

Secrets of the booming beauty business

Notes & Cues:	Article: <p>Shares of the big beauty houses haven't performed so well in recent months, even as trends like facial-sheet masks and serums have exploded in popularity. After strong runs into the first part of the year for larger conglomerates Estee Lauder Cos., L'Oreal SA and Shiseido Co., these stocks have all run out of steam.</p> <p>Beauty lovers are increasingly purchasing products online and using subscription services, where data play a powerful role. In fact, in-store sales of cosmetic items dropped by up to 9.3 percent in the four weeks through Dec. 2, a span that captures the Black Friday period, according to Bloomberg Intelligence. In the beauty realm especially, social media and YouTube have provided a way for people to feel connected to brands rather than as a faceless customer.</p> <p>Ipsy is a subscription service and one of many businesses shaking up the industry. Co-founded in 2011 by a YouTube beauty influencer, Ipsy curates products for 3 million subscribers. At the heart of this is a data algorithm that matches users' preferences with the attributes of the products it sources, with help from the more than 4 million reviews provided monthly by its users.</p> <p>While Revlon, a stalwart of the drugstore beauty shelves, bleeds money, Ipsy is profitable, bucking the stereotype of Silicon Valley startups. That juxtaposition of old retail strategies falling flat and new data-driven approaches proving more than an entrepreneur's vision are starting to be seen throughout the industry.</p> <p>Someday, beauty may be in the eye of the stockholder once again. Until then, the industry is getting a much-needed refresh that should keep bankers busy.</p>
Summary:	