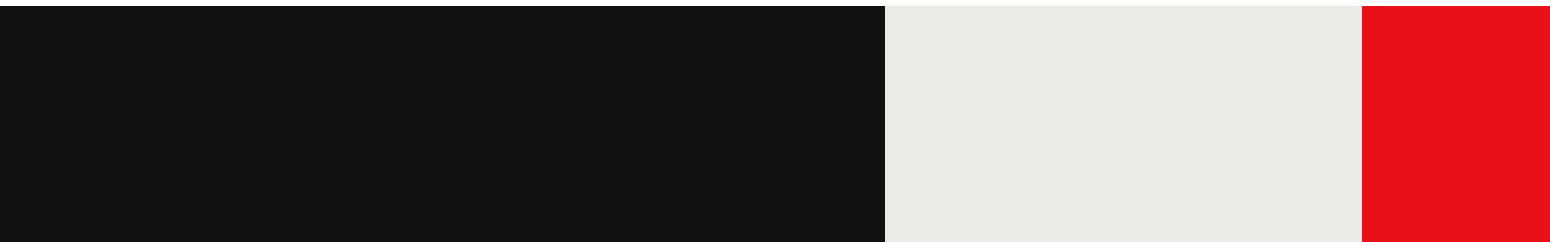



The end of the beauty boom is in sight

Article



The landscape: There are growing signs the beauty industry's ability to withstand the macroeconomic headwinds is coming to a close.

- **L'Oréal's** North American Q4 sales on a like-for-like basis rose just 1.4% YoY, down from 5.2% YoY in the previous quarter.
- **Estée Lauder's** Americas FYQ2 revenues fell 2% YoY.
- Even **e.l.f. Beauty**, despite strong holiday sales, cut its full-year forecast after a 36% YoY profit drop and a weak start to January.

The China challenge: L'Oréal and Estée Lauder face **steep sales declines in China.**

- L'Oréal's North Asia Q4 sales shrank 3.6% on a like-for-like basis, or -3.1% on a reported basis, while Estée Lauder's Asia-Pacific net sales plunged 11% YoY during the quarter.
- Estée Lauder said that it expects “continued volatility” in the region in the near term due to weak sentiment in the China and Korean markets.
- While e.l.f. doesn't sell in China, it sources products there and will address the impact of new US tariffs in May. The company will likely recycle its 2019 playbook, which included supplier concessions, cost savings, and selective price hikes to offset rising costs.

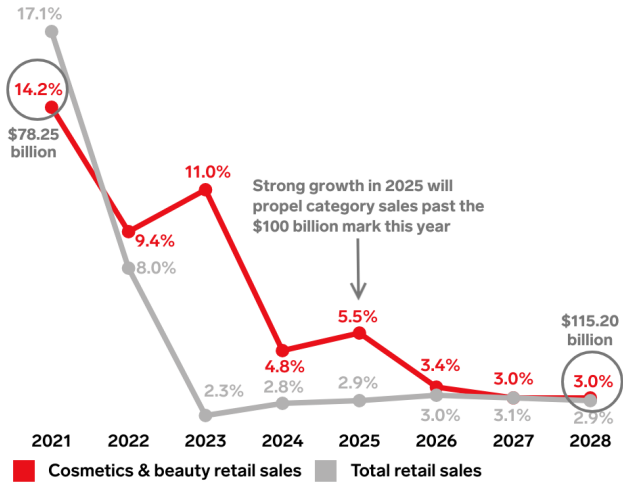
Looking ahead: The cosmetics and beauty category is growing faster than retail overall—we expect sales will rise 5.5% YoY this year compared with overall US retail sales growth of 2.9%.

- However, financial pressures are beginning to curb that momentum. We've revised our 2024 category forecast down to \$99.57 billion from nearly \$102 billion, reflecting weaker cosmetics and fragrance sales.
- Growth is expected to slow further from 2026—though e.l.f.'s January dip suggests it may happen sooner if economic strain pushes consumers to pull back and trade down.

Go further: Read our [Beauty Ecommerce 2025](#) report.

Beauty's Era of Outstanding Retail Sales Growth Is Coming to a Close

% change YoY in US cosmetics & beauty retail sales vs. total retail sales, 2021-2028



Note: excludes travel and event tickets, payments such as bill pay, taxes, or money transfers, restaurant sales, food services and drinking place sales, gambling and other vice goods sales; cosmetics & beauty includes products such as cosmetics, haircare, fragrance, skincare, and salon styling tools; it excludes hand soaps, sanitizers, and other consumer packaged goods-type toiletries

Source: EMARKETER Forecast, Oct 2024

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