

What the ‘lipstick index’ and other quirky retail phenomena mean for brands

Article

Inflation remains high. So does consumer spending. On this week’s Halloween episode of [“Behind the Numbers: Reimagining Retail,”](#) our analysts looked at a few silly and even spooky

indexes for evaluating consumer behavior during times of economic constraint.

The “lipstick index”: During economic hardship, consumers buy more lipstick because it’s a relatively inexpensive and justifiable luxury. At least, that’s what **Estée Lauder’s chairman** claimed when coining the term back in 2001.

- “I think value is such a critical piece here,” said senior analyst Zak Stambor, noting consumers focus more on long-term use than on immediate cost.
- Lipstick is one example of what principal analyst Suzy Davidkhanian describes as “small luxuries that are indulgences, that are mood-boosters,” which can make consumers feel better, even when it seems “the world is falling apart.”

The “men’s underwear index”: This phenomenon claims men’s underwear sales go down when people have less money to spend, and that they go back up as financial tension eases.

- “Men’s underwear [is] maybe the least sexy purchase,” said Stambor, adding “at least for many men.” While underwear is a necessity, many consumers prioritize it behind gas, food, and children’s clothing.
- Like the “lipstick index,” this trend provides a limited understanding of gendered purchases, but the basic idea is that while consumers may splurge on small indulgences, less-flashy necessities become less of a priority.

Halloween and holiday spend: Despite prices going up, shoppers will spend an all-time high **\$10.6 billion** on Halloween this year, according to the National Retail Federation. And **36%** of Americans will spend more on Halloween this year than they can afford, according to Lending Tree. Is Halloween spending seeing a “lipstick index” style trend?

- The behavior is similar. “The whole ‘lipstick effect’ is the notion of hey, let’s live a little,” said Stambor. “And Halloween or the holidays looking ahead bring us a little bit of joy.”
- That said, the “lipstick index” refers to buying items with “some sort of cache or premium that makes you feel special,” said Davidkhanian. Holiday shopping doesn’t exactly fit that definition, even though the basic idea of “a little incremental mood-booster” remains.

What does this mean for retailers? “When times are tough, people don’t want to just trade down to the bare-bones minimum,” said Davidkhanian. Brands should take note. “If you don’t have these small, premium, impulse luxury items, then think about selling a suite of products that is fun but affordable.”

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