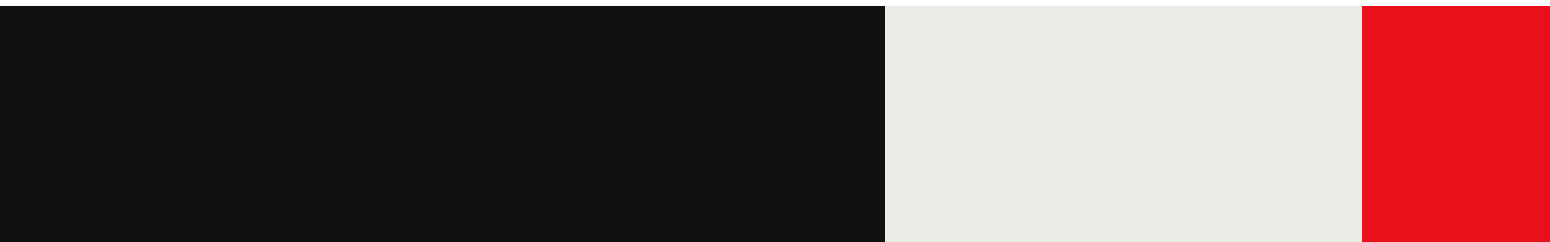



5 charts that make up beauty ecommerce

Article

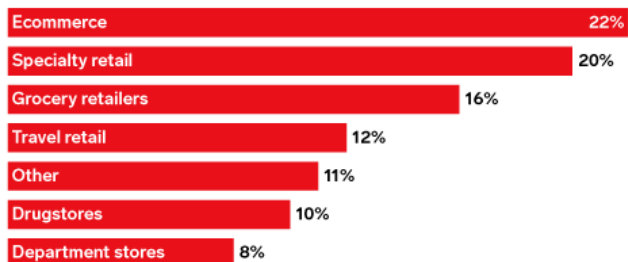


Cosmetics and beauty make up a nearly \$100 billion industry in the US, and next year more than one-fifth of those sales will come from ecommerce, according to our forecasts. In order to win over beauty shoppers, and Gen Z ones in particular, brands need to pay close attention to where their digital ad dollars go. Here are five charts to help you out.

1. Ecommerce is big for beauty worldwide

Beauty Retail Sales Share Worldwide, by Channel, 2023

% of total



Note: total beauty retail sales worldwide for 2023=\$460 billion; numbers may not add up to 100% due to rounding

Source: McKinsey, "The beauty market in 2023: A special State of Fashion report," May 22, 2023

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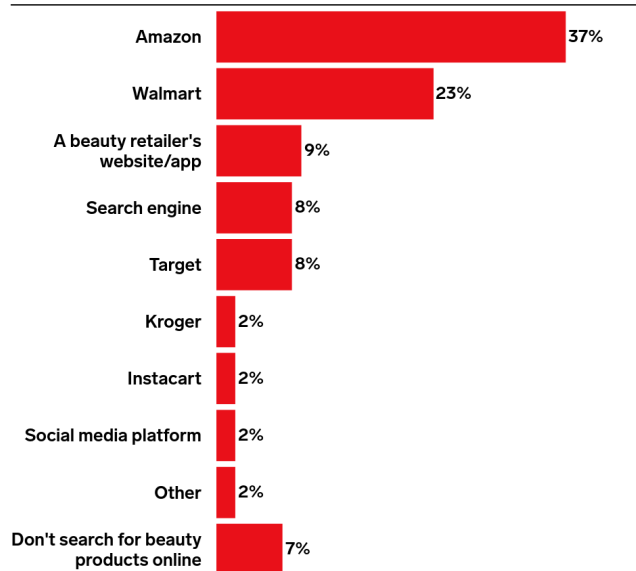
Some **22% of beauty retail sales** worldwide will take place online this year, according to McKinsey. In-person sales are still larger than ecommerce, but online sales are growing.

With US cosmetics and beauty ecommerce sales growth outpacing overall US cosmetics and beauty sales this year—13.6% versus 10.1%, respectively—beauty brands should focus on digital marketing.

2. Where do beauty consumers shop online?

Channels Where US Beauty Shoppers Are Most Likely to Start a Beauty Product Search, Feb 2023

% of respondents



Note: ages 18+

Source: Tinulti, "The 2023 CPG Customer Journey," March 29, 2023

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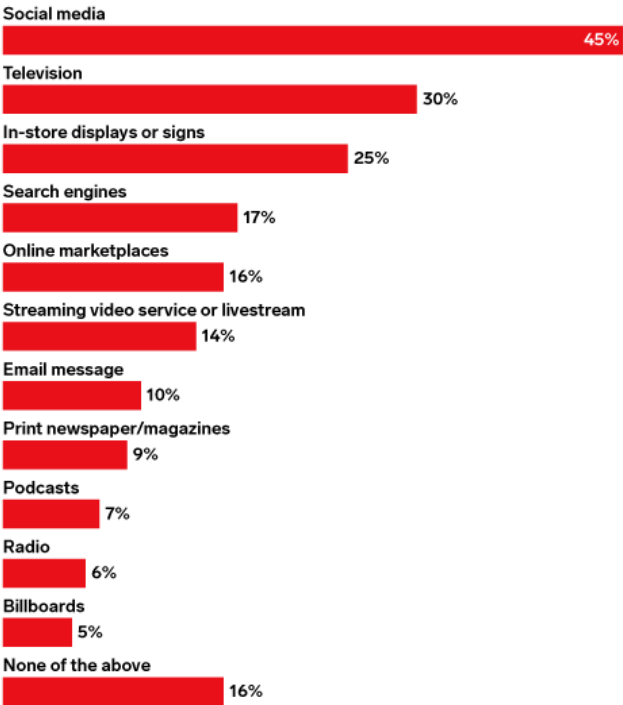
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Some 37% of US beauty consumers start their product search on Amazon, making the site more popular than Walmart (23%), retailer sites (9%), and search engines (8%), according to Tinuiti. Amazon will see \$23.95 billion in US retail media ad revenues this year, according to our forecast. With 6.0% of Amazon’s US retail ecommerce sales coming from health, personal care, and beauty, it makes sense that cosmetic and beauty brands would also be investing in ads on the site.

3. Social media leads for beauty discovery

Channels Where US Beauty Shoppers Recall Seeing or Hearing About a New Beauty Product They Went on to Purchase, Feb 2023

% of respondents



Note: ages 18+
Source: Tinuiti, "The 2023 CPG Customer Journey," March 29, 2023

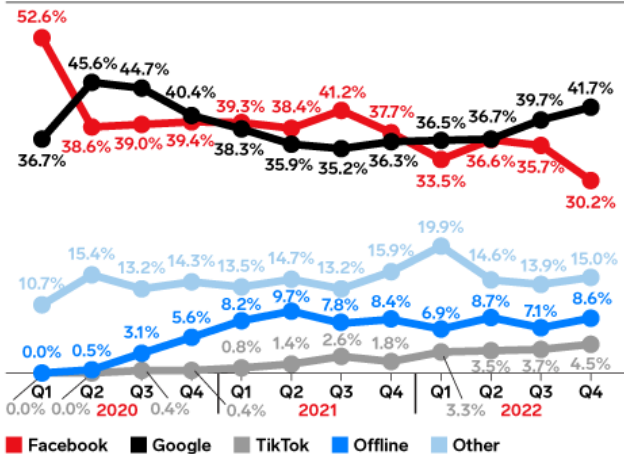
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When it comes to discovering new beauty products, 45% of US beauty shoppers recall first hearing about items via social media, making it more useful than TV (30%) or in-store displays (25%). Gen Z is most likely to discover new products on TikTok, while US adults at large are most likely to find them on Facebook, per Tinuiti.

4. D2Cs are investing in TikTok, but saving most spend for Google, Facebook

US D2C Consumer Packaged Goods (CPG) and Beauty Brands' Share of Ad Spending, Q1 2020-Q4 2022

% of total



Note: numbers may not add up to 100% due to rounding
Source: Rockerbox, April 27, 2023

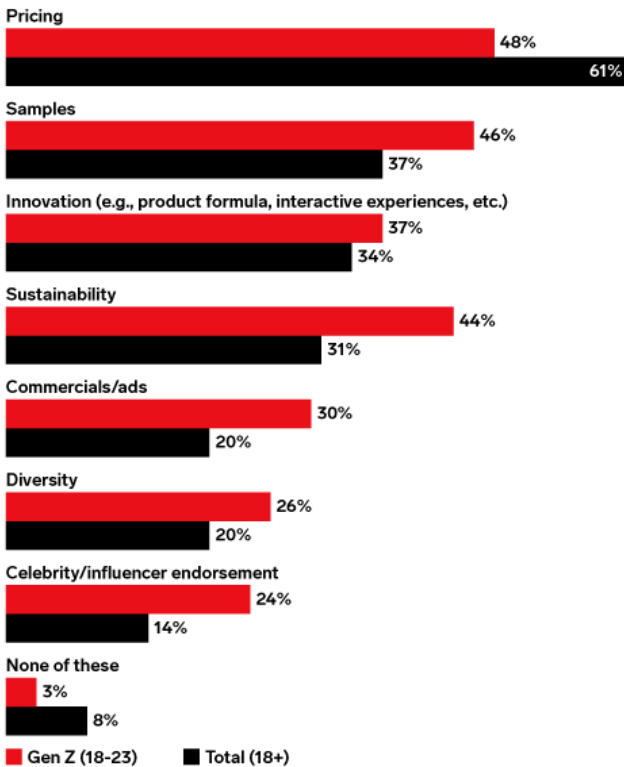
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US D2C consumer packaged goods and beauty brands have divested some money from Facebook over the past few years, and ad spending on TikTok is on the rise, according to Rockerbox. The money that was going to Facebook has been moving to video. Two of the top three D2C ecommerce websites gaining the most visits last year were beauty brands (getfussy.com and phlur.com), according to SimilarWeb, showing that the D2C beauty playbook is paying off.

5. Low pricing is attractive, but Gen Z wants more

Features That Attract US Gen Z vs. Total Beauty Consumers Most to Beauty or Skincare Brands, May 2023

% of respondents in each group



Note: n=1,038 ages 18+ who have bought beauty/skincare products online in the past 6 months

Source: Bolt, "The future of beauty ecommerce: customer identity," May 31, 2023

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Pricing was the biggest draw for US beauty buyers, according to Bolt. But low prices are more attractive to US adults overall than to Gen Z in particular. To woo Gen Z, brands should prioritize sampling, innovative experiences, and sustainability.

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