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ANALYSIS OF THE DYNAMICS AND PROSPECTS FOR THE DEVELOPMENT OF THE BEAUTY INDUSTRY: APPROACHES TO INNOVATIVE GROWTH

Summary. *This article provides a comprehensive analysis of the beauty market to identify the prospects for the development of the beauty business amid rapid digitalization and the transition to sustainable development. The study relies on analytical materials that highlight the transformation of marketing strategies employed by both domestic and international cosmetic brands. Particular attention is given to analyzing the impact of the digital economy on consumer behavior, changes in market structure, and key factors driving sales growth, including the shift toward a multichannel model with an emphasis on online commerce.*

The article also explores the opportunities and challenges associated with integrating sustainable development principles and circular economy practices in the beauty industry, which contribute to minimizing the environmental footprint of production and enhancing corporate social responsibility. The presented findings will be of interest to researchers in the fields of innovation economics and strategic management, as well as to beauty industry professionals seeking to optimize managerial decision-making in the context of dynamic market transformations. Additionally, the insights provided in this study hold significance for investors, corporate strategists, and government authorities involved in designing policies to support innovation-driven growth and enhance global market competitiveness.

Key words: *beauty market, digital economy, global trends, sustainable development, circular economy, marketing strategies.*

Introduction. In the modern world, the beauty industry holds a key position in the global economy, as confirmed by forecasts [2], which estimate the global market to be valued at US\$677.19 billion in 2025, with an expected compound annual growth rate (CAGR) of 3.37%. Rapid digitalization, changing consumer habits, and increasing awareness of the need for environmental sustainability are shaping new realities in which traditional industry development models are being replaced by contemporary approaches.

A review of the literature demonstrates the multifaceted nature of existing research, which can be grouped into several thematic clusters. The first cluster includes studies on marketing strategies in the digital economy and the impact of social media. Notable works in this field include those by Wu Z. S. [1], Tian J. [9], Syawaluddin S., Joni J., Erwin E. [7], Cho M. et al. [8], and Zuhria K. H., Ratnaningtyas S. [10]. These studies aim to identify the mechanisms behind marketing strategies in the beauty industry, considering the influence of digitalization and social communication channels. The findings indicate that personalized communication tools and emotional marketing contribute to increasing consumer loyalty and strengthening the competitive advantages of brands.

The second cluster of publications focuses on the issue of sustainable development. Studies by Vuc D. E. [3], Ding Q., Zhu H. [4], and Ogunmakinde O. E., Sher W., Egbelakin T. [6] highlight the challenges and opportunities associated with implementing circular economy principles in the beauty industry. The European Parliament publication [5], available on the europarl website, complements this perspective with a regulatory analysis, emphasizing the importance of environmental standards in sustainable growth strategies.

Additional empirical data and industry context are provided by the Beauty & Personal Care – Worldwide resource [2], which, through the Statista website, offers insights into the dynamics and structure of the beauty market.

Thus, the literature review indicates that despite progress in studying both marketing strategies in the digital era and innovative approaches to sustainability, certain methodological contradictions remain. Some researchers emphasize the role of digital technologies and personalization in shaping consumer behavior, while others focus on the environmental aspect and circular economy principles. However, the issue of integrating interdisciplinary approaches that combine innovative marketing tools with sustainability strategies remains underexplored. This gap highlights the need for further research in this area.

The objective of this study is to analyze the beauty market, focusing on the prospects for business development through the lens of the digital economy and sustainability principles.

The scientific novelty of the study lies in the identification of interconnections between digitalization, changes in consumer trends, and macroeconomic processes through an extensive review of existing research. This perspective allows for a reassessment of the industry's growth potential without developing new methodological frameworks.

The author's hypothesis suggests that in an era of accelerated digitalization and growing environmental challenges, the synergy between innovative digital marketing strategies and circular economy principles is a key factor in ensuring sustainable development and enhancing the competitiveness of beauty brands in the global market.

The research methodology is based on the analysis of existing studies.

1. Analysis of the current state of the global beauty market

Digital transformation has a significant impact on marketing strategies in the beauty industry. Technologies such as big data, artificial intelligence, and social media are being used to optimize customer experience and enhance

marketing efficiency. These approaches not only improve communication with consumers but also enable adaptation to an ever-changing market. To provide a more detailed overview of key indicators in the global beauty market, Figure 1 below presents relevant data.

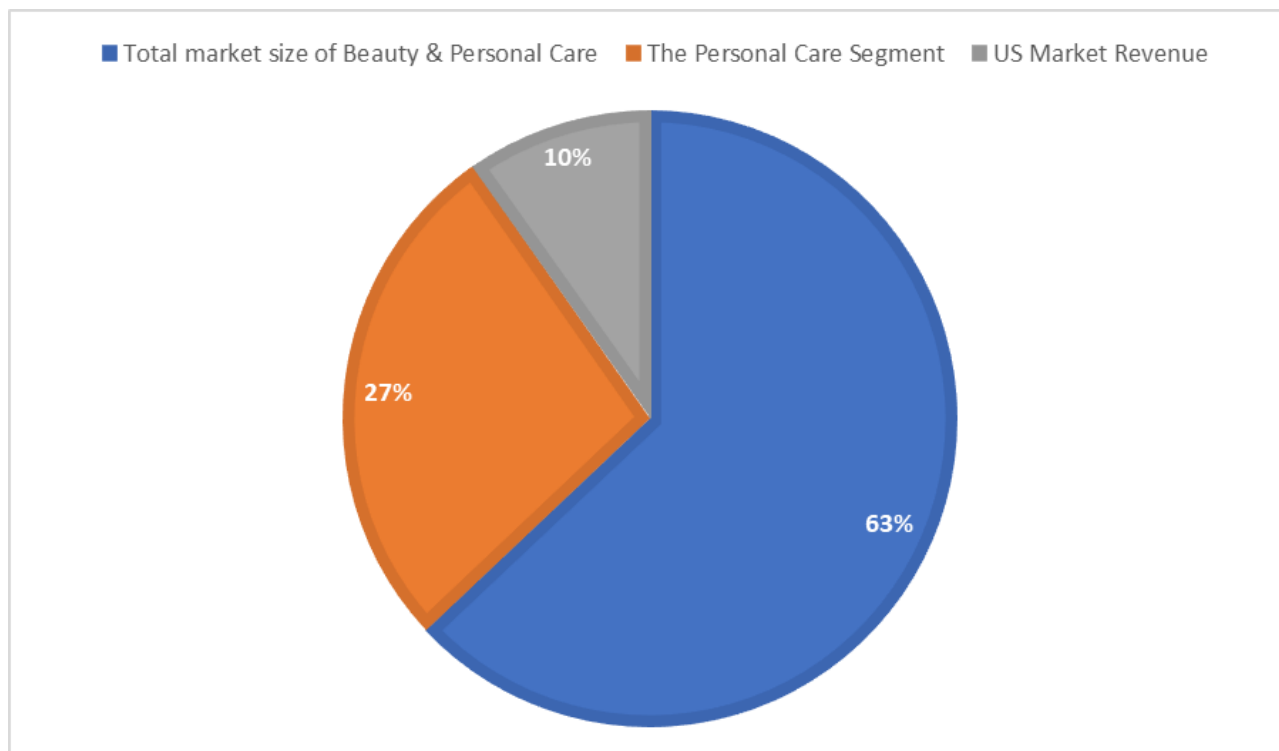


Fig.1. Indicators of the global beauty market, in billions of dollars [2]

An analysis of the current state of the global beauty market indicates the industry's substantial scale and dynamic growth, where digital technologies and environmental responsibility play a decisive role. The integration of modern digital tools, such as big data analytics and social media, combined with the adoption of circular economy principles, allows brands not only to strengthen their competitive position but also to minimize their environmental impact.

The implementation of digital technologies, including e-commerce, social media, big data analytics, and artificial intelligence, has significantly transformed traditional models of cosmetic product promotion and sales. These changes enable precise audience segmentation and provide the ability to respond promptly to shifts in consumer preferences.

One notable example of adaptation to new digital conditions is the case of the PROYA brand, which successfully reoriented its marketing strategy in response to the opportunities of the digital economy. Research by Wu Z. S. [1] demonstrates that the use of logistic regression methods to analyze factors such as gender, income level, and cosmetic expenditures allows the brand to develop targeted communication campaigns and optimize its product assortment. The findings indicate that female consumers are significantly more engaged in purchasing cosmetic products than their male counterparts, and that increases in income and cosmetic spending are directly correlated with the likelihood of purchasing PROYA products [8; 9].

To better understand the impact of digital transformation on consumer behavior, the results of an empirical study are presented in Table 1.

Table 1

Factors influencing consumer behavior in the digital economy [1]

Factor	Category (\$)	Indicator (Odds Ratio, OR)	p-value
Gender	Female	2.592	0.027
Average monthly income	420-700	1.088	0.047
	700-980	1.786	0.038
	Above 980	1.993	0.049
Monthly cosmetic expenditures	28-70	1.064	0.037
	70-140	1.880	0.017
	Above 140	2.417	0.028

The data presented in the table highlight that digital analytical tools, such as logistic regression, help identify significant determinants of consumer behavior. Modern data collection and analysis systems (big data) enable brands to process vast amounts of information efficiently, facilitating the development

of personalized marketing campaigns and improving the effectiveness of advertising communications.

The integration of online and offline channels has become a crucial task for companies striving to maintain competitive advantages. Digital technologies allow for the creation of flexible sales models that combine the convenience of online shopping with the benefits of traditional retail stores. Consequently, the digital economy provides the beauty industry with tools to enhance operational efficiency, improve service quality, and strengthen customer loyalty.

Overall, the transformation of the beauty market under the influence of digital technologies demonstrates that innovative analytical and promotional methods not only drive sales growth but also establish new standards of consumer engagement. This underscores the need for continuous market trend monitoring and timely adaptation of marketing strategies in the rapidly evolving digital economy.

2. Sustainable development and circular economy in the beauty industry

In the current context, global challenges related to the depletion of natural resources and environmental degradation are compelling the cosmetics industry to reconsider traditional production and marketing models. Sustainable development and circular economy principles have become key tools for minimizing environmental impact, enhancing social responsibility, and ensuring the long-term competitiveness of brands [3; 5].

The circular economy represents a shift from the linear model of "take-make-dispose" to a system where the primary goal is to preserve material resources, minimize waste, and extend product life cycles through reuse, recycling, and upcycling [5; 6]. In the beauty industry, this is reflected in the development of environmentally safe formulations, the use of biodegradable packaging materials, and the implementation of collection and recycling systems for used packaging. These changes not only contribute to reducing the

environmental burden but also align with growing consumer demand for transparency and corporate responsibility [4].

To illustrate the differences between traditional and circular models in the beauty industry, a comparative analysis is presented in Table 2.

Table 2

Comparative analysis of traditional and circular models in the beauty industry [1; 3; 4].

Aspect	Traditional model	Circular model
Packaging	Single-use plastic materials with limited recyclability	Biodegradable, recyclable, or reusable packaging solutions
Production processes	Mass production focused on cost reduction	Innovative processes incorporating environmental efficiency
Waste management	High waste levels, insufficient disposal systems	Implementation of collection, recycling, and material reuse systems
Environmental responsibility	Low prioritization of environmental standards	Integration of sustainable development principles and environmental standards
Consumer awareness	Limited transparency in product composition and impact	Increased transparency with detailed information on ingredients and sustainability

As shown in the table, transitioning to a circular model involves not only an ecological shift but also a redefinition of strategic business priorities. This approach enables cost reduction through the reuse of secondary materials, enhances consumer trust through greater transparency in production processes, and ultimately creates new opportunities for innovation.

The integration of circular principles into the business models of cosmetic brands helps achieve several objectives:

- Reducing costs through the use of secondary materials and optimized production processes.
- Increasing consumer loyalty, as customers increasingly prefer brands committed to environmental sustainability.

- Encouraging scientific and technological research in the development of new materials and environmentally safe production technologies.

Thus, the incorporation of sustainable development and circular economy principles has become an essential component of the strategy for modern cosmetic brands. This not only reduces negative environmental impacts but also establishes a strong foundation for long-term growth and innovation in the face of intensifying competition and increasing consumer demands.

Conclusion. The conducted study demonstrates that contemporary trends in digitalization and global economic changes significantly influence the development of the beauty market. The application of modern analytical methods allows for the identification of consumer behavior determinants, which in turn contribute to the formation of effective marketing strategies. Global trends indicate stable industry growth, an active shift toward online sales channels, and increasing demand for organic and natural cosmetics, driven by rising concerns about environmental safety and product quality.

The integration of sustainable development and circular economy principles is not only an environmental necessity but also a strategic imperative for modern cosmetic brands. The adoption of these principles enables the optimization of production processes, waste reduction, and the strengthening of consumer trust through enhanced transparency and corporate responsibility. Consequently, the future development of the beauty market will be shaped not only by technological innovations but also by companies' ability to adapt to new economic and environmental realities.

In conclusion, to maintain competitive advantages, brands must not only implement digital technologies but also actively integrate sustainable and circular business models. The findings of this study provide a solid foundation for further academic and applied research aimed at developing innovative marketing strategies in the beauty industry, fostering sustainable economic growth and environmental safety.

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