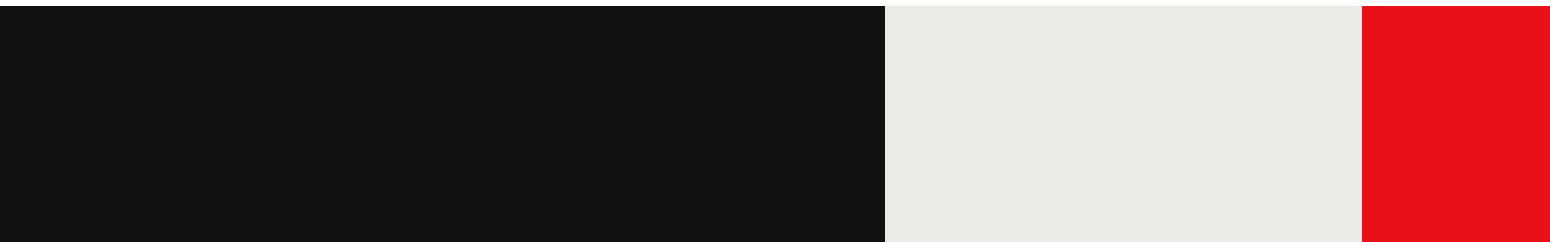



Beauty brands embrace ecommerce as sales slow

Article



The insight: Digital channels account for 41% of US beauty and personal care sales, according to NielsenIQ, thanks to platforms like **Amazon** and **TikTok Shop**.

While growth rates are trending down as the [beauty boom fades](#), we expect ecommerce's share of beauty sales to rise steadily through 2028. [US cosmetics and beauty ecommerce sales](#) will increase by 9.8% this year, per our forecast—compared with 5.5% growth for the overall category.

By the numbers: Ecommerce sales continue to be a bright spot for beauty brands, despite an increasingly tough environment.

- **Estée Lauder's** North America online sales grew by double digits during the holiday quarter, which helped mitigate declining sales in the region.
- **E.l.f. Beauty's** digital sales rose 30% YoY in the holiday quarter, and the brand notes “continued momentum across our digital and social platforms” with particular strength on Amazon and its mobile app.

Amazon takes the lead: Much of the surge in online beauty spending is the result of more purchases on Amazon, which is now the top beauty and personal care retailer in the US, according to NIQ.

- The company's share of the beauty market grew by 1.9 percentage points in 2024, and is up 7.3 percentage points over the last four years.
- Shoppers are responding favorably to the value and convenience Amazon offers—not to mention the array of brands, premium or otherwise, available on the marketplace.

We expect Amazon to gain ecommerce share across nearly every beauty subcategory this year, which is likely to accelerate the number of brands that set up shop on the platform—particularly as growth becomes harder to come by.

- E.l.f. Beauty CEO **Tarang Amin** sees “a long growth trajectory ahead with Amazon” due to the retailer's importance in product search and discovery.
- It's not alone: L'Oréal and Estée Lauder are deepening their partnerships with the retailer as they look for new channels to acquire customers and ways to offset poor performance in China.
- Others, like **Laura Mercier**, are signing up with Amazon's Buy with Prime offering to tap into its engaged customer base and take advantage of its speedy delivery.

TikTok drives sales: The other major trend helping to increase beauty's ecommerce penetration is the rise of social commerce—particularly TikTok Shop, currently the eighth-largest US health and beauty ecommerce retailer.

- 1 in 8 US online shoppers have purchased health or beauty products from the social platform, per NIQ.

- TikTok’s unsurpassed ability to turn little-known brands into viral sensations has netted millions of dollars in sales for companies like **Made by Mitchell** and **Canvas Beauty**, helping them hold their own alongside established brands like **Tarte Cosmetics** and **The Ordinary**.

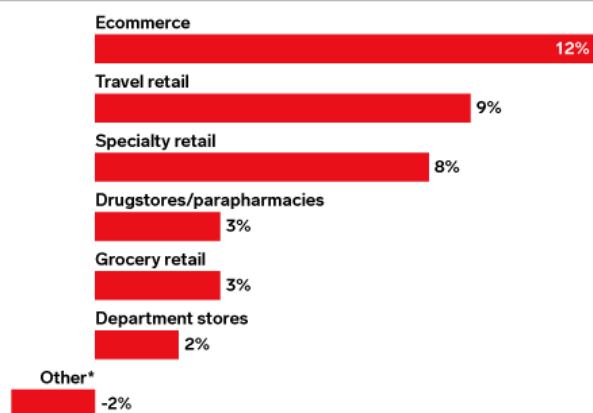
Our take: Ecommerce is a channel beauty brands can’t ignore—but selling online isn’t a panacea for slowing growth.

- While TikTok is an important driver of product discovery and impulse purchases, virality doesn’t always translate to longevity—which means brands need to think more strategically about how to turn first-time shoppers into loyal customers.
- Brands that sell on Amazon run the risk of having their products sandwiched between search results for dupes and counterfeits, which could hurt sales and lead to expensive legal battles. Still, the retailer’s growing slice of the beauty market means that companies can ill afford to steer clear of the valuable channel.

Go further: Check out our Beauty Ecommerce 2025 and US Social Commerce forecasts.

Ecommerce and Specialty Retailers Lead Beauty Sales Growth, Leaving Drugstores Behind

5-year CAGR of worldwide beauty market sales, by channel, 2023-2028



Note: *includes professional channels, mass merchandisers, warehouse clubs, direct selling, and home shopping (e.g., via TV, streaming platform, mobile application)
 Source: Euromonitor, Generation Research, and McKinsey & Company analysis as cited by McKinsey & Company, "The Beauty Boom and Beyond: Can the Industry Maintain Its Growth?" Sep 11, 2024

351616

