

## BEAUTY FEATURES

## Inside the Brain of Beauty's Sharpest Analyst

One strategy includes immersive experiences – including a custom HydraFacial experience for investors.

BY ALLISON COLLINS



Steph Wissink MASATO ONODA/WWD

It's Friday morning, and Jefferies analyst Steph Wissink is in a room full of 12 institutional investors – mostly men – who are about to have the dirt sucked out of their pores.

The investors are experiencing their first HydraFacials, an experience that combines microdermabrasion, extractions and serum infusion. The process is completed using a machine from the Beauty Health Company, which went public via SPAC merger last May. Wissink set up the intimate event in New York in order to familiarize her investor contacts with the company.

The group contained some of what Wissink characterized as “extreme bears” – pessimists. “I was like, come, get one, and then you're going to walk away and say, ‘Now I understand what she was trying to tell me,’” she said.

Wissink knows whereof she speaks.

It's a move she's pulled often throughout her career, to get mostly male investors to more clearly understand beauty and other consumer industries. At one point, she recalled taking a gaggle of investors to Ulta Beauty, home of the “beauty enthusiast,” so they could understand why a concept that combined mass and prestige beauty would resonate with consumers.

“I remember taking a group of six or seven white men in suits to a store, walking them through and saying, ‘Here's what we observe when we're in a store. By the way, that [hair] dryer in the background, what you don't realize is that is essentially hypnotizing you into seeing things differently,’” Wissink said. “The more energy that's created in an environment, the more people get sucked into it.”

Another time, Wissink took a group of investors to San Diego Comic Con to help them firmly grasp the concept of

fandom, she said.

“Every once in a while, there is a gap in understanding ... to solve for that gap is to provide investors with an immersive experience,” Wissink said.

Wissink stands out in the analyst arena not just because she’s a woman in a male-dominated field, but because of her ability to connect the dots in a way that’s not common with Wall Street types. Like other analysts, Wissink advises investors to buy, sell or hold stock based on her research and a company’s performance. She puts out reports on company happenings, but also research notes on topics a little less obvious – like an analysis of up-and-coming hair bond-building products and weekly wellness reports that she said have started to build more understanding and conversations around health and beauty.

Wissink grew up in Tracy, Minn., a few miles from Walnut Grove, Minn., the setting of “Little House on the Prairie,” she said. Her mom was a health-conscious nurse, and her father was a banker until she was in middle school, when he switched paths and bought a chain of retail stores. She started working at those shops when she was in 8th grade.

“I’ve been around retail my whole life and understood the mechanics of running retail,” Wissink said. “I was shopping at the drugstore and experimenting, but more because I was curious, that wasn’t necessarily a big personal passion or a hobby.”

She went to college at St. Olaf in Northfield, Minn., and landed an internship at the bank now known as Piper Sandler (then, U.S. Bancorp Piper Jaffray). She described her upbringing as “sheltered,” and said that she had a desire to expand beyond the Midwest, and spend time internationally. Landing the job at Piper in Minnesota post internship was the first step in that direction.

“That was the moment when the dots connected for me professionally, that I could leverage my experience and my background and my upbringing with things I really love,” Wissink said. She worked there for 17 years, and helped develop the firm’s popular Taking Stock with Teens survey, which provides a snapshot of young people’s lives and spending habits.

For that project, Wissink spent two months a year on the road visiting schools and observing teenagers. “Doing that for 15 years opened my eyes to the power of youth culture – they are change agents, have zero equity in legacy thinking, are whimsical in their preferences, yet ultimately want what we all want, to be valued and belong,” Wissink said.

Working at Piper also allowed Wissink to take her first international step – to London, where she worked for several years.

Her former boss there, Jeff Klinefelter, who now runs Newbound Venture Capital, described Wissink as someone with “great intellectual curiosity” and an excellent collaborator.

Despite her prolific coverage of the sector, Wissink does not identify as a beauty enthusiast. Growing up in a small town, she was a CoverGirl consumer, and most of the time she’s not in “full glam,” she said.

“This felt like a glam day,” Wissink said, on the morning of



Steph Wissink MASATO ONODA/WWD

her photo shoot for this story at the Ulta Beauty Herald Square location. Her hair is blown out in loose waves, and her make-up is finished with a red lip. But most of the time, Wissink is a user of “combo products” like tinted moisturizer, she noted.

She’s an avid journal-er and reader – especially of books from the New York Times Bestseller Nonfiction lists, as well as Real Simple magazine. Her favorite cookbook is from Malibu Farm, her favorite restaurant, and she is “obsessed” with her new, fancy juicer, she said.

From her home base in Edina, Minn., where she lives with her husband and two children, Wissink continues her keen observations of young people’s routines. She watches the spending habits of her daughter, 12, and her friends. “Her ideal Saturday would be to go thrift shopping, to go to the mall and go to Bath & Body Works and to get bubble tea,” Wissink said. “We’ll throw four or five girls in the car and off we go.”

“They want vintage, they want bespoke, and they’ll all spend \$25 and walk out with seven items,” Wissink said. At Bath & Body Works, “they just smell everything,” Wissink said, and sometimes discuss aromatherapy.

Bath & Body Works is one of the many companies under Wissink’s purview, which also include the Estée Lauder Cos.,

E.l.f. Beauty, Olaplex, the Beauty Health Co., Revlon, Natura, Inter Parfums, Coty, Ulta Beauty, Nu Skin and Sally Beauty. She covers retailers, too, including Macy's, Nordstrom, Kohl's, Walmart, Target, BJ's and Costco; gaming and toys, including Funko, Hasbro, Mattel and Gamestop, and health, including National Vision and ATI Physical Therapy. Lately, she's advised to buy Olaplex, Walmart and Natura stock, and to hold Ulta, Target, Revlon and other companies.

In stores, Wissink and her team are looking to "fact check" what companies have said publicly, and for changes – discounts, implementations of new store programs, etc. It's also a good place to look for trend evolutions. "I remember walking Sephora and Ulta stores and seeing the evolution of makeup artistry in real time," she said.

Outside the locations, she'll wait and watch 10 shoppers emerge, and see how many of them made purchases. She'll also look at the other shopping bags they carry, to see where else they are shopping, she said.

Wissink joined Jefferies as a managing director 2017, where she came highly recommended from institutional clients, according to her boss, Michael Eastwood, director of Americas Equity Research for Jefferies.

There, she manages a team of six associates, and tracks trends and business globally. Before the pandemic hit, Wissink generally took three to four trips a month, traveling to Europe two or three times a year, to Asia twice a year and to Australia once annually.

These days, with tumultuous markets and the ongoing pandemic, Wissink's schedule is home-based and jam-packed. Her day starts with scanning the news at 6 a.m. Central Time, and her assistant books her calendar in 15-minute blocks, with scheduled time for lunch and bathroom breaks.

Eastwood describes Wissink as an "intellectual thought leader" and a "strong team leader" who has innovated inside the firm.

"She thinks in a different way to that which other analysts think, she asks questions in different ways. She connects the dots in different ways," Eastwood said. "She's put together a huge set of both primary and secondary data where she can tell you ... based on data that we have purchased how many people walked into a Target yesterday on the East Coast. That means when she makes a statement, she knows it is true ... [she has] honestly embraced alternative data more than any other analyst at this firm, and it makes her content substantially better."

In addition to data, Wissink relies on store checks, long-held relationships with executives and consumer surveys to



Products from Bath & Body Works.  
GEORGE CHINSEE

gather information on an industry that continues to evolve with every new generation of shoppers.

"She starts at the big picture and then she works back to company results," said Ryan Napierski, chief executive officer and president of direct-seller NuSkin. "She's very attuned with the macro trends around the industry, the evolving opportunities and the overall kind of transformational shifts that are taking place in both beauty and wellness."

Companies are having to change their strategies in order to meet those shifts.

"If you go back 25-30 years ago, if you were big and powerful you could be slow if you wanted to be, because you had all this equity – your brand carried all this equity value in the market. And now, if you're too big and too slow or

uninteresting the consumer will just look somewhere else. There's so many choices," Wissink said.

While today's consumer is striving for simplicity in a crowded market, Wissink said that the loyalty equation in beauty is evolving. "There's an element of if you're using a brand and you're talking about a brand, there's judgment inherent in that. That's why particularly younger people try to stay on the forward edge," Wissink said. "Mentally, it's probably contributing to all of the mental sabotage, that treadmill."

Also changing is the demand for public companies to pay attention and enact ESG policies – an area where Wissink has lapped other analysts, Eastwood noted. "She's well through conversations with institutions and corporates that other analysts on the street have yet to start – [they] don't actually necessarily have the language to even have those conversations," Eastwood said.

During the first year of the pandemic, Wissink asked CEOs and CFOs what they were learning about themselves, noting different anxieties, stresses, concerns, as well as capabilities and certainties. It was a "degree of vulnerability" she hadn't seen before, she said, and it underscored a shift in leadership toward a new-to-Wall-Street concept – empathy.

"I could write a book on it, some day," Wissink said. "Business is built on works of relationships, and one of those big relationships is people's relationships with themselves. And in beauty, that couldn't be more true."

### 3 Key Takeaways:

Immersive experiences help cement understanding.

Consumer loyalty is evolving, and the mental calculations young consumers do in order to make choices may exhaust them.

The concepts of ESG and empathetic leadership are beginning to resonate on Wall Street.