

# Amazon is a channel beauty brands can't ignore

Article

**The news:** Clinique became the first Estée Lauder brand to set up shop on Amazon's Premium Beauty store, marking a significant turning point for the company as it tries to [turn its business around](#).

- The company plans to establish dedicated US storefronts for “a select few” brands, CEO **Fabrizio Freda** said in a press release.
- Clinique’s Amazon debut is accompanied by the launch of its Skin Analysis tool, which offers shoppers customized product recommendations based on their skin types and concerns.

**Amazon reshapes the beauty industry:** Prestige brands like Estée Lauder have long shied away from Amazon for fear that selling on the marketplace would dilute their brand image and make it difficult to offer the high-touch experiences that shoppers expect from luxury brands. But the retailer’s growing dominance in the beauty sector is forcing companies to reassess that stance.

**Amazon is set to overtake Walmart as the US’ top beauty retailer by 2025** with 14.5% market share to the latter’s 13%, according to Morgan Stanley.

- Health, personal care, and beauty will be the retailer’s fastest-growing product category this year.
- **Our forecast** expects cosmetics and beauty sales alone to grow 14% year over year (YoY).

Amazon’s scale makes customer acquisition a lot easier, especially as **difficulties in China** drive companies, including Estée Lauder, to search for growth opportunities closer to home.

- **Roughly 100 million unique beauty shoppers visit Amazon’s site per month**, according to **Melis del Rey**, the company’s general manager of US stores, beauty, baby, and beauty technology.
- Nearly three-quarters (73%) of customers who purchase **Lancôme** products on Amazon are new to the brand, **Cyril Chapuy**, the head of L’Oréal’s luxury division, said on the company’s Q4 earnings call.

And like it or not, many labels are already sold on Amazon through the “gray market,” or unauthorized third-party resellers.

- Brands like **The Ordinary** and **La Mer** generate **tens of millions of dollars** in sales on Amazon, despite not having an official partnership with the marketplace.
- That’s a significant brand safety risk, given the possibility of customers receiving counterfeit, damaged, or otherwise poor-quality merchandise.

**The outlook:** Amazon's hold on the beauty industry is likely to grow, as both mass and prestige brands turn to the marketplace to attract shoppers and drive sales.

- But selling on Amazon will require getting used to a new set of rules—including the marketplace's strict pricing guidelines, which brands must adhere to lest they get kicked out of the precious buy box.
- It also comes at a cost, particularly if brands decide to use the retailer's fulfillment and logistics services and splash out for advertising.

**Go further:** For more insights on the beauty category, check out [The Beauty Path to Purchase](#) and our latest report on the [US Beauty Consumer](#).

### Websites or Stores That US Beauty Shoppers Visit When Researching New Beauty Products, May 2023

% of respondents



Source: PowerReviews, "Health and Beauty Shopping Trends in 2023," Aug 1, 2023

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