

# The beauty industry booms because its customers are headstrong, loyal, and social

Article

US cosmetic and beauty sales are expected to grow over 10% this year—more than three times the 2.9% rate of the overall retail market, according to our forecast. It's a sign of the "lipstick effect," our analyst Sky Canaves said on our "**Behind the Numbers: Reimagining Retail**" podcast. "When times are tough, shoppers are a little less willing to trade down or give up those indulgences."

**Big on beauty:** Cosmetic and beauty sales are set to pass the \$100 billion sales milestone in the US in 2025, according to our forecast, showing the category's popularity even as consumers scale back on spending.

- US cosmetic and beauty ecommerce sales growth (13.6%) will outpace overall US cosmetic and beauty sales (10.1%) this year, according to our forecast.
- Compared with more expensive discretionary splurges like electronics, makeup and skincare products need to be replaced regularly, one reason beauty sees more consistent sales with less impact from changing macroeconomic environments.

**The UK follows suit:** "As in the US, we're seeing [health, personal care, and beauty ecommerce] sales growing fast at 7.6%, and that's versus a 0.6% dip in overall UK ecommerce sales this year," said our analyst Carina Perkins.

- UK shoppers are reluctant to give up their favorite beauty products, as nearly half (46%) of the country's adults would prefer to buy fewer items than switch to less expensive or private label brands, per McKinsey & Company.
- Retailers like John Lewis and Boots are reporting an uplift in sales of affordable luxuries like lipsticks, mascaras, and eyeliners, a trend seen in previous recessions.

**The modern word of mouth:** Some 45% of US beauty shoppers have discovered new beauty products through social media, according to Tinuiti, beating out TV at 30% and in-store displays at 25%.

- TikTok is democratizing the influencer game. "What TikTok does really nicely is peer-to-peer marketing. It feels much more like a community recommendation, so people are much more open to then trying those products," said Perkins.

**Lessons for retailers:** Although a rising cost of living is convincing consumers to simplify their beauty regimes, many are unwilling to give up the expensive products they've come to love.

Retailers would be wise to take advantage of their customers' loyalty, especially amid the latest wave of popular D2C beauty brands.

“There [are so many beauty specialists, online specialists offering the same thing, so you really need to sort of work on that loyalty with your customers;” said Perkins.

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