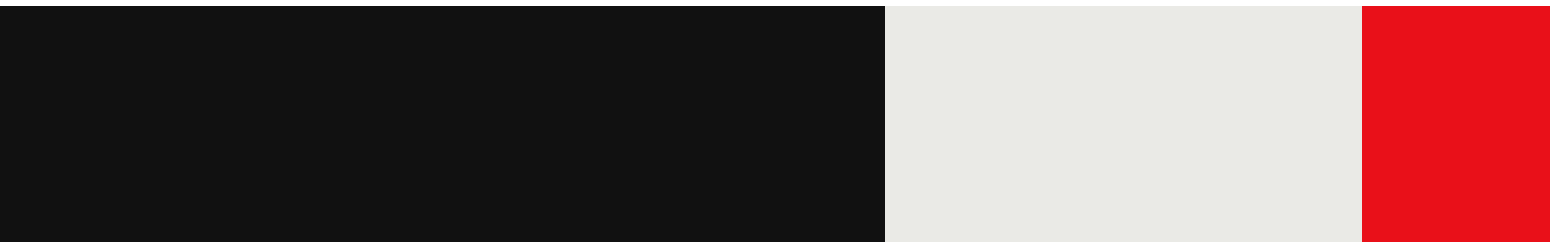



# How the beauty category is faring in 5 charts

## Article



In 2001, Leonard Lauder coined the term “**lipstick index**” to describe an increase in consumers purchasing small luxuries during times of economic hardship. Now, the “lipstick effect” is in full swing as consumers continue to spend on beauty products despite increasing costs.

This year, we forecast US retail sales of cosmetic and beauty products will reach \$86.42 billion, a 7.6% increase from 2022. This increase will be driven in large part by in-store sales and luxury beauty categories. But going forward, technology may play a large role in driving online sales.

## 1. Beauty remains driven by in-store sales

### US Retail Ecommerce Sales Share, by Product Category, 2023 & 2027

% of total retail ecommerce sales

	2023	2027
Apparel & accessories	18.7%	18.6%
Furniture & home furnishings	15.7%	15.2%
Computer & consumer electronics	15.7%	14.1%
Health & personal care	11.3%	13.3%
—Cosmetics & beauty	1.6%	1.4%
Food & beverage	8.6%	10.5%
Toys & hobby	8.2%	8.7%
Auto & parts	6.8%	7.4%
Books, music, and video	5.1%	4.2%
Office equipment & supplies	1.4%	1.5%
Other	8.5%	6.5%

*Note: includes products or services ordered using the internet, regardless of the method of payment or fulfillment; excludes travel and event tickets, payments such as bill pay, taxes, or money transfers, restaurant sales, food services and drinking place sales, gambling and other vice goods sales*

*Source: eMarketer, Feb 2023*

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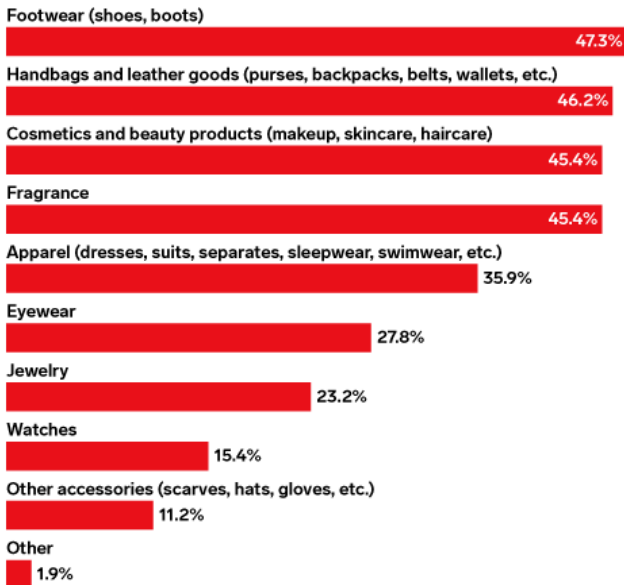
US retail ecommerce sales of beauty and cosmetics represent a small percentage of total retail ecommerce sales. Nearly half (44%) of US consumers prefer to shop mostly or completely offline for health and beauty products, [according to YouGov](#).

To capture in-store sales, companies like [Glossier](#) and [Chanel](#) are expanding their brick-and-mortar presence. Others, like [Ulta Beauty](#), are experimenting with shop-in-shop concepts in order to expand their reach.

## 2. High-end beauty shines

## Product Categories in Which US Adults Have Purchased a Luxury Brand, June 2022

% of respondents



Note: in the past 12 months  
Source: "The Insider Intelligence Luxury Goods Flash Survey" conducted by Bizrate Insights, June 30, 2022

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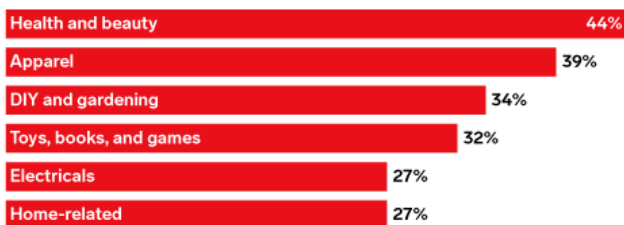
Beauty is among the top three product categories in which US adults have purchased a luxury brand, according to a survey by Insider Intelligence and Bizrate Insights.

The luxury category has been relatively inflation-proof so far. According to our forecast, US personal luxury retail sales will hit \$116.56 billion this year, a 6.7% increase from last year, outpacing the 3.3% growth the total retail sales category will experience in 2023.

### 3. But that may change if inflation persists

## Product Categories in Which US Adults Plan to Spend Their Normal Amount in 2023

% of respondents, Nov 2022



Note: ages 18+  
Source: MetaPack, "Ecommerce Delivery Benchmark," Feb 8, 2023

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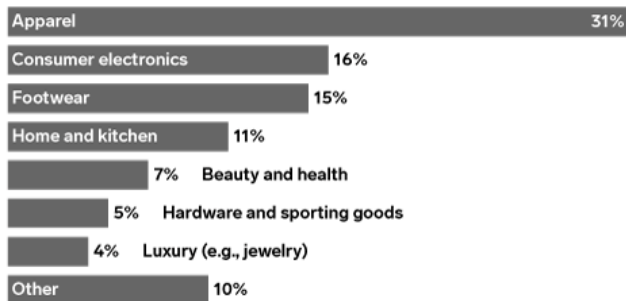
Amid a rocky economic landscape, less than half (44%) of US adults are planning to spend their normal amount on health and beauty products this year, according to Metapack.

Still, the category is the most resilient one among those measured—and experts see it staying that way.

“In an industry steeped in emotion, consumers have demonstrated they are willing to **continue to spend on beauty products**,” said Larissa Jensen, beauty industry advisor at The NPD Group. “Beauty brings joy, which is a universal aspiration and will drive our industry’s resiliency in 2023.”

### Leading Product Categories Returned by US Adults, July 2022

% of respondents



Note: ages 18-65; who returned at least 1 purchase in the past 6 months  
Source: Narvar, "2022 State of Returns," Oct 31, 2022

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## 4. Beauty consumers' preference for in-store shopping may suppress returns

We forecast **US retail return volume** will reach \$627.34 billion this year, an 8.5% increase YoY.

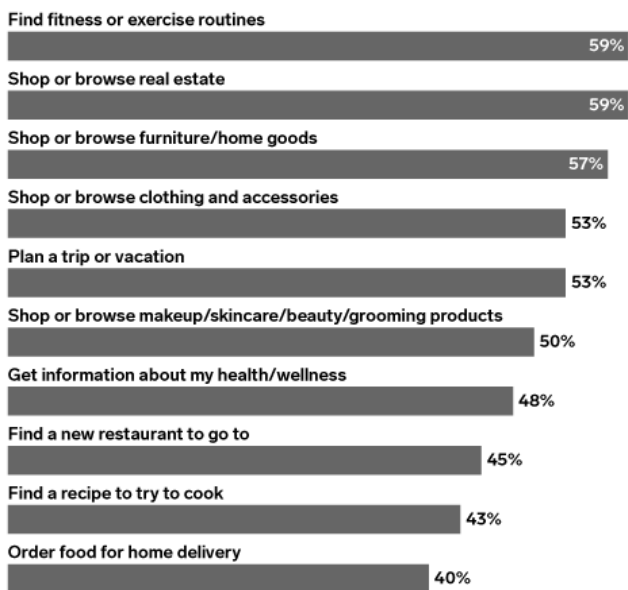
Though beauty is one of the leading product categories returned by consumers, it sees fewer returns than apparel, consumer electronics, and footwear. The category's largely in-store audience could help keep returns down—by touching and feeling the products, consumers are able to make more informed choices.

One way retailers can reduce and manage returns is by providing customers with more information on product pages, including high-quality product descriptions, 3D or 360-degree imagery, AR tools, and customer reviews with photo and video.

## 5. VR may play a bigger role in beauty

## Experiences that US Teens/Adults Expect to Be Significantly Better in a Virtual/Metaverse Environment, May 2022

% of respondents



Note: ages 13-60

Source: Vox Media and United Talent Agency (UTA), "Dissecting the Metaverse" conducted by The Circus, June 9, 2022

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Speaking of AR, retailers and consumers alike are still figuring out what role the metaverse plays in the shopping experience, but a few strong use cases have emerged.

The metaverse can enable consumers to see how different beauty products will look on them without having to try them on in-person. Snapchat, for example, has worked with Ulta Beauty and MAC Cosmetics to **launch shoppable AR lenses** that let users try on virtual makeup looks with links to purchase.

As **social media platforms develop** their **social commerce capabilities**, beauty brands may invest in more VR tools to encourage consumer adoption.

*This was originally featured in the Retail Daily newsletter. For more retail insights, statistics, and trends, [subscribe here](#).*