From forecasting the future of M&A activity to an A-Z breakdown of beauty’s key investors, WWD Beauty Inc takes an in-depth look at the financial picture heading into 2021. PLUS: Why diversity matters in investing and how some key players celebrated their first big deal.
The Hut Group Files for IPO

The Hut Group, owner of Illamasqua, Eyeko and e-commerce retailer Lookfantastic, went public in September with a $7 billion initial public offering. The business has been growing, and saw sales rise almost 25 percent in 2019, to 1.1 billion pounds. “We anticipate substantial future growth and expansion across the beauty industry, which will continue to benefit our brands and our web sites. We expect subscription beauty boxes will continue to drive customer acquisition and loyalty, while our own prestige beauty brand portfolio will benefit from premiumization trends and rapid expansion through increased digital penetration and internalization,” said chief executive officer Matthew Moulding.

Puig Acquires Majority Stake in Charlotte Tilbury

Charlotte Tilbury became the latest founder to score a billion-dollar beauty deal when Puig agreed to buy a majority stake in her business for what sources said was about 1.2 billion pounds. BDT Capital Partners also bought a stake in the business. For fragrance-focused Puig, the acquisition furthers exposure to the color cosmetics category, which the company has played in with Christian Louboutin Beauty and Carolina Herrera's makeup line. The Charlotte Tilbury business also has an expanding and successful skin-care component, and was growing quickly – even during the COVID-19 pandemic. Multiple strategic buyers, including the Estée Lauder Cos., were said to have looked at the business.

Yatsen Files for IPO

In late October, Guangzhou Yatsen E-commerce Co., the parent company of skin-care brands Perfect Diary, Little Ondine and Abby’s Choice, filed for an initial public offering in the U.S. The deal would allow it to raise up to $100 million, and make it the first Chinese beauty company ever listed on the New York Stock Exchange. The business posted 3.03 billion renminbi in net income for 2019, about $457 million. Yatsen plans to use the money for operations and potential investments or acquisitions.

L’Oréal Purchases Mugler & Azzaro Licenses from Clarins

L’Oréal signed the deal to acquire the Mugler and Azzaro fragrance licenses from the Clarins Group in 2019, but it closed earlier this year. The brands generated about 340 million euros in sales in 2018. The acquisition gives L’Oréal further access to prestige designer fragrances, but also allowed Clarins to divest from fragrances entirely in order to focus on skin care. Mugler is known for Angel, an iconic gourmand scent, and Alien, a bestseller, while Azzaro’s portfolio includes classics like Azzaro Pour Homme and Chrome, and Wanted.

Hims Goes Public via SPAC Merger

In early October, venture capital-backed Hims said it inked a merger agreement with special purpose acquisition vehicle Oaktree Acquisition Corp, that values the company at $1.6 billion and would take it public. Hims, which also operates a business segment aimed at women called Hers, runs a telehealth operation that sells erectile dysfunction medication and birth control, as well as hair-loss prevention and skin-care products over the Internet. Founder Andrew Dudum said the deal will allow the business to work toward becoming “the front door to the health-care system, serving as the first stop for people’s health and wellness needs around hundreds of conditions” and that the brands would move into new categories going forward.

Ipsy to Acquire Boxycharm

Ipsy bought a major slice of the beauty-box competition when it agreed to acquire Boxycharm in October. The combined businesses are expected to form a powerhouse with more than $1 billion in combined sales in 2020 and enough subscriber data to very specifically tailor brand and product launches. Because of the deal, Ipsy also restructured the business, forming parent company Beauty For All Industries, which also includes incubator Modeby Collective, and will soon include a new brand called Refreshments launching later this year with “clean essentials,” like face wipes and hand cream.

KKW Cosmetics Sells 20 Percent Stake to Coty

Kim Kardashian West sold a minority position in her cosmetics brand, KKW Cosmetics, to Coty, following in the footsteps of younger sister Kylie Jenner, who had previously inked a majority deal with Coty. For KKW, the licensing deal puts Coty in charge of developing skin care — the biggest focus right now — as well as personal care, hair care and nail care. But for Coty, the deal is pivotal to broader plans to accelerate growth in skin care, which it plans to do through KKW and through Kylie Skin.

Nestlé Health Sciences Acquires Majority of Vital Proteins

Nestlé Health Sciences agreed to buy a majority stake in Vital Proteins, an ingestible collagen business that makes powders, beverages and foods. The deal underscores burgeoning interest in the wellness category, and in beauty-wellness products. The deal is meant to help provide Vital Proteins, which will continue to operate as a stand-alone business, with resources to further innovate and scale operations.

L’Oréal Acquires Thayers

L’Oréal upped its exposure to the natural beauty space with the acquisition of Thayers Natural Remedies, a brand best known for its witch hazel and toners. The brand will live in L’Oréal’s Consumer Products Division, which also contains L’Oréal Paris, Garnier and N.Y.C. Alexis Perakis-Velat, president of that segment, said the brand was part of L’Oréal’s strategy to develop its skin-care business globally, and that Thayers complemented L’Oréal’s North American skin-care brand portfolio.
The beauty industry can be overwhelming with conflicting research, intimidating ingredients and thousands of products to choose from.

But, for customers of Paula’s Choice, the experience is distinctly different. Paula’s Choice has been dedicated to sharing knowledge about skin and skin care since it was founded by best-selling author and customer advocate Paula Begoun 25 years ago. The ethos of Paula’s Choice is one based on truth, not hype, and one that is firmly anchored to science and research.

By providing consumers with science-backed education and products, Paula’s Choice has grown a loyal following, and its safe, effective formulas that deliver results regardless of their age, gender, skin color or skin type.

The cornerstone of our brand is to empower people with the knowledge they need to feel confident in their skin-care choices through our expertise in all those places where our teams perform. Our website is laid out in full detail pages. Under every product description, users can find numerous customer reviews in full.

E.K.: As a direct-to-consumer brand, Paula’s Choice launched online so that we are not just a sales portal but also a central source of knowledge for everything we create and all of the independent research that our teams perform. Our website provides the foundation for our research and expertise, and we have expanded our reach with social channels, e-mail and events that help us cultivate relationships and share our expertise in all those places where skincare and self-care are at the center of the conversation. Our research, products and education are for everyone, and so is the content we create. We make sure that is reflected in our influencer partnerships and the way in which we communicate with our customers across multiple digital channels.

WWD Studios: What is the company’s approach and philosophy in regard to inclusivity and sharing knowledge?

E.K.: The inclusiveness of our brand is something we have prioritized by cultivating and supporting a diverse community and making sure we offer an experience where everyone feels part of it. This translates directly to the way we approach our influencer and social initiatives. One of our initiatives around this is On the Rise, which is a program that supports and amplifies the voices of Black content creators in the micro-influencer community.

For us, our users are unique and not one-size-fits-all.” One of the first impressions users gain when they visit the Paula’s Choice website is how our online presence is really an open book to the science behind our beauty. The research is laid out in full candor on our product pages and ingredient content. Over time, this builds trust and trust is what has propelled us to become one of the largest and fastest-growing digital skincare brands in the world.

WWD Studios: How does Paula’s Choice meet these demands?

E.K.: The cornerstone of our brand is to empower people with the knowledge they need to feel confident in their skin-care choices through our expertise in all those places where our teams perform. Our website is laid out in full detail pages. Under every product description, users can find numerous customer reviews in full.

WWD Studios: What informs your product development strategy?

E.K.: In addition to being driven by the science and research, our direct relationships with our customers mean they play a vital role in our product development. Instead of just relying on slick marketing campaigns and focus groups, Paula’s Choice sources a great deal of knowledge and product guidance direct-to-consumer. We truly listen to their concerns and use their feedback to formulate future products. We look closely at the articles they are reading on our site, what products they’re obsessed over, what they’re buying, re-buying and not buying.

WWD Studios: How do you leverage the brand’s R&D efforts to deliver the right skincare solutions?

E.K.: We follow the science — not what’s popular. We use extensive research to support and verify our formulas. And we use hundreds of independent studies, safety data and extensive consumer testing to develop and prove that our products are truly beneficial for skin. Every product is tested on real people by an independent laboratory for irritancy and safety.

Our roots as a brand are educating customers about what to use and not to use on their skin, and this extends to our rigorous standards on allowable ingredients in our skincare. In this way, we’ve led the way for decades in developing clean formulations.

WWD Studios: How does Paula’s Choice adapted its strategy to meet evolving consumer demands due to the pandemic?

E.K.: We know that we must remain nimble and responsive to our customers’ needs, especially during these uncertain, changing times. We apply an agile way of working across the entire organization, from marketing to content to creative.

Key is keeping our team united and laser-focused on identifying those top-priority projects that will ensure we are delivering maximum value to the customer. This approach enables us to respond quickly to changing market and consumer needs.

WWD Studios: What is the brand’s approach to influencers?

E.K.: Having a deeply knowledgeable customer base creates a flywheel effect, in which your most passionate customers share this knowledge with their friends, family members and peers around the world.

Fans have found Paula’s Choice on social media, who are attracted by our extensive skincare and ingredient content. Over time, this community has become a strong legion of advocates for our brand that is empowered by knowledge.

WWD Studios: What role does content play in this approach?

E.K.: As a direct-to-consumer brand, Paula’s Choice launched online so that we are not just a sales portal but also a central source of knowledge for everything we create and all of the independent research that our teams perform. Our website provides the foundation for our research and expertise, and we have expanded our reach with social channels, e-mail and events that help us cultivate relationships and share our expertise in all those places where skincare and self-care are at the center of the conversation. Our research, products and education are for everyone, and so is the content we create. We make sure that is reflected in our influencer partnerships and the way in which we communicate with our customers across multiple digital channels.

This trust is what has propelled us to become one of the largest and fastest-growing digital skincare brands in the world.

Erika Kussmann
Paula’s Choice
Beauty Retailers Showcase Sustainability, Diversity

“Wellness has been incorporated into everything,” says The Detox Market’s director of brand partnerships, Elena Severin.

By Ryma Chikhoune

According to the Global Wellness Summit, along with mental wellness, reproductive health is a rising trend in the category this year.

“Our customers have been asking for them,” said Michelle Connelly, vice president of merchandising and planning at Credo Clean Beauty, of pregnancy products. “One of our values is to be welcoming to all...for clean beauty to be approachable, to bring that message that clean beauty is for everyone.”

This year’s Black Lives Matter movement has also had influence on the industry, as retailers pledge to make inclusivity and diversity part of their ethos.

“It’s definitely a focus for us to put a concentrated effort behind diversity, not just in our brand founders but also in all of our marketing,” continued Connelly.

Along with skin care, hair is a focus for retailers, too. Credo recently added Nuiele to its hair category, a brand founded by two women of color, Anne Cheatham and Dr. Christine Martey-Ochola.

“It’s a product that works for every hair type,” said Connelly. “It’s done very well for us so far.”

At Violet Grey, Black-owned hair company Sunday II Sunday — founded by Keenan Beasley — was introduced last month.

“Sunday II Sunday’s products are all focused on scalp care,” said Maureen Choi, Violet Grey’s executive director of content and curation. “Violet Grey, a highly curated luxury beauty retailer, has committed 15 percent of its shelf space to Black-owned brands, she added.

For Walmart, while concentrating on indie and affordable beauty, the brand recently added Nuele to its hair category, a brand founded by Keenan Beasley — was introduced last month.

“[Sunday II Sunday’s] products meets CVS’ standards of clean,” said Andrea Chikhoune, vice president of merchandising and planning at CVS Health. “Our customers are asking us to offer nontoxic and sustainably sourced goods for infants and mothers to be. The newest brands are Nessa and Hatch Mama, which provide skin-care products for pregnancy.”
MANA

COLOR COSMETICS • SKIN CARE • HAIR CARE

THE TEAM BEHIND YOUR TEAMS SINCE 1975.
PROUDLY MADE IN NEW YORK CITY.

manaproducts.com
The Latest From WWD


Blacktag Raises $3.75M in Seed Funding

Blacktag, a Black-owned and operated global media and entertainment platform, revealed a $3.75 million seed round. Connect Ventures, a new investment partnership between Creative Artists Agency and New Enterprise Associates, led the round. Blacktag announced partnerships with actress Issa Rae and entertainer Common, who will release original content. Blacktag’s objective is to modernize how content by Black creatives is created and consumed. The platform leverages components from social media platforms like user-generated content and profiles for creators including artists, influencers, directors, musicians, actors, chefs and more to connect directly with brands and audiences that can subscribe to these creatives’ content. “Black economic power should equate Black creatives’ power,” said Akin Adebawole and Ousman Sahko, cofounders of Blacktag. — Obi Anyanwu

Target Tracks Growth Online and In-store

Although digital comparable sales grew 155 percent during the quarter, year-over-year, comparable traffic grew about 4.5 percent, with more than 95 percent of the company’s third-quarter sales fulfilled by stores. “Our strong results in 2020 reflect the benefits of our multiyear effort to build a durable and flexible model,” said Brian Cornell, chief executive officer. For the three-month period ending Oct. 31, revenues grew 21.3 percent to $22.6 billion. — Kellie Ell

ONLINE LUXURY MARKET FACES SLOW RECOVERY

ForwardPMX’s latest report analyzes the current and future state of the global online luxury sector, which is poised to see a decline in sales that could reach 45 percent and is forecast to not fully recover until 2023. The report describes the luxury market as a resilient industry, with brands forging ahead despite headwinds. There are opportunities in China, where consumers there are expected to generate half of all luxury goods purchases in the world in the next five years. The report highlighted brands with high site traffic and social media engagement. ForwardPMX said in the U.S., overall search volume for luxury brands increased 9 percent year-over-year, but the growth came “at a time when site traffic to those same brands dipped 2 percent year-over-year.” — Arthur Zaczkiewicz

Shopify Partners With AliPay

Alibaba’s most recent Singles’ Day shopping event netted massive online sales, garnering nearly $741 billion in gross merchandise volume during the multiday event and channeling $449 million in sales to Italian brands. AliPay serves more than one billion annual active users in China, and its roadmap includes extending that reach to hundreds of millions more across Asia. — Adriana Lee

Beiersdorf Launches Skin Care in South Korea

The range includes the Early Ritual Water Essence, Early Ritual Ampoule and Early Ritual Cream, each billed to be antiaging and giving an even complexion. Beiersdorf said on Wednesday if the brand is successful in South Korea, it will be launched incrementally in Asia, with a focus on China, the largest country market in the region. — Jennifer Weil

Blacktag founders Ousman Sahko and Akin Adewale

Shopify and Alipay have partnered on a new payments gateway for U.S.-based merchants serving Asian consumers.

The range includes the Early Ritual Water Essence, Early Ritual Ampoule and Early Ritual Cream, each billed to be antiaging and giving an even complexion. Beiersdorf said on Wednesday if the brand is successful in South Korea, it will be launched incrementally in Asia, with a focus on China, the largest country market in the region. — Jennifer Weil

Alibaba’s most recent Singles’ Day shopping event netted massive online sales, garnering nearly $741 billion in gross merchandise volume during the multiday event and channeling $449 million in sales to Italian brands. AliPay serves more than one billion annual active users in China, and its roadmap includes extending that reach to hundreds of millions more across Asia. — Adriana Lee

Alipay

Beiersdorf AG has just launched Chaul, its first brand developed specifically for the Asian market. The three-unit, premium face-care line has products formulated with fermented tea. It was introduced in South Korea a few weeks ago. The launch was spearheaded by the Nivea Accelerator (or NX Accelerator), Beiersdorf’s Seoul-based innovation hub.
Twenty-twenty has been a milestone year for renowned prestige beauty innovator and contract manufacturer, MANA Products. The New York–based company marks 45 years in business and was also recently acquired by Truab Capital. Under Truab, MANA can tap into the firm’s operational, strategic and financial expertise. In return, Truab gets an industry-leading innovator with strong R&D capabilities.

For MANA Products’ Chief Executive Officer, Robert Jaegly, the acquisition is a perfect fit that can help the company further evolve and innovate. The opportunity is a result of his original vision of founder Nikolos Morezi, but for a new era in the beauty industry.

Jaegly, who has decades of global business experience under his belt, has positioned MANA as a color cosmetics and skincare products innovator that delivers sustainable and planet-friendly products that don’t skimp on performance.

The company’s success is largely due to leveraging consumer insights while forging deep collaborations with its brand partners — which includes conglomerate beauty companies as well as smaller DTC and emerging brands. To help develop those partnerships, Jaegly and his team have launched the MANA Brand Accelerator program, which is specifically designed for emerging brands. Jaegly has also embedded the company’s manufacturing ethos — “MANA Clean,” which the CEO describes as the “best of the best” in formulation.

Let’s Be Clear
Bringing to market truly sustainable products is no small task and requires adhering to stringent guidelines and certifications. It’s been a challenge for businesses across the beauty sector. But for the consumer, they simply demand that brands offer greener and cleaner products, which requires transparency and authenticity.

“Beauty brands are incorporating transparency and sustainability into their ingredient statements and making them available to customers online and with QR codes,” Jaegly said, adding that the industry as a whole is already moving toward alternative sustainable packaging materials, reduction in excess packaging, and more eco-friendly ingredient sourcing and manufacturing processes.

For MANA, deploying sustainable practices is a top priority. The company, for example, is leading the use of cold process and waterless technology in its formulation and product development, and it is committed to supply chain and product ingredient transparency. Jaegly says MANA will be “100% Roundtable of Sustainable Palm Oil (RSPO) certified next year.

Jaegly says the demand for more sustainable products has gained momentum amid the COVID-19 global pandemic. Consumers are increasingly concerned with not only what goes inside their bodies, but what also goes on their bodies, and skin — which is shaping how products are made and sold.

It’s A Small World
The pandemic has also made the world a smaller place, and Jaegly sees this as an opportunity for brands. Many heritage brands that were once only available in their local markets/countries, are now available to a global consumer base through online shopping and social platforms,” he said. “We anticipate that this trend will continue to grow and expand. But to succeed, the CEO stresses the importance of knowing the local and regional market, and the demographics driving purchase decisions.

And well before the pandemic outbreak, Jaegly said consumer preferences were already shifting, which accelerated after COVID. “People are now relying on social platforms for product demonstrations and recommendations more than ever,” he says. “They’re not going into stores, and they’re not trying on makeup. Stores are moving to the market, not vice versa.”

The CEO also says shoppers right now are attempting to move into sheltering in place or “sheltering in public,” which is amplifying concerns for safety and health.

For the beauty industry, Jaegly says companies need to do “our part to help alleviate this anxiety by creating and marketing product forms and packages that help protect against the virus — single-use products, touchless products, stick products … as well as formulation with tepid, and gentle, and skin barrier protective properties, and other traits.”

Brand Acceleration
Another notable pandemic-related trend that is reshaping the industry is the explosive growth of online shopping and the emergence of DTC brands. Stuck at home and online, shoppers are trying new brands and types of products, which has put a spotlight on emerging beauty brands.

In response, Jaegly and his team have created the MANA Brand Accelerator program, which makes it easier for brands to work with MANA.

“The Brand Accelerator program creates a seamless pathway for emerging and indie beauty brands that will allow them to partner with MANA from start-up to stardom,” Jaegly said. “The program features our proven, proprietary cosmetic and skincare products, as well as lower minimum order quantities, enhanced customization options and expedited speed to market.”

The MANA Brand Accelerator program also allows existing beauty brands “unprecedented access to MANA’s extensive library of innovative formulas and finishes, allowing them to select and procure items for promotions and seasonal introductions, as well as their base businesses,” the CEO added.

And it is a library that continues to grow as trends evolve.

The current trends informing MANA’s product development and innovation include skin health and its microbiome, of “skin flora” which requires probiotic products as well as proper hydration. And, aside from the aforementioned waterless formulations and sustainably sourced products, MANA is developing high-performance, clean-beauty items that Jaegly describes as “cleanical products.”

“I’m looking forward to seeing more of the ‘cleanical’ trend — which are high-performance products formulated with clean ingredients,” Jaegly said. “It’s a win-win for everybody. Internally, we call it ‘MANA Clean,’” and it is our benchmark for the best of the best.”

Best in Class Manufacturing
MANA also differentiates itself in the market by performing “faster, better and simpler” than the competition, Jaegly said. “The industry demands shorter lead-times, smaller runs and lower inventory,” the CEO explained. “For us, it begins with the engagement process to upskill our operations team every year spending over 20 hours of annual training in everything from functional skills to goal setting and measures.”

Jaegly said the company works hard to “develop the understanding of how each individual contributes to the goals and why they are important. We have provided the tracking tools to manage the operation at the operator level in real-time.”

In practice, this means manufacturing lines that can swiftly change over from one product to another. Jaegly notes that changeproves which previously took hours, now take minutes.

What’s Next?
Jaegly expects further consolidation in the beauty industry, which he said is a “great way to leverage capital, location, technology, along with creating scalable platforms.”

Vertical integration will also come into play “as it creates the ability to have a complete supply chain in one place,” the CEO said, adding that this “simplifies everything for the customer, allowing them to do what they do best — which is market their brands.”

Jaegly added that MANA has recently partnered with Meiyume and RPG to create vertical integration on a global scale.

When asked about what excites him when he considers the future of the beauty industry, Jaegly is quick to respond. “Everything. Absolutely everything,” he said.

“As we adjust to this new normal — new opportunities are emerging to help customers look and feel beautiful and safe,” Jaegly said. “New categories, new technologies, new ingredients. It’s all good stuff. The beauty industry is seizing this opportunity to continue what we’ve been doing, but to do it better — and we’re excited.”
Beaut y M&A Finds The White Space

Those in the know are predicting a busy beauty M&A climate.

BY ALLISON COLLINS AND JENNIFER WEIL
WITH CONTRIBUTIONS FROM SAMANTHA CONTI AND SANDRA SALIBIAN

THINGS MAY HAVE gotten weird in the beauty dealscape over the past few months as financial types found themselves Zooming through due diligence, but the ongoing pandemic is not expected to put a stop to beauty M&A going forward.

Shifts in consumer trends toward online shopping, skin care, hair care and self care will have major impacts on what buyers and investors are looking for going forward, experts said.

“Any time there’s change in the market and change in consumer behavior, it drives M&A. These are not temporary shifts, they are permanent shifts,” said Vennette Ho, managing director at Financo.

Bankers are busy, insiders said, and are expecting a variety of companies to hit the market in the coming months. Low interest rates are expected to contribute to deal volume, sources said.

“There are a lot of transactions on the market. I don’t see any change on that, and there are probably even more volumes,” said Laurent Droin, managing director of Eurazeo Brands in Paris. “Transactions are taking more time, apart from certain exceptions. Everyone’s looking for smaller companies because there is still a scarcity of good assets, so everybody’s trying to get into future champions as soon as they can.”

He added the rush is also on since beauty companies command such great margins and cash flow, therefore often they don’t need a second round of financing.

There are a handful of men’s brands in the market, as well as businesses coming back up for sale after pressing pause on processes due to the coronavirus. Bankers say they are busy having conversations with founders looking to take risk off the table, and that there is still selective deal appetite from strategic buyers.

“The markets have come back — no one is afraid to go out in the market, there’s no need to put a process on hold,” said Arash Farin, managing director at the Sage Group LLC.

But things are different than before, and investors looking at growing companies continue to inquire about “the COVID-19 bump” — the spike in sales, especially online, that many...
companies saw this year — sources said. Beauty brands looking to do deals should be prepared to walk investors through COVID-19-era numbers, whether they went up or down, experts agreed. Brands that saw a big uptick because of exposure to online or categories that saw heightened consumer interest during the pandemic will need to explain the sustainability of those numbers. Similarly, brands who saw slumps due to overexposure to brick-and-mortar retail or diminishing categories, like makeup, would need to show how they’re charting a path to recovery.

“People want to have these COVID-19 conversations in the rearview mirror and say, ‘This is our new normal, this is not a two month bump.’ What is sustainable is what the private equity [firms] want to know,” said Ilya Seglin, managing director at Goldman Sachs. COVID-19’s effect on beauty sales is one of the things that earlier this year, caused many companies to pause their deal processes.

But some of those companies have come back out into the market, and others are expected to re-initiate M&A conversations in 2021.

“There have definitely been a number of transactions that would have potentially gone to market in 2020 and many of them, regardless of whether they’re doing extremely well, just doing OK, or not well, got to the point where they wanted to have 2020 under their belt. Especially with the impact of COVID-19, people didn’t want to have the questions around, is this a COVID-19 bump or slump?” said Janki Gandhi, managing director at Goldman Sachs.

While company sales might have seen fluctuations because of the pandemic, valuations for beauty companies have not, sources said. “It’s like COVID-19 never happened: valuations are back up for anybody who did well throughout COVID-19,” Seglin said.

Valuations can be sky high in beauty, but those types of dreamy multiples are only available to companies that meet a certain set of standards, and those standards are changing. Investors and buyers want companies with a strong digital presence — but today, when they say that, they mean strong e-commerce sales versus a few years ago, when they meant a strong social media operation. Skin, hair and wellness are all expected to remain hot categories, following consumer shopping habits. Men’s may finally become a thing, based on the volume of men’s brands in the market. And manufacturing M&A, a busy sector for private equity firms not interested in taking single-brand risk, is expected to continue.

“We find it interesting that some of the less sexy areas of home and personal care, like soap, personal cleansing, household products have had record sales. Consumers are really focused on their personal health and hygiene,” added Kelly McPhiliammy, managing director at Harris Williams.

“We’re going to continue seeing interest for skin care as a strong category, in particular in regards to natural skin care as well as dermatocosmetics in both prestige in mass channels. We’re going to see continued interest in hair care as the category continues to outperform the other categories,” said Luc-Henry Roussele, managing director at William Hood & Co.

“This year, it’s all about how brands pivoted,” McPhiliammy said. “Brands really found their footing by focusing on digital marketing and direct-to-consumer, third party and e-comm... as well as emphasizing solutions around what consumers are looking for.” McPhiliammy ticked off DIY beauty, self care, personal health and hygiene as key categories. “Not to mention brands really took a stand and have been showing they care and they’re taking action to address some of the social issues facing the nation. That matters to consumers today more than ever,” she added.

Diversity is expected to become more important to prospective investors, some sources said.

“Any time there’s change in the market and change in consumer behavior, it drives M&A. These are not temporary shifts, they are permanent shifts.”

VENNETTE HO, FINANCO

“Diversity both in terms of your employee base as well as your customer demographic has become increasingly important. Being able to show that your brand is truly inclusive and you do address a range of demographics — partners are going to be focused on that, especially with the current times,” Gandhi said.

In many cases, the companies that are desirable today are the same firms that attracted interest prior to the crisis. “There’s a whole cast of companies that were doing great going into COVID-19 because they had characteristics that were going to make them successful outside of retailers...great digital content, great community, almost a lifestyle following,” said Shaun Westfall, managing director at Jefferies.

Technologies is another big area of focus. “Communities and block chains are very important today,” said Karine Ghana, a co-managing partner at Ohana & Co., referring to how the technology can help augment companies’ digital operations, traceability and sustainability functions in today’s world where consumer trust is key. She added investors are seeking companies with market-changing business models. “I wouldn’t be surprised to see companies step up investments in areas like L’Oréal has done with Modiface,” said Eva Quiroga, managing director at Bank of America, referring to the tech company focused on artificial intelligence and augmented reality. “Bringing technology in-house is probably easier with an acquisition than building it yourself. The beauty of the Modiface relationship is that it’s so ingrained in the L’Oréal model at this point.”

Those are the types of companies that people are interested in, sources noted. Strategic buyers, struggling with exposure to brick-and-mortar sales at a time of dwindling in-real-life shopping, will need to look to buy brands that are growing, and are likely to consider divesting brands that are not. Shiseido, Unilever and Henkel, have publicly talked of divestitures. Reckitt Benkiser is reported to be selling a portfolio.

Key Takeaways

1. M&A activity is expected to pick up heading into 2021, as big beauty looks for brands that reflect many of the permanent consumer changes wrought by the events of 2020.

2. Key areas of interest include skin- and hair-care brands, wellness-oriented companies, technology plays, men’s and even manufacturing.

3. China is increasingly important — from both the buy and sell perspective.
of personal-care brands including Clearasil, Veet, Scholl and E45 skin cream, which could command up to 1 billion pounds, according to Reuters. Revlon has been considering divestitures for more than a year. And industry sources said that the Estée Lauder Cos. Inc. may be considering divestitures in makeup and hair.

Growth is important, but so is profitability, sources said — especially when it comes to direct-to-consumer businesses.

“In dic, the old days of trading off rapid growth with no profits is a nonstarter,” said Andrew Shore, managing director at Moelis.

“Strategic and private equity groups are looking for an earlier proof point that the business might not be scaled into full profitability but can show some level of profit at the bottom line,” said Intrepid managing director Steve Davis.

Valuations in the sector are slowly shifting from revenue-based multiples to profitability-based multiples, according to Michael Toure, founder and chief executive officer of Toure Capital. “Now, people will look at profitability,” Toure said, though he noted that isn’t the only thing buyers will look at — “We are not there yet.”

Some executives expect further consolidation among travel-retail operators, as their businesses have practically ground to a halt for months on end while debt has accumulated.

The other area of increased buyers is special purpose acquisition vehicles, which have permeated the public markets over the past year. Hims recently unveiled that it would go public via a SPAC acquisition at a $1.6 billion valuation, and industry sources noted that could be the case for other companies as well. Several beauty businesses have openly talked about the possibility of the public markets, including Morphe parent company FORMA Brands, Glossier and Il Makiage.

More and more companies that are getting to be of a certain scale — $150 million-plus revenue size — a number of them are starting to think about, is a strategic exit what we’re really going to be looking for in terms of a deal, or does it make sense at some point to consider the public markets?” Goldman’s Gandhi said.

Manzanita bought Kevyn Aucoin, estimated to have sales between 20 million and 40 million pounds 5 years later.

Function of Beauty is said to be in the discussion process, but close to inking a deal. The business started by making customized hair products, and has since branched into other product categories.

Goli, a brand that makes apple cider vinegar vitamins, is said to be navigating inbound inquiries with the help of Centerview. Industry sources said the brand is surprising big with broad distribution and a solid direct-to-consumer business, with about $300 million in net sales.

Gray Away, a small brand that’s part of Mana Products, is said to be coming to market with Threadstone. The business is said to have $10 million in sales. Il Makiage has hired Centerview to explore a possible sale or IPO, the company confirmed to WWD. The business is expecting $150 million in net sales for 2020, after successfully building and scaling an online makeup business.

Kitsch, a hair accessories business, is said to have hired Financo to explore options.

Madison Reed, the direct-to-consumer hair color business, is said to be raising another round, according to industry sources.

Merci Handy, a French personal-care brand conceived for Millennials, is said to be looking either for further investment or maybe a sale. The brand, whose hero product is a hand sanitizer, just entered the U.S. and U.K. Its estimated annual sales are about 20 million euros.

Sources are also talking about Tata Harper, which is also said to be evaluating potential options.

Industry sources said that investment community remains interested in Thrive Causemetics, which is said to have hired Goldman Sachs to evaluate options.
Clinically-Effective, Biocompatible Skincare

NATURIUM

Vitamin C Complex Serum

30 ML / 1.0 FL OZ

VITAMIN C COMPLEX PLUS HYALURONIC ACID & VITAMIN E
BEAUTY ROLODEX

U.S.-based Venture Capital and Private Equity Beauty Investors

The key financial players in the beauty sphere.

BY ALLISON COLLINS

BEAUTY HAS BEEN a hotbed of M&A activity for years now, with strategic buyers vying to take over companies and capabilities, and paying top dollar to do so. Before that, though, come the early-stage investors. That group seems to grow by the year, as more firms hope to realize outsized exits with major returns. Here, a rolodex of key U.S. venture capital and private equity investors in the beauty sphere, in alphabetical order.

ADVENT INTERNATIONAL
Headquarters: Boston
Current Beauty Investments: Olaplex
Deal Size: Invests $100M to $2B in companies with $50M-plus in sales.
Key Player: Tricia Glynn, managing director

ALLIANCE CONSUMER GROWTH
Headquarters: New York and Los Angeles
Current Beauty Investments: Harry’s, Milk Makeup, Ouai, NuDESTIX, Pacifica, Tata Harper
Deal Size: Invests $5M to $30M in companies with $5M to $100M in sales.
Key Player: Julian Steinberg, cofounder and managing partner

ANCORA INVESTMENT HOLDINGS
Headquarters: Chicago
Current Beauty Investments: Indie Lee, Vapour Beauty, Taos Aer Clean Deodorant
Deal Size: Invests varying amounts in companies with up to $10 million in sales.
Key Players: Nicky Kinnaird, Lori Perella Krebs, co-founders

BAIN CAPITAL
Headquarters: Boston
Current Beauty Investments: Marcas, WWP Inc.
Deal Size: Invests $150M-plus in companies with $1 billion dollars per company, in companies with $50M to $100M in sales.
Key Players: Ryan Cotton, managing director; Miray Topay, managing director

BEECHWOOD CAPITAL
Headquarters: Wellesley, Mass.
Current Beauty Investments: Kosas, Shani Darden Skin Care, Violet Gray
Deal Size: Invests $2M to $5M in companies with $5M to $20M in sales.
Key Player: Larry Kahn, founder and managing partner

BERTRAM CAPITAL PARTNERS
Headquarters: San Mateo, Calif.
Current Beauty Investments: Paula’s Choice
Deal Size: Invests $25M to $40M in companies with between $30M to $250M in sales.
Key Player: Jeff Drazan, managing director

THE CARLYLE GROUP
Headquarters: Washington, D.C.
Current Beauty Investments: Perfect Diary, Tokiwa
Deal Size: Invests $50M to several billion dollars per company, in companies with at least $75M in sales.
Key Player: Jay Sammons, managing director

CLERISY
Headquarters: Miami
Current Beauty Investments: N/A
Deal Size: Invests $5M to $20M in companies with $10M-plus in sales.
Key Players: Alexandra Wilks Wilson, Lisa Myers, cofounders

CORNEILL CAPITAL
Headquarters: New York
Current Beauty Investments: Knowlton Development Corp., Blue Mistral
Deal Size: Invests $25M to $100M in companies with between $10M to $500M in sales.
Key Player: Justine Cheng, partner

CULT CAPITAL
Headquarters: New York
Current Beauty Investments: Supergoop, Love Beauty
Deal Size: Invests up to $10M in companies with at least $2M in sales.
Key Player: Christine Holcomb, brand associate

DOHL VENTURES
Headquarters: New York
Current Beauty Investments: N/A
Deal Size: Invests between $50,000 to $1M in companies with at least $2M in sales.
Key Player: Desiree Gruber, founder

ENCORE CONSUMER CAPITAL
Headquarters: San Francisco
Current Beauty Investments: Supergoop, Butter London
Deal Size: Invests $5M to $25M in companies with between $10M to $100M in sales.
Key Players: Robert Brown, managing director; Nichole Novak Ferrara, vice president

FENWICK BRANDS
Headquarters: Birmingham, Ala.
Current Beauty Investments: Madison Reed, Usha Major
Deal Size: Invests $3M to $12M in companies with $5M-plus in sales.
Key Player: Elizabeth Stewart, partner

FINN CAPITAL PARTNERS
Headquarters: San Francisco
Current Beauty Investments: Starface, Crown Affair, Winky Lux, Kjaer Weis, Usha Major, Needit, Cake, Plus, Vacation
Deal Size: Invests $100,000 to $1M in companies with up to $10M in sales.
Key Player: Pat Finn, managing partner and cofounder

FORERUNNER VENTURES
Headquarters: San Francisco
Current Beauty Investments: Glossier, Curiology, Prose, Necessaire
Deal Size: Invests $1M to $10M in companies with $1M to $10M-plus in sales.
Key Player: Kirsten Green, founder and managing partner

GENERAL ATLANTIC
Headquarters: New York
Current Beauty Investments: Forma Brands, Grove Collaborative
Deal Size: Invests $25M to $500M in companies of varying sizes.
Key Player: Andrew Ferrer, managing director

GRYPHON INVESTORS
Headquarters: San Francisco
Current Beauty Investments: RoC Skincare, Milani Cosmetics
Deal Size: Invests $50M to $250M in companies with $50M to $250M in sales.
Key Player: Matt Farron, partner

GRACE BEAUTY CAPITAL
Headquarters: New York
Current Beauty Investments: Pause Well Aging, Supergoop, Pinrose, Glamsquad, Birchbox
Deal Size: Invests $500,000 to $5M in companies with less than $20M in sales.
Key Player: Frank Fazzinga, president

HIGHLANDER PARTNERS
Headquarters: Dallas
Current Beauty Investments: N/A
Deal Size: Varying amounts in businesses with sales between $10M and $100M
Key Player: David Olsen, managing director

IMAGINARY VENTURES
Headquarters: New York
Current Beauty Investments: Bread Beauty Supply, Hum Nutrition, Nécessaire, Hawthorne, Kosas, Glossier
Deal Size: Invests $1M to $10M

Image: Matthew Billington
PARFUMS de MARLY PARIS

PEGASUS EXCLUSIF

parfums-de-marly.com
in companies prelaunch to $50M in sales.
Key Player: Kelly Dill, principal

KAINOS CAPITAL
Headquarters: Dallas
Current Beauty Investments: Beautybio
Deal Size: Invests $3M to $150M in companies with $20M to $100M in sales.
Key Player: Jay Dasai, partner

KARPREILY
Headquarters: Greenwich, Conn.
Current Beauty Investments: BoxyCharm, Freck Beauty, Clean Skin Club
Deal Size: invests $500,000 to $25M in companies with up to $50M in sales.
Key Player: Will Mooney, vice president

L. CATTERTON
Headquarters: Greenwich, Conn.
Current Beauty Investments: Bliss, Ideal Image, One Spa World, Strivectin, The Honest
Deal Size: Invests $10M to $400M in companies with $5M to $1.5B-plus in sales.
Key Player: Nk Thukral, managing partner

MAIN POST PARTNERS
Headquarters: San Francisco
Current Beauty Investments: Dr. Dennis Gross Skin Care, Ilia, Jay LED, Clover, Omen
Deal Size: Invests $25M to $150M+ in companies with between $25M and $250M in sales.
Key Player: Jeff Mills, managing partner

MIDOEAN PARTNERS
Headquarters: New York
Current Beauty Investments: BH Cosmetics, Image Skincare
Deal Size: Invests $30M to $50M in companies with $20M to $250M in sales.
Key Players: Sara Parker, principal; Matt Rubel, chairman

NEW THEORY VENTURES
Headquarters: Houston and Los Angeles
Current Beauty Investments: One Hair, Selfish, Scotch Porter
Deal Size: Invests $1M-$20M in companies with up to $40M in sales.
Key Players: Nikkis Esalami and Rob Sebastian, co-founders and partners

NORTH CASTLE PARTNERS
Headquarters: Greenwich, Conn.
Current Beauty Investments: N/A
Deal Size: Invests $10M to $50M in companies with more than $10M in sales.
Key Player: Rich Gersten, industry adviser

POINT KING CAPITAL
Headquarters: San Francisco and Sydney
Current Beauty Investments: The Beauty Chef, Bybi, Eso Skin Minerals
Deal Size: Invests $250,000 to $50M in companies of varying sizes.
Key Player: Sam McKay, founding partner

PRELUDE GROWTH PARTNERS
Headquarters: New York
Current Beauty Investments: 8Greens, Sol de Janeiro, Summer Fridays, Westman Atelier
Deal Size: Invests $8M to $30M in companies with between $8M to $50M in sales.
Key Players: Neda Daneshzadeh, partner, Alicia Sontag, partner

SAN FRANCISCO EQUITY PARTNERS
Headquarters: San Francisco
Current Beauty Investments: Yes To, Jane Iredale
Deal Size: Invests $10M to $50M in companies with $10M to $75M in sales.
Key Player: Scott Potter, managing partner

SANDBRIDGE CAPITAL
Headquarters: New York
Current Beauty Investments: Ilia, Peach & Lily, Youth to the People
Deal Size: Invests $10M to $30M in companies of varying sizes.
Key Player: Ken Suslalow, founding managing partner

SILAS CAPITAL
Headquarters: New York
Current Beauty Investments: Ilia Beauty, Herbivore, Hatch Collection, Function of Beauty, Evereden, Zitataska
Deal Size: Invests $3M to $10M in companies with sales between $5M and $25M.
Key Player: Brian Thorne, partner

SONOMA BRANDS
Headquarters: Sonoma, Calif.
Current Beauty Investments: Hum Nutrition, True Botanicals, Versed, Merit
Deal Size: Invests $2M to $5M in companies with $3M to $30M in sales.
Key Player: Kevin Murphy, managing director

STAGE1 FUND
Headquarters: San Francisco
Current Beauty Investments: Ellis Brooklyn, Frec Beauty, Hatch Collection, Herbivore Botanicals, Saie
Deal Size: Invests $100,000 to $2M in early-stage Stage1 clients.
Key Player: Lisa Shariffin, chief financial officer, personal care and beauty

SWANDER PACE
Headquarters: San Francisco
Current Beauty Investments: Glo Skin Beauty, J.R. Watkins
Deal Size: Invests $10M to $40M in companies with between $20M and $300M in sales.
Key Player: Mo Stout, managing director

TA ASSOCIATES
Headquarters: Boston
Current Beauty Investments: Paula’s Choice, MAV Beauty Brands
Deal Size: Invests $50M to $500M in companies of varying sizes.
Key Player: Jeffrey Barber, managing director

TOPSPIN CONSUMER PARTNERS
Headquarters: Mamaroneck, N.Y.
Current Beauty Investments: Kjaer Weis, Artificial, reCommerce
Deal Size: Invests $10M to $35M in companies with $20M to 100M in sales.
Key Player: Leigh Randall, managing partner

TPG
Headquarters: San Francisco
Current Beauty Investments: Rodan + Fields, Anastasia Beverly Hills (TPG Capital), Beautycounter, Ipsy (TPG Growth)
Deal Size: TPG Capital invests $100M-plus in companies with $100M-plus in sales. TPG Growth invests $50M to $200M in companies with $30M-plus in sales.
Key Players: Paul Hackwell, partner, TPG Capital / Heather Smith Thorne, partner, TPG Growth

TRAUB CAPITAL
Headquarters: New York
Current Beauty Investments: Monogram, EternaPro GreyAway
Deal Size: Invests $15M to $50M per acquisition in companies with $50M to $250M in sales.
Key Player: Martiminger Singer, managing partner

TRUE BEAUTY CAPITAL
Headquarters: New York
Current Beauty Investments: Aquas, K18
Deal Size: Invests $1M to $3M in companies with more than $2M in sales.
Key Player: Rich Gersten, founder and managing partner

TSG CONSUMER PARTNERS
Headquarters: San Francisco
Current Beauty Investments: Huda Beauty, Hempz, Zoeva, Makeup Revolution
Deal Size: Invests $200M to $800M in companies with between $100M and $1B in sales.
Key Players: Hadley Mullin, senior managing director, Colin Welch, managing director

VMG PARTNERS
Headquarters: San Francisco
Current Beauty Investments: Briogeo, Necessaire, Perfect Diary, Musely, Hello Bello
Deal Size: Invests $10M to $150M in companies with $10M to 500M in sales.
Key Players: Robin Tsai, general partner, Alisa Williams, partner

WALDENCAST
Headquarters: New York and London
Current Beauty Investments: CIB Biosciences, Costa Brazil, Manual ii, KJee Weis, Solve, Stealth Beauty Company
Deal Size: Invests $1M to $20M in companies with between $2M and $40M in sales.
Key Player: Michel Broussaset, founder and CEO

WINDSONG CAPITAL PARTNERS/ WINDSONG BRANDS
Headquarters: Westport, Conn.
Current Beauty Investments: Lilib B.
Deal Size: Invests $3M to $30M in companies with sales between $3M and $10M.
Key Player: William Sweddeer, CEO

YELLOW WOOD PARTNERS
Headquarters: Boston
Current Beauty Investments: PPI Beauty: Freeman Beauty, Real Techniques, EcoTools, Isle of Paradise, Tan Luxe, Tanologist
Deal Size: Invests $10M to $300M in companies with $20M and $250M in sales.
Key Player: Tad Yanagi, partner

Beauty Rolodex is the first in a series identifying key players in the finance community and beyond. If there are aspects of the industry that you would like to see covered in our pages, email your ideas to senior editor, beauty, Allison Collins, at acollins@wwd.com.
Known for creating the bond-building hair-care segment in beauty, Olaplex quickly became a “one to watch” after launching in 2014. The brand checked all the boxes: from social responsibility to efficacious innovations as well as a loyal customer following.

And as the prestige hair-care category continues to evolve and rise, Olaplex has been leading the way by differentiating itself with revolutionary products while notably becoming the top market share gainer for the first half of 2020, according to data from NPD.

Here, Tricia Glynn, managing director at Advent International, and Julia Wong, chief executive officer at Olaplex, discuss the importance of innovation, scaling the brand, and working together for continued growth.

WWD Studios: What brought you both to Olaplex? What made it compelling?  
Tricia Glynn: First and foremost, we had the hard-charging Olaplex users inside Advent even before we noticed the brand's incredible performance at retail and the support Olaplex had inside the stylist community. That's always a great sign when you have a brand- and growth-oriented investment shop.

Once we dug into the data, we also saw a hair market that was beginning to prioritize, and in our minds was poised for long-term, innovation-led growth. Olaplex today fixes damaged hair, and each of our limited SKUs—No. 7, 8, and 9—solves a major customer or stylist need. Advent felt that the Olaplex brand could become the clear global leader in efficacy-based beauty and wellness in hair care over the next decade. And Julia was the most capable executive I could think of to lead that effort. She and I had gotten to know each other years earlier, and all of us at Advent were thrilled that we were able to partner with Julie on day one of our ownership.

Julia Wong: What made Olaplex really compelling for me was the enterprise reports of its exceptional business growth; its social relevance as shown by the community's high engagement, its defendable, patented intellectual property; and Advent’s stewardship of the brand.

WWD Studios: What makes Olaplex stand out in the market? Who is the target customer, and what are their needs?

Julia Wong: Olaplex’s 3 P’s make us different: our people, who put the brand before themselves; our purpose, “doing well and doing good;” and our products, which, with our proprietary patents, allow us to deliver scientifically proven, best-in-class innovations.

Our target customer is discerning, does their research, and trusts recommendations from their stylists and their social communities. They want healthy hair with shine, body, and smoothness. Olaplex fulfills their need to look as good on the outside as they feel on the inside.

Tricia Glynn: I’d only add that Olaplex is universal. Our products work universally on all hair types. We are likely best known for protecting and repairing your hair in the hair-coloring process, but Olaplex should be a regular part of your hair health regimen regardless of your color or styling practices. In the near future, I believe we will be thinking about hair and scalp health the way we think about skin health today.

WWD Studios: What were some of the goals you both had when you started working with Olaplex?

Tricia Glynn: Olaplex is a beautiful brand, and our immediate goal was to ensure a smooth transition to Julia and the executive team’s leadership. Once the Olaplex team had made that important transition, our focus immediately went to innovation, not just the No. 0 launch we had in August, but a focus on building out and investing in our longer-term pipeline of new product launches. Julia and I ensured our collective vision and goals were aligned just for me even before I started at Olaplex. Since joining in January, I have focused on putting together a team that has the experience to scale and accelerate the business, earning this team’s trust, and making sure as a company we preserve the culture of nimbleness and agility.

WWD Studios: You’ve worked to put together a diverse board at Olaplex. Can you tell us why this was a priority?

Julia Wong: Diverse boards lead to better outcomes, and especially so when you are navigating uncertainty. We are trying to build a disruptive brand in a disrupting category. Our board members understand our culture, our mission, and they are passionate about the business. They are a real testament to the future promise of the Olaplex business and brand.

WWD Studios: How have you worked through the beauty industry during the pandemic?

Julia Wong: Needless to say, it’s been an incredibly tough year for the beauty industry, and we’ve worked hard to support the hairstylist community. They are the backbone of the brand and have been one of the groups hardest hit by the pandemic. We put together three key programs, which collectively contributed over half a million dollars to this community.

First, we established the Professional Affiliate Program, where salon customers could bring Olaplex products on our website, and hairdressers earned a commission on the sale while their salons were closed. Second, we set up the Salon Support Gift Card Program, where we matched the value of Olaplex gift cards that affiliated salons sold to their clients. And third, Advent allocated a portion of its Global Relief Fund to us so we could establish the Olaplex Strong fund to support salon owners. Through this program, we were able to donate directly to professionals and provide scholarships to aspiring stylists looking to further their education in the space.

WWD Studios: How have these efforts helped to strengthen the brand?

Julia Wong: It’s rare to see brands on our website, and hairdressers earn a commission on the sale while their salons were closed. Second, we set up the Salon Support Gift Card Program, where we matched the value of Olaplex gift cards that affiliated salons sold to their clients. And third, Advent allocated a portion of its Global Relief Fund to us so we could establish the Olaplex Strong fund to support salon owners. Through this program, we were able to donate directly to professionals and provide scholarships to aspiring stylists looking to further their education in the space.

WWD Studios: What does the future hold for the brand?

Julia Wong: Our most recent No. 0 launch exemplifies how the team came together, how we drew on our professional heritage to introduce a treatment product that resonates across all channels. That launch, as well as the Support Gift Card Program, where we matched the value of Olaplex gift cards that affiliated salons sold to their clients. And third, Advent allocated a portion of its Global Relief Fund to us so we could establish the Olaplex Strong fund to support salon owners. Through this program, we were able to donate directly to professionals and provide scholarships to aspiring stylists looking to further their education in the space.

WWD Studios: How have you worked through the beauty industry during the pandemic?

Tricia Glynn: Needless to say, it’s been an incredibly tough year for the beauty industry, and we’ve worked hard to support the hairstylist community. They are the backbone of the brand and have been one of the groups hardest hit by the pandemic. We put together three key programs, which collectively contributed over half a million dollars to this community.

First, we established the Professional Affiliate Program, where salon customers could bring Olaplex products on our website, and hairdressers earned a commission on the sale while their salons were closed. Second, we set up the Salon Support Gift Card Program, where we matched the value of Olaplex gift cards that affiliated salons sold to their clients. And third, Advent allocated a portion of its Global Relief Fund to us so we could establish the Olaplex Strong fund to support salon owners. Through this program, we were able to donate directly to professionals and provide scholarships to aspiring stylists looking to further their education in the space.

WWD Studios: How have these efforts helped to strengthen the brand?

Tricia Glynn: It’s rare to see brands on our website, and hairdressers earn a commission on the sale while their salons were closed. Second, we set up the Salon Support Gift Card Program, where we matched the value of Olaplex gift cards that affiliated salons sold to their clients. And third, Advent allocated a portion of its Global Relief Fund to us so we could establish the Olaplex Strong fund to support salon owners. Through this program, we were able to donate directly to professionals and provide scholarships to aspiring stylists looking to further their education in the space.

WWD Studios: What does the future hold for the brand?

Tricia Glynn: Our most recent No. 0 launch exemplifies how the team came together, how we drew on our professional heritage to introduce a treatment product that resonates across all channels. That launch, as well as the Support Gift Card Program, where we matched the value of Olaplex gift cards that affiliated salons sold to their clients. And third, Advent allocated a portion of its Global Relief Fund to us so we could establish the Olaplex Strong fund to support salon owners. Through this program, we were able to donate directly to professionals and provide scholarships to aspiring stylists looking to further their education in the space.

WWD Studios: What does the future hold for the brand?

Julia Wong: Our most recent No. 0 launch exemplifies how the team came together, how we drew on our professional heritage to introduce a treatment product that resonates across all channels. That launch, as well as the Support Gift Card Program, where we matched the value of Olaplex gift cards that affiliated salons sold to their clients. And third, Advent allocated a portion of its Global Relief Fund to us so we could establish the Olaplex Strong fund to support salon owners. Through this program, we were able to donate directly to professionals and provide scholarships to aspiring stylists looking to further their education in the space.

WWD Studios: How have these efforts helped to strengthen the brand?

Julia Wong: It’s rare to see brands on our website, and hairdressers earn a commission on the sale while their salons were closed. Second, we set up the Salon Support Gift Card Program, where we matched the value of Olaplex gift cards that affiliated salons sold to their clients. And third, Advent allocated a portion of its Global Relief Fund to us so we could establish the Olaplex Strong fund to support salon owners. Through this program, we were able to donate directly to professionals and provide scholarships to aspiring stylists looking to further their education in the space.

WWD Studios: What does the future hold for the brand?

Julia Wong: Our most recent No. 0 launch exemplifies how the team came together, how we drew on our professional heritage to introduce a treatment product that resonates across all channels. That launch, as well as the Support Gift Card Program, where we matched the value of Olaplex gift cards that affiliated salons sold to their clients. And third, Advent allocated a portion of its Global Relief Fund to us so we could establish the Olaplex Strong fund to support salon owners. Through this program, we were able to donate directly to professionals and provide scholarships to aspiring stylists looking to further their education in the space.
Why Isn't Beauty Investing More Inclusive?
Access to capital, especially for female founders of color, remains a challenge. BY ALEXA TIEJEN

MUCH WORK REMAINS for the beauty investment landscape to be more inclusive.

Despite progress in recent years toward gender diversification, venture capital firms’ highest ranks remain largely homogenous. A 2018 report from the National Venture Capital Association and Deloitte found that out of a pool of 200 U.S. firms, 14 percent of investment partners were women. The study also found that the majority — 80 percent — of investment partners were white, with 15 percent identifying as Asian or Pacific Islander, 3 percent as Black or African American and 3 percent as Hispanic or Latino.

Women are making great strides in securing funds for their businesses. The number of women-led companies valued at $1 billion or more reached a record high last year — despite a $189 billion gender gap in funding, according to a Crunchbase report.

But intersectionality is key.

A 2019 report by RateMyInvestor and Diversity VC found that out of nearly 10,000 venture-backed founders, more than three-quarters were white. About 18 percent were Asian, while 1.8 percent were Latino. Only 1 percent of those founders were Black.

“The landscape still has some work to do,” said Alisa Williams, partner at VMG Partners. “I don’t think there are many investors of color in general. I personally don’t know of any Black woman on the growth equity side in the beauty space. I’m sure there are some, but the point is, I don’t know them.”

Lack of diversity at investment firms presents challenges felt by women of color brand founders whose target audience is women of color. “Oftentimes,” Williams said, “the investor doesn’t understand that consumer.”

“There’s always the beginning of the meeting, where you’re talking about some shared experience;” she said. “I think a lot of women of color are at a disadvantage because I don’t know that many people sitting in the investor seat are interacting with women of color on a regular basis.

“You’re having to spend your whole meeting educating [the investor] on why this is a valuable consumer or why this is an opportunity rather than talking about your specific point of difference,” she continued. “Ultimately, you don’t even get to that point, because you’re spending so much time upfront educating.”

For brand founders of color, knowing that the odds of getting funding are slim can be enough to thwart a pitch.

“As a Black entrepreneur or Black founder, you’re told that we don’t raise a lot of money,” said Keenan Beasley, founder of hair-care brand Sunday II Sunday and president of Venture Noire, a venture capitalist organization that works with more than 1,000 minority-owned businesses. “What happens is you build plans that are fairly small and pragmatic. You work against yourself because then that’s not exciting to the venture capitalists.

“It becomes this confidence conundrum,” he continued. “We don’t have to always showcase how pragmatic the approach is. It’s OK to be disruptive.”

In interviews with brand founders who received investment, access emerged as the top challenge they faced.

Former attorney Alisia Ford said she found an angel investor for her skincare and wellness start-up, Glory, which curates and sells products formulated for melanin-rich skin, on LinkedIn. The contact introduced Ford to other angel investors, as well as venture capital firms — a network share Ford said needs to happen more often in the industry.

“Investors need to not only be more inclusive, but create accessibility,” Ford said. “Not everyone has someone that can make warm introductions for them.”

In pursuit of funding for Ceremonia, her hair-care brand celebrating Latinx heritage, Babba C. Rivera raised $1 million in a pre-seed round with participation from SoGal Ventures, XFactor Ventures and Female Founders Fund.

Angel investors are more open to “taking a bet on unconventional founder stories,” Rivera said, whereas venture capital firms tend to try to “replicate the success they know from their past portfolio companies.”

“Unfortunately, most of their portfolio companies have very homogeneous backgrounds,” she added. Éva Goicochea said that when she first approached funding for sexual wellness brand Maude, which closed another round of seed financing this week, women investors were “harder on the idea” of the brand.

“I think that has to do with the fact that [women] are judged more harshly for their investments,” she said. “Diversity of gender and color is needed because it allows for there to be more opportunity for people to take diverse bets, whatever that is.”

Access to capital, said Shelly Bell, founder of Black Girl Ventures, which has distributed more than $700,000 to 102 brand founders, should take on the form of the needs of the individuals seeking it.

“Investing in Black and brown communities looks like multiple layers,” Bell said. “When we say ‘create access to capital,’ we mean ‘getting you access to resources and capital depending on what that means for you.’ Access to capital is going to look like a better job, grant money, investment dollars.”

On Nov. 24, Black Girl Ventures will host a “Shark Tank”-like virtual competition in partnership with Rare Beauty Brands. Prizes for the top three winners come in the form of capital and corporate mentorship.

Williams of VMG said that the pressure to diversity should be placed on investors, as there is no lack of founders of color who are worthy of investment. Hiring managers should allot an appropriate amount of time to find diverse candidates, as opposed to rushing the process in order to meet a quota.

“As a Black woman, I know when I’m in the room to check a box of some sort,” Williams said. “If you’re bringing someone in to check a box, not because you respect their perspective or want to help them develop or see value in what they bring to the table, you’re going to have a hard time keeping them. It’s quite easy to tell when that’s happening.”
DECEMBER VIRTUAL EVENTS

DECEMBER 2
4:00PM-5:45PM EST
A CONVERSATION WITH STÉPHANE RINDERSMECH, CEO, L’ORÉAL USA: LESSONS ON LEADING AND FUELING GROWTH DURING A YEAR OF CRISIS
L’Oréal

DECEMBER 4
1:00PM - 2:45PM EST
A CONVERSATION WITH EMILY WEISS
Glossier

DECEMBER 4
4:00PM - 5:00PM EST
CEW + MACY’S
FOUNDER FRIDAY: INDIE26
CURLS Beauty Brands, Lovinah Skincare, Shea Yeleen

DECEMBER 11
3:00PM - 5:00PM EST
THE FUTURE OF WORKING WELL
Glamour, L’Oréal Acquisitions, Morgan Stanley, NFL Players Association, P&G Beauty, WW

register
Signed, Sealed, Celebrated
How beauty’s most notable bankers celebrated their first big deal.

BY ALLISON COLLINS

JANKI GANDHI
MANAGING DIRECTOR, GOLDMAN SACHS
If I remember correctly (it has been a while), the first deal that I closed was one that got done in under three months from start to finish, so it was a sprint the entire way. The deal closed on a Thursday in the first week of January, and I was finally able to celebrate the holidays and my birthday that weekend and also catch up on much needed sleep.

ILYA SEGLIN
MANAGING DIRECTOR, THREADSTONE ADVISORS
This was prior to the time I started focusing on beauty products and involved a fertilizer company (yes, both enhance blooming, but similarities end there). The deal had to close by year-end so my Christmas holiday was spent finalizing everything — when the deal was finally signed two days before New Year’s Eve, I went home and booked a trip to Paris. No trip to Paris can be complete without the obligatory stop at the Hermès flagship. On that trip, I began my tradition of indulging in slightly extravagant self-gifting after each closed deal.

MICHAEL TOURE
FOUNDER & CEO, TOURE CAPITAL
A couple of months after I left Goldman Sachs more than seven years ago now, I closed my very first transaction as an independent adviser. I had just launched Toure Capital; I was lucky enough to sign this fast-growing beauty brand and managed to find them a great minority partner. This was my very first stand-alone achievement. I celebrated this by PROUDLY talking (bragging?) about it to anyone in the industry that wanted to listen to me…and paying for my wedding in the south of France.

VENNETTE HO
MANAGING DIRECTOR, FINANCO
I called my client and everyone involved to thank and congratulate them; after all, deals are a tremendous team effort. And then I went home to take a long, long nap.

ANDREW SHORE
MANAGING DIRECTOR, MOELIS
I took my family on vacation and then bought a new pair of cuff links.

KELLY MCPHILLIAMY
MANAGING DIRECTOR, HARRIS WILLIAMS
My first beauty transaction involved advising serial entrepreneur and investor Doug Von Allmen on a minority sale of his salon distribution business, Beauty Alliance, to L’Oreal in 2006. The deal was significant as it was L’Oreal’s first move to consolidate salon distribution in the U.S. I had the chance to work with Doug again a few years later selling the Sexy Hair brand. Looking back, it was a busy time professionally and personally. With a then 1-year-old daughter at home, I’m pretty sure I loaded her in the baby jogger and took off for a relaxing run. But that’s not to say I haven’t had some memorable deal celebrations along the way.

SHAUN WESTFALL
MANAGING DIRECTOR, JEFFERIES
A pivotal moment and cause for celebration goes clear back to 2009 when I advised Urban Decay on the investment from Castanea. It was the start of an amazing life-altering run, and the most important part — this is when I met my wonderful wife of more than 10 years, Lauren. The amazing Wende was kind enough to set us up while I was working on the transaction. Thus, not only did I get the deal, I got the girl — and the rest is history.

LINDSAY CARLSON
MANAGING DIRECTOR, WILLIAM BLAIR
I gave my rockstar team high-fives and thanked them for their amazing support. Then I booked a spa appointment and escaped the office to relax and recharge. Ended the day at dinner with my husband and our dear friends.

MICHAEL TOURE
FOUNDER & CEO, TOURE CAPITAL
A couple of months after I left Goldman Sachs more than seven years ago now, I closed my very first transaction as an independent adviser. I had just launched Toure Capital; I was lucky enough to sign this fast-growing beauty brand and managed to find them a great minority partner. This was my very first stand-alone achievement. I celebrated this by PROUDLY talking (bragging?) about it to anyone in the industry that wanted to listen to me…and paying for my wedding in the south of France.

ANDREW SHORE
MANAGING DIRECTOR, MOELIS
I took my family on vacation and then bought a new pair of cuff links.
EDUCATING, ENGAGING, AND EARNING THE TRUST OF YOUR CUSTOMER ONLINE AND OFFLINE HAS THE BIGGEST IMPACT ON BRAND SALES. OUR PURPOSE IS TO CREATE AND DELIVER IN-STORE AND ONLINE BRANDED EXPERIENCES THAT PROVIDE MEANINGFUL CHANGE FOR OUR BRAND PARTNERS.

FIND OUT HOW OUTSOURCING YOUR FIELD TEAM CAN BE A POSITIVE FORCE FOR CHANGE ON YOUR BOTTOM LINE.

TEL: 310-779-1721    EMAIL: INFO@BEAUTYBARRAGE.COM
Insight on Instagram’s New Product Reels

When Instagram released its new short-form video format Reels this past summer, it sparked creativity and created more range in the visual toolkits of marketers everywhere. Now that brands have had a chance to experiment with Reels, they’re focused on refining their strategies. On this Dash Hudson hosted webinar, join Lauren Kohli from Instagram’s Business Marketing team, alongside Juliana Constantino, Creative Product Lead at Instagram for an in-depth look at Reels followed by a live Q&A.

Here’s What You’ll Learn:

- Practical information about Reels, and how to best leverage the format to engage audiences on Instagram
- How brands are incorporating Reels into their strategies
- A look at how Reels fits into the video landscape on Instagram

[Register Now]
Unwrap holiday shopping insights

Visit fb.com/holidayunwrapped
YOUR CUSTOMERS KNOW WHAT THEY WANT.

With Next-Gen Experience Management powered by digital testing, you can know, too.

First Insight’s Next-Gen Experience Management Platform helps you take the guesswork out of new offering creation. From initial concept to launch to brand loyalty, our Voice-of-the-Customer predictive analytics platform lets you increase speed, optimize price, reduce inventory and sample costs, and drive sales by providing the products and experiences your customers will love. Understand more through better listening.

LEARN MORE AT WWW.FIRSTINSIGHT.COM
Make our 11M US shoppers, yours.

No redirects, No interest. Just smoooth* shopping.

Give your customers a checkout they’ll want to check out. With less friction at checkout, Klarna offers your consumers a better way to buy now and pay later—increasing your AOV and conversion. With access to our 11 million US shoppers (and another 80 million worldwide), you’ll be making a lot of happy customers.

*Yes, with 3 “o”s.

Yes, please
Looking to solve the problem of seam slippage in your denim offerings? Introducing LYCRA® Anti-Slip fiber, a breakthrough denim innovation from the leading experts in fit. Learn more at LYCRA.com
You deserve smart skin care choices—minus all the hype.

EFFECTIVE | FRAGRANCE-FREE | CLEAN | SAFE | CRUELTY-FREE
Grow sales. Attract new customers.

Help customers buy now and pay later this holiday season with Pay in 4 from PayPal.

Learn More
Take Your Beauty Brand from Now to Next

Tune into our podcast to learn more.

Publicis Sapient, a digital transformation partner to established global brands, is proud to sponsor the Beauty Inc. Summit.

publicissapient.com
Unique, Personalized, Bespoke

Today, more than ever, the key to consumer engagement - from online to offline - is personalization.

Let’s Drive the Future of Customer Experience Together

Revieve is the preferred partner to brands and retailers across four continents for delivering a digitally-driven, personalized customer experience through state-of-the-art AI/AR technology.

One Customer - One Bespoke Experience

Learn more: www.revieve.com
Reach people as they stream what they love.

185+ ad-supported listeners\textsuperscript{1} worldwide

Spotify listeners tune in throughout their day, across cities, communities, and countries around the world.

Ready to be heard? Get started with ads.spotify.com

Source: Q2 ‘20 Earnings Report
Built for Beauty

Traackr is the system of record for data-driven influencer marketing for more than 100 global beauty brands. Marketers use our platform to invest in the right strategies, streamline campaigns, and scale programs.

Learn more at www.traackr.com.
The 2020 WWD Beauty Inc Awards, celebrating the power of purpose and beauty as a force of change.

SAVE THE DATE!
Thursday, December 10th
10–11 AM ET

Master Class with
SUNNY JAIN
President, Beauty & Personal Care
Unilever

Exclusive Industry Insights
MARLA BECK
CEO & Co-founder Bluemercury Inc.

Contact Rachael DeSantis rdesantis@wwd.com

For more information visit fairchildlive.com