

E.l.f. Beauty soars thanks to Gen Z, millennial demand for beauty dupes

Article

The trend: Consumers continue to spend freely on beauty, but more shoppers—particularly Gen Z and millennials—are looking for lower-cost alternatives to premium products. That’s helping brands like **e.l.f. Beauty**, which is leaning into “dupes” as it approaches the \$1 billion sales mark.

- E.l.f.'s revenues jumped 76% year-over-year (YoY) for the second quarter in a row to \$215.5 million, blowing past the \$197.1 million analysts expected.
- The company raised its full-year outlook as a result. E.l.f. now expects sales to grow 55% to 57% this fiscal year to \$896 million to \$906 million, a significant bump from its prior forecast of 37% to 39% growth, and sales between \$792 million and \$802 million.

Zoom out: While dupes are gaining popularity among **TikTok**-savvy Gen Z and millennial consumers, shoppers as a whole are showing few, if any, signs of pulling back on beauty purchases.

- “What we’re seeing in the beauty-care industry versus other industries is that there’s a high desire to keep spending, there’s a high desire to spend against innovation,” **Ulta Beauty’s CMO Michelle Crossan-Matos** told The Wall Street Journal. She added that shoppers are willing to experiment with products across different price points to discover what works for them.
- At the same time, financial constraints are driving more shoppers to plump for drugstore brands like e.l.f., where products mostly retail for less than \$20. Roughly one in three (31% of) adults has intentionally purchased a dupe at some point, per a Morning Consult survey; the percentage is much higher among Gen Zs (49%) and millennials (44%).

The big takeaway: The lipstick effect is still going strong. Cosmetics and beauty sales will grow by 10.7% this year, faster than any other category we track.

- But as shoppers increasingly home in on price, brands will have to lean into other qualities, such as sustainability initiatives or influencer marketing, to stay top-of-mind and prevent consumers from trading down.

Retail Sales Growth, by Product Category

US, 2023, % change

Cosmetic & beauty

10.7%

Pet products

6.6%

Apparel & accessories



Office equipment & supplies



Food & beverage



Auto & parts



Book, music & video



Toy & hobby



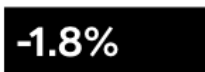
Computer & consumer electronics



Furniture & home furnishings



Other categories



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

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