Ffour-insights%2Fstate-of-beauty>

2. <https://www.mckinsey.com/industries/consumer-packaged-goods/our-insights/state-of-beauty>

3. <https://www.google.com/url?q=https%3A%2F%2Fwww.mckinsey.com%2Fcapabilities%2Fgrowth-marketing-and-sales%2Four-insights%2Fthe-value-of-getting-personalization-right-or-wrong-is-multiplying>

4. <https://www.weforum.org/stories/2022/03/generation-z-sustainability-lifestyle-buying-decisions/>



Section 02. Proactive *Wellness*

Proactive Wellness: Winning the Race from Trend to Product

A fundamental shift is underway from reactive to 'anti-ageing' to proactive 'prejuvenation.' Market trends indicate a strong shift towards preventative skincare among younger consumers, who increasingly prioritise proactive routines over corrective treatments. This mindset extends beyond topical treatments. The global nutricosmetics market is projected to more than double, reaching \$15.6 billion by 2032, driven by a steady 7.7% CAGR⁵ as consumers recognise that beauty is nurtured from the inside out.

The challenge for brands is the unprecedented speed of this trend cycle. The average lifespan of a viral beauty trend on social media is now just 3-4 weeks. Relying on traditional, year-long product development cycles means launching a product after the conversation has already peaked.

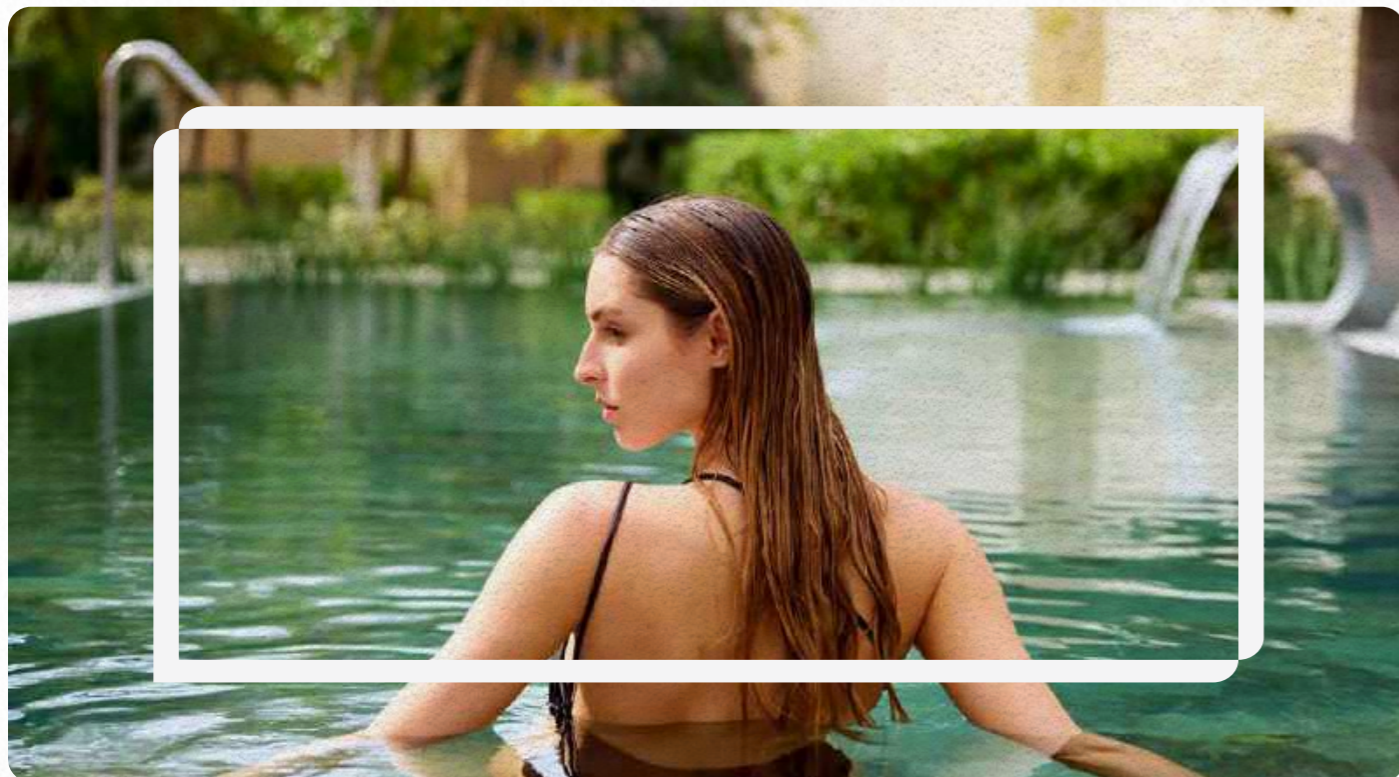
The Mainstreaming of Women's Sport: Unlocking a New Market for Beauty

The mainstreaming of women's sport is creating a new and highly influential arena for brand engagement. This is not just a trend; it's a redefinition of modern wellness, strength, and aspirational identity.

For beauty brands, this shift presents an opportunity to connect with a highly engaged and loyal audience. The narrative has moved beyond basic "athleisure beauty" into a much more sophisticated space. Consumers are now seeking products that support an active lifestyle from end-to-end: formulas that protect the skin barrier during intense activity, body care that aids in muscle recovery, and wellness products that align with a mindset of peak performance.

Brands can capitalise on this by:

- **Forging Authentic Partnerships:** Move beyond traditional celebrity endorsements to partner with athletes who embody resilience, strength and authenticity. These collaborations resonate deeply with consumers.
- **Developing Performance-Oriented Products:** The focus is shifting to product efficacy under demanding conditions. This includes a rise in "sport-science" skincare, featuring ingredients that help manage inflammation, protect from environmental stressors during outdoor activity and support skin recovery.
- **Engaging a New Community:** The fanbases of women's sports are among the most passionate and loyal in the world. By authentically engaging with this community, brands are not just acquiring customers; they are tapping into a powerful cultural movement.



Reference:

5. <https://introspectivemarketresearch.com/press-release/-nutricosmetics-market/>

6. <https://www.studioried.com/blog/eng/product-development-statistics/>



Brands that leverage data analytics for product innovation achieve a significantly higher success rate (76%) for new launches, compared to an average of 51% for other companies⁶.



Leading brands are already putting these strategies into practice, demonstrating how to win in this new arena:

- e.l.f. Cosmetics has mastered the art of cultural relevance by moving beyond traditional sponsorships. Instead of focusing only on top-tier athletes, they partner with a diverse range of sports figures who are breaking boundaries, from sponsoring IndyCar driver Katherine Legge to collaborating with emerging female athletes across multiple disciplines.
- Ilia Beauty's philosophy of creating "skincare-powered makeup" directly meets the need of a consumer who wants high-performance, breathable formulas. Products like their Super Serum Skin Tint are ideal for outdoor activity, merging sun protection, light coverage, and skincare into one, making it a go-to for the modern wellness-minded individual.

In 2026 and beyond, the intersection of sport and beauty will be a critical frontier for growth. Brands that understand how to authentically participate in this conversation will not only unlock a valuable new market but will also fortify their identity for the future.

The Data-Driven Solution: De-Risking New Product Development

Winning in this environment requires a new model for innovation, one that uses real-time data to inform and accelerate product development.

- Trend Identification: A connected commerce platform provides the signals needed to stay ahead. By analysing real-time social listening, search analytics, and sales data, brands can spot rising ingredient trends and consumer needs before they become mainstream.
- Informing Product Strategy: This data validates demand before a single formula is made. It allows brands to identify gaps in the market, refine their messaging, and de-risk investment in NPD. Brands that leverage data analytics for product innovation achieve a significantly higher success rate (76%) for new launches, compared to an average of 51% for other companies⁶.

An end-to-end commerce partner can help brands harness these insights, enabling them to move from a validated market signal to product launch at the speed the 2026 market demands.

5. <https://introspectivemarketresearch.com/press-release/-nutricosmetics-market/>

6. <https://www.studiodred.com/blog/eng/product-development-statistics/>



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Section 03.
The focus on
Artificial Intelligence



Winning the Conversion Battle with AI-Powered Personalisation

AI is no longer an experimental technology; it is an engine for commercial growth in beauty. The AI in beauty and cosmetics market is projected to grow from \$3.72 billion in 2024 to an estimated \$27.65 billion by 2034, driven by a powerful 20.2% CAGR⁷.

The consumer mandate is clear: 71% of consumers expect personalised interactions, and 76% get frustrated when this doesn't happen⁸. The significant gap between this demand and current brand capabilities represents the single greatest opportunity for market share acquisition.

How AI Drives Revenue at Scale

Addressing the critical need for personalised recommendations to drive basket value, customer acquisition, and loyalty, THG Commerce developed its proprietary AI-driven Foundation Finder to replicate in-store beauty consultations online. The tool utilises spectrophotometry, in-house colour algorithms, laboratory data and AI-powered selfie matching to recommend the perfect shade across more than 6,000 options.

Since launching on LOOKFANTASTIC, the tool has been a resounding success. It attracted more than 600,000 visits, with the results demonstrating a powerful impact on customer behaviour and acquisition:

- 73% of customers purchased a foundation from a new brand, proving the tool's ability to drive trial.
- 96% of customers purchased a new product.

71% of consumers expect personalised interactions, and 76% get frustrated when this doesn't happen.

- Nearly a quarter (22%) of users made their first-ever foundation purchase on the site using the tool.

This success highlights how AI is transforming commerce into a smart, interconnected ecosystem.

The innovation continues. Building on this success, THG Commerce has since launched its Concealer Finder on LOOKFANTASTIC, integrating 420 shades across 18 products. The new tool works in conjunction with the Foundation Finder to predict a perfect concealer match, further enhancing the personalised customer journey.

Reference:

7. <https://www.google.com/url?q=https%3A%2F%2Fwww.insightanalytics.com%2Freport%2Fglobal-artificial-intelligence-ai-in-beauty-and-cosmetics-market%2F1051>

8. <https://www.mckinsey.com/capabilities/growth-marketing-and-sales/our-insights/the-value-of-getting-personalization-right-or-wrong-is-multiplying>

Section 04.

Phygital *Innovation*

Solving the Omnichannel Challenge

While online channels are expected to account for nearly one-third of global beauty sales by 2030⁹, physical retail remains essential for discovery, with customers seeking new and unique in-store interactions to complement online shopping, reinforcing their role in product discovery and engagement. However, the fundamental challenge for brands in 2026 is not a lack of channels, but a lack of connection between them. Poor in-store experiences are alienating shoppers and eroding loyalty. These are symptoms of a disconnected, siloed strategy where

the digital self and the physical self of the customer are treated as two different people.

Leading brands are solving this by merging physical presence with digital immersion. They treat every touchpoint, physical and digital, as an opportunity to gather data and enhance a single, unified customer profile. Experiential pop-ups, AR-equipped mirrors, and seamlessly connected retail hubs are transforming physical locations into powerful engines for brand loyalty and content creation. Phygital innovation is the key that unlocks this strategy, transforming physical locations from simple points of sale

into data-rich touchpoints that fuel a continuous, personalised customer journey.

These leading brands are not just adding technology; they are using it to solve real customer problems and create seamless, valuable experiences that drive sales:

Sephora's 'Colour IQ' technology scans a customer's skin in-store for a perfect foundation match, and that data connects to their online profile for future personalised recommendations. This creates a unified experience that blurs the lines between physical and digital.



Leading brands are solving this by merging physical presence with digital immersion.

Charlotte Tilbury

Charlotte Tilbury's 'Magic Mirror' goes a step further, allowing customers to try on ten complete, curated looks with a single tap. This solves the problem of choice paralysis and has proven so successful it has been rolled out globally.



MAC Cosmetics

MAC Cosmetics enhances the in-store experience with AR 'Virtual Try-On' mirrors, which have been shown to increase sales by an average of 31%. This allows customers to experiment with dozens of looks hygienically and quickly, boosting purchase confidence.

L'Oreal

L'Oreal is pioneering the next wave of at-home diagnostic tools like the La Roche-Posay 'My Skin Track UV' sensor and in-store services like the Lancôme 'Skin Screen,' which uses AI and advanced imaging to analyse 13 different skin parameters. These devices feed data back to the brand, enabling a level of personalisation that was previously impossible.

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In a true omnichannel model, these phygital tools are not the end of the experience; they are the starting point for a continuous, data-driven journey that drives loyalty and customer lifetime value.





Section 05. Expanding Reach and Revenue Through Strategic Marketplace Integration

While building a powerful direct-to-consumer (D2C) channel remains a cornerstone of brand strategy, the modern customer journey is not linear. Winning in 2026 means meeting customers where they are, and increasingly, that is on global marketplaces. Platforms like Amazon, Walmart and regional leaders are no longer just sales channels; they are powerful search engines and discovery platforms.

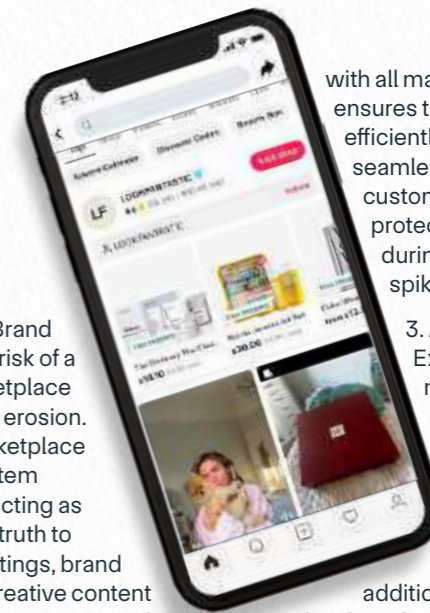
For beauty brands, this presents both a challenge and an immense opportunity. The challenge lies in managing a multi-channel presence without diluting brand identity, creating logistical nightmares, or losing control of the customer experience. The opportunity is to unlock access to millions of new customers and accelerate global expansion at a speed that would be impossible through D2C alone.

Winning in 2026 means meeting customers where they are, and increasingly, that is on global marketplaces.

A unified marketplace strategy is the solution, turning complexity into a competitive advantage.

1. Centralised Management for Brand Consistency: The risk of a fragmented marketplace presence is brand erosion. A centralised Marketplace Management System (MMS) is critical, acting as a single source of truth to ensure product listings, brand messaging, and creative content are consistent across every single touchpoint. This preserves brand integrity and builds consumer trust, whether a customer discovers a product on TikTok Shop, Amazon, or a niche regional platform.

2. Seamless Fulfilment to Simplify Operations: The operational complexity of managing inventory and order fulfilment across multiple marketplaces is a significant barrier to growth. An integrated, market-leading 3PL partner removes this friction. By syncing directly



with all marketplace channels, it ensures that inventory is managed efficiently and orders are fulfilled seamlessly, safeguarding the customer experience and protecting brand reputation, even during unexpected demand spikes.

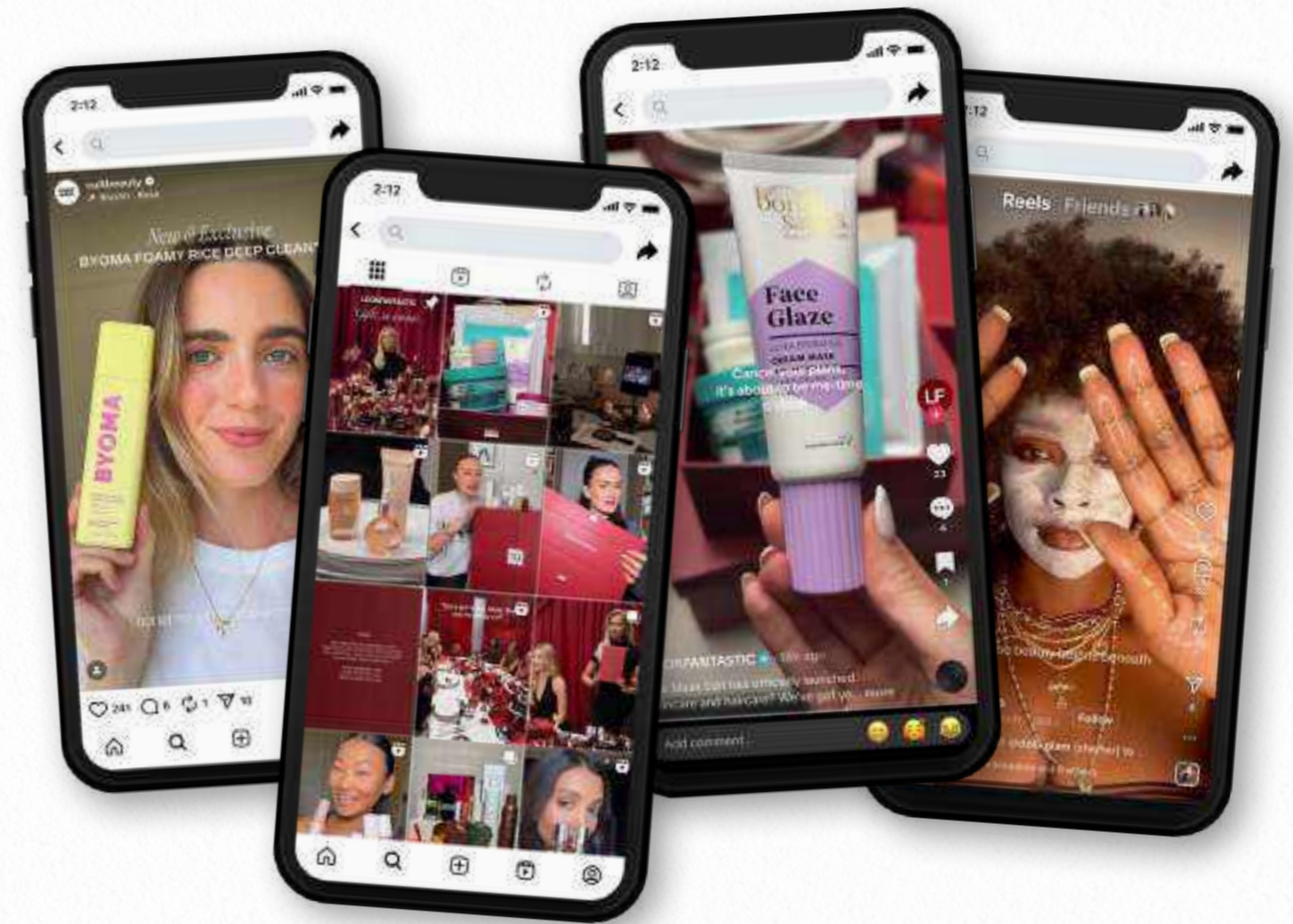
3. Accelerated Global Expansion: Leveraging marketplaces is the most efficient pathway to entering new international territories. Strategic partnerships can provide brands with turnkey access to over a hundred additional global marketplaces.

This de-risks international expansion by allowing brands to test and learn in new markets with a lower initial investment, using the marketplace's existing infrastructure and customer base to build momentum.

By treating marketplaces as an integrated pillar of their commerce strategy, rather than a siloed channel, brands can dramatically expand their reach, drive new revenue streams, and build a resilient, future-proof presence in the global beauty economy.



Section 06. Mastering Social Commerce



By 2026, social commerce sales are projected to surpass \$100 billion in the U.S. alone. For beauty, this channel is no longer just for discovery; it is a primary point of sale. The challenge is no longer if brands should sell on social, but how they can stand out and convert attention into revenue in an incredibly saturated space.

- **The Rise of 'Shoppertainment':** Livestream shopping is the new frontier of engagement. With conversion rates up to 10 times higher than conventional ecommerce, live events hosted by authentic creators combine entertainment with real-time purchasing, creating urgency and trust.
- **Seamless In-App Checkout:** One of the biggest trends of 2025 has been the explosive growth of platforms like TikTok Shop. Its seamless integration allows users to go from discovery to purchase without ever leaving the app, dramatically reducing friction, and capturing impulse buys. This is the future of frictionless commerce.

Standing out requires moving beyond traditional ads and embracing a new set of strategies.

- **Authenticity at Scale:** The era of relying solely on mega-influencers is over. Consumers are turning to niche creators for trustworthy recommendations. Brands must build scalable partnerships with influencers who have genuine, engaged communities.
- **Master the End-to-End Experience:** A viral moment is a liability if your operations can't handle it. The key to profitable social commerce is a robust backend. This requires a 3PL partner with API integration that can synchronise directly with platforms like TikTok Shop, ensuring flawless fulfilment and real-time inventory management, even during unexpected demand spikes.

e.l.f. Cosmetics, a strategic early adopter of TikTok Shop, masterfully leverages the platform, empowering hundreds of creators to sell their products directly through entertaining, authentic content. By connecting this social-native sales channel to a robust fulfilment operation, they can convert a viral video into thousands of seamless transactions, demonstrating a best-in-class social commerce engine.

Social commerce sales are projected to surpass *\$100 billion* in the U.S. alone.



Section 07.

The 2026 Action Plan

2026 marks a turning point where beauty becomes regenerative, personalised, and deeply emotional. Brands that build trust through scientific proof, leverage AI for commercial impact, and master the omnichannel landscape will not just compete, they will lead.

1. Mandate Credibility and Transparency

Combat market saturation by investing in biotech-driven formulations and backing every claim with transparent, accessible scientific evidence.



5. Master Social Commerce

Treat social platforms as a primary sales channel by investing in 'shoppertainment' and ensuring your fulfilment operations can handle the speed and scale of social-driven demand.

2. Utilise Data to De-Risk Innovation

Harness real-time social and sales data to stay ahead of the trend cycle and inform a faster, more successful product development strategy.

3. Leverage AI for Commercial Gain:

Move beyond experimental AI. Implement intelligent tools for diagnostics, personalisation, and predictive operations to capture the clear consumer demand and drive measurable ROI.

6. Win the Omnichannel Battle

Reimagine physical retail as an experiential hub that is seamlessly integrated with your digital ecosystem, strengthening the customer journey at every touchpoint.

4. Scale Globally with Strategic Marketplaces

Treat key global marketplaces as a core channel to accelerate international expansion and acquire new customers, ensuring brand consistency and operational excellence through a unified platform.

7. Embed Inclusivity as a Growth Driver

Leverage technology and authentic cultural partnerships to ensure your products and storytelling resonate across all identities, unlocking success in new and existing markets.



allbeauty

allsole

L'ORÉAL

LOOKFANTASTIC

Mondelēz International

Coca-Cola

ELEMIS

ESPA

MYPROTEIN

Nestlé

WILLIAMS RACING

GLOSSYBOX

COGGLES

HOMEBASE

Perricone MD

KraftHeinz

THG Commerce offers beauty brands an unmatched platform to lead in this new era. Our scalable infrastructure, global reach, and innovation-first mindset help brands unlock DTC profitably while delivering ambition at speed.

Ready to turn these challenges into opportunities? Contact us to explore how we can help your brand lead the future.

contact@thgingenuity.com



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