Amazon seeks to be cut above with tech-led beauty salon

Company is shaking up the industry by allowing clients to peer into 'magic mirrors' to sample a different hair colour, says *Morgan Meaker*

The beauty vloggers of YouTube have a new obsession. "I have a problem and … that problem, I think, might be an Amazon addiction," a sprightly Patricia Bright tells her 2.89m subscribers before introducing them to a niche French beauty brand that works "amazingly" on dry skin.

Bright is just one of a growing number of influencers ditching products from traditional retailers in favour of bargains offered on Jeff Bezos's retail empire.

Today, the $1.6 trillion (£1.2 trillion) company has thousands of beauty brands listed, many offering exclusive deals on the site.

Amazon has also launched its own make-up brands, Find and skincare line Belei, sparking competition concerns in Europe over the "dual-role" the company plays in selling its own products in direct competition with third-party sellers.

But a retail offering isn't enough. Amazon on Tuesday revealed it is stepping up its assault on the $500bn-a-year beauty industry by launching its own salon. Based in east London, the Amazon salon will be an "experiential venue" for visitors to try new tech such as augmented-reality hair consultations, where they can peer into "magic mirrors" and see what they'd look like with a different hair colour.

Point-and-learn technology will also use sensors to understand when a shopper is pointing at a product so it can display background information on a nearby screen.

Set over two floors and taking up more than 1,500 sq ft, the Amazon salon will initially be available to Amazon staff only but will take bookings from the general public "in coming weeks".

"We want this unique venue to bring us one step closer to customers, and it will be a place where we can collaborate with the industry and test new technologies," says John Boumphrey, UK country manager at Amazon.

What Amazon will do with this technology, which has been developed by a series of unnamed "partners", remains unclear. Analysts say the company is likely to either sell them on to retailers or embed them in its own business, with that latter prospect putting competitors on edge.

While the concept seems innovative, the technology Amazon is using isn't new. Sephora has been "teaching" its consumers how to shop for beauty online using technologies like augmented reality. Sephora customers have been able to try make-up on virtually, using the brand's app, for more than four years.

L'Oreal-backed Modiface operates an app that lets users virtually change their hair colour and Snapchat lets users try on make-up from brands such as Estée Lauder using the app's filters.

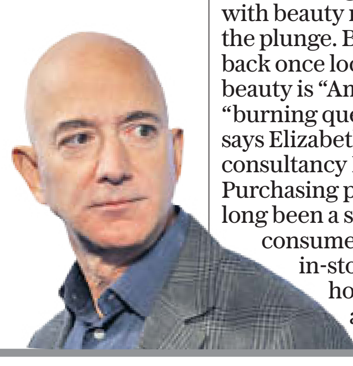
"Amazon is a major driver of innovation but not in the way you might think," says Victoria Woollaston, founder of tech and science-led beauty sites mamabella and MBman. "It has an eye for recognising rising trends and then acquiring businesses that have already put in the legwork."

Such trends within the industry have been sped up thanks to the pandemic, according to Simeon Siegel, an analyst at BMO Capital Markets. "Clearly the pandemic has accelerated ecommerce's reach into beauty, given that there were no other options in the absence of stores," he says. "With everyone on Zoom, cosmetics continued to be important, [just] the means of getting them shifted."

Before coronavirus, in-store shopping accounted for up to 85pc of beauty product purchases. But with major retailers wrestling with shuttered physical stores as well as shipping delays, consumers flocked to buy make-up online. Amazon saw beauty sales rise 7pc in the US and according to retail analysis firm Mintel, 22pc of UK adults bought beauty products via Amazon in the last year.

AP

Jeff Bezos's retail empire is moving into augmented-reality beauty consultations



Meanwhile, McKinsey reported that Boots saw its overall sales drop by two thirds during 2020's first lockdown, with beauty revenues contributing to the plunge. But will retail stores bounce back once lockdowns lift? Whether beauty is "Amazon proof" is the "burning question for our industry", says Elizabeth Kopelman, founder of consultancy Frisson Beauty. Purchasing products, like make-up has long been a sensory experience that consumers can only carry out in-store, where they can see how colours and textures sit against their skin, under natural light. Woollaston believes the physical experience is here to stay. "Covid has also shown that digital services can only get you so far," she says. "The need for such skills and talents will always be in demand. What the beauty industry needs to do to stay relevant is to embrace innovations alongside these traditional techniques.

"I don't see VR and AR competing against bricks and mortar beauty sales, I see them being highly complementary. All it needed was a major retailer to make these innovations more accessible; to show what's possible and that's what the Amazon salon promises to do."

Kopelman says Amazon's salon presents a threat but also an opportunity for brands to adopt a model that is growing in popularity in other parts of the world, such as Asia.

'What the beauty industry needs to do to stay relevant is to embrace innovations alongside these traditional skills'

"Click and mortar [is] where you have these really immersive, tech-enabled brand experiences in brick and mortar that become a seamless shopping experience for the consumer," she says.

The Jeff Bezos empire has demonstrated its ability to drastically change the standards consumers expect from delivery times and the ease of online shopping.

At worst, beauty brands that fail to adapt to the "Amazon effect" risk following the path of the brick-and-mortar bookshops that were unable to offer customers a reason to keep coming. Whatever's next, Kopelman says, "Amazon is certainly here to stay".

NUMBERS FIGURES THAT COUNT

1.6
Market value of Amazon (in trillions of dollars)

$500
Size of the beauty industry each year (in billions)

1,500
Square footage of the firm's east-London salon

22pc
UK adults buying beauty items via Amazon last year

GameStop chief set for $179m exit package after trading frenzy

By **Hannah Boland**

THE chief executive of GameStop, the company caught at the centre of a trading frenzy earlier this year, could be handed a $179m (£128m) leaving package when he steps down this summer.

George Sherman revealed earlier this week that he would be leaving the video game retailer at the end of July, as the company embarks on a major push into e-commerce.

On the departure, Mr Sherman will be handed a stock payout of around $179m, a significantly larger amount than the annual salaries of business leaders including JP Morgan's Jamie Dimon.

The large size of the package is said to have been driven by Mr Sherman's pay having been decoupled from his performance at the start of the pandemic, as well as the chief executive receiving stock before the recent share price rally.

Eric Hoffmann, a vice president at compensation consultant Farient Advisors, told Reuters that Mr Sherman had been granted more shares linked to his tenure rather than his performance – something a growing number of companies had been doing to protect payouts during the pandemic turmoil.

Mr Sherman has been at GameStop since April 2019.

Mr Hoffmann said: "Investors like awards that are performance-based, that have hard pre-established financial goals, that the executives have to meet to earn, as opposed to time-based shares, where they just have to hang on to get them."

600,000
The number of shares it is suggested that the GameStop boss forfeited after failing to meet performance targets

GameStop did not respond to requests for comment.

Filings last week suggested that Mr Sherman had forfeited almost 600,000 shares after failing to meet performance targets. The $179m expected payout excluded those shares.

The company's share price was propelled to eye-watering levels earlier this year, almost hitting $350 in late January, after GameStop was caught at the centre of a Reddit-fuelled frenzy.

Retail investors drove up the price of GameStop, promoting the stock on internet forum Reddit, to fight back against high levels of interest by short-sellers, who borrow stock and then immediately sell it on the expectation that it will fall in price. They then buy it back at a lower price, making a profit in the process.

GameStop sales had declined since the start of 2017, which was the last year in which it made a profit, and the company had been a major target for short-sellers.

Before the trading mania in January and February this year, short-seller Citron Research had said that GameStop was "pretty much in terminal decline".

PensionBee seeking to bring buzz back to London market

By **Hannah Boland**

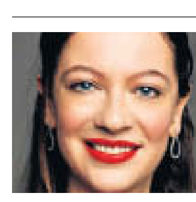
RETIREMENT savings app PensionBee shrugged off fears over weak investor appetite in London with its £365m market debut.

The stock started conditional trading yesterday and ended the day at 166.2p, marginally ahead of the 165p price at which it offered its shares as part of its float.

Its debut sees chief executive Romina Savova net £130m, propelling her into the ranks of the UK's richest female entrepreneurs. Ms Savova said the company was "delighted with the strong support that we have received from institutional investors".

It comes just weeks after experts cast doubt on whether there was strong enough appetite for technology companies on the London Stock Exchange, compared to the US where many British start-ups have chosen to float.

Deliveroo, the takeaway app, was deemed to have one of the worst market debuts on record, and in conditional trading the company saw £2bn wiped from its market capitalisation. It had initially been valued at around £8bn. Brewdog's co-founder James Watt told *The Daily Telegraph* earlier this month that the flop had prompted the company to consider choosing the US for a listing. "I don't think Deliveroo helped anyone looking to list," he said, although added he would still prefer a UK float.



Romina Savova, PensionBee's chief executive, said she was delighted with institutional investors' support

PensionBee comes as the first in a host of expected tech floats in London, including cybersecurity company Darktrace, which is aiming for a £3bn valuation, and Oxford Nanopore, estimated to be worth between £4bn and £7bn.

PensionBee is issuing new shares as part of the float, and raising around £55m. Ms Savova will remain the largest shareholder in the company at 36pc. Her co-founder Jonathan Lister Parsons, the company's chief technology officer, will own around 6pc.

Microsoft calls time on back-to-back Teams meetings

By **Margi Murphy** *in San Francisco*

MICROSOFT is updating its calendar software to ensure employees get a break in between meetings to combat so-called "Zoom fatigue".

The software giant has changed the settings in Outlook so companies can set defaults that shave five, 10 or 15 minutes off Microsoft Teams meetings to carve out breaks for workers.

It added the feature after growing concern that video meetings were draining the millions of people working from home thanks to the pandemic.

"The back-to-back meetings that have become the norm over the last 12 months just aren't sustainable," said Jared Spataro, corporate vice president for Microsoft 365.

The new settings were inspired by a study Microsoft conducted to see how video meetings were impacting people's emotions. It studied the brain wave activity of 14 volunteers, which found that back-to-back meetings "decreased ability to focus and engage". Transitioning from one video to another was "stressful" and jumping between video meetings caused spikes of "high stress".