

# Amazon's Health and Beauty Sales Soar

Should traditional pharmacies and beauty retailers be concerned?

## ARTICLE |

**Krista Garcia**

With the June acquisition of PillPack and quieter forays into beauty, Amazon has demonstrated its intent to move into the online pharmacy business as well as the space dominated by Sephora and [Ulta Beauty](#).

We estimate Amazon's US sales of health, personal care and beauty products will total \$16.00 billion this year, a 37.9% increase over 2017, making it the third fastest growing category after [food and beverage](#) and [apparel and accessories](#). While that's only 6.2% of Amazon's total retail ecommerce sales, it represents 44.3% of total retail ecommerce sales of health, personal care and beauty products in the US.

## Amazon Retail Ecommerce Sales Share, by Product Category

US, 2018, % of total

### % of Total Amazon Retail Ecommerce Sales

#### Health, personal care & beauty

6.2%

### % of Total Retail Ecommerce Sales

#### Health, personal care & beauty

44.3%

Source: eMarketer, June 2018

www.eMarketer.com

**One Click Retail** estimated that Q2 2018 sales of health and personal care items on Amazon totaled \$1.9 billion, increasing 23% year over year. Sales for beauty products reached \$950 million, up 26%. Nutrition and wellness and mass skincare were the top-selling product subcategories within health and personal care and beauty. The biggest gains were in luxury beauty, though. The category that was slow to take to Amazon grew 57%, accounting for \$250 million in sales.

"The eMarketer Ecommerce Insights Survey," conducted in July 2018 by **Bizrate Insights**, found that medicine, vitamins, minerals or supplements was the second most digitally purchased product category by US internet users in the past 30 days. It also had the distinction of being the only category where internet users ages 60 and older had higher levels of purchasing than all other age groups (31.7%). Personal care and hygiene (27.4%) and cosmetics and fragrances (24.8%) were the next most popular digital categories, with a considerable proportion of respondents ages 18 to 29 buying them online (48.8% and 42.5%, respectively).

**Prime membership status had more influence on Amazon beauty buys** than age did, according to January 2018 data from **Coresight Research**. Fully 52.5% of Prime members had bought beauty products in the past

12 months vs. 16.9% of nonmembers. And 42.3% of US internet users ages 18 to 29 did so, compared with 38.1% of those ages 45 to 60.

Amazon's reported \$1 billion purchase of PillPack, an online pharmacy that sells daily doses in [well-designed packages](#), puts it in direct competition with traditional drugstores [Rite Aid](#), [Walgreens](#) and [CVS](#), not to mention locking out [Walmart](#), another major retailer that was in talks with PillPack.

The advantages of this deal beyond a new revenue stream are locked-in subscription sales since many consumers take daily medication, capturing more Prime members — particularly older ones — who could be swayed by this new convenient service, and an easier entry into this highly regulated industry because PillPack has already done the heavy lifting and is licensed to sell prescriptions in 49 states.

Amazon's entry into cosmetics and skincare has been less dramatic, though it has become a go-to source for cult French pharmacy and on-trend Korean brands that were previously hard to find in the US. Amazon has launched a curated section dubbed "Professional Beauty," which carries items typically sold in salons and spas, as well as an "Indie Beauty" shop, with a product selection that separates itself from Sephora and Ulta. Though per [UBS](#), Ulta's 25 top-selling items aren't available directly from Amazon. Ulta also has far higher ecommerce sales (\$618.8 billion), according to eMarketer's [companies database](#), and just 10.1% of the beauty retailer's total revenues comes from digital channels.

On Amazon Prime Day, the online retailer debuted four Amazon-exclusive products including a charcoal mask and a set of lip colors to entice shoppers. Health and beauty ranked fourth among categories bought on Amazon Prime Day: 28.1% of Prime Day buyers purchased a health or beauty product, according to a survey by [Internet Retailer](#) and [Toluna](#).

### **More on Amazon from eMarketer**

This article is part of a broad package of reports, articles and podcasts tied to eMarketer's new estimates and forecasts for Amazon, including sales by segment and product category, Prime membership and more.

Complete forecast data is available only to PRO subscribers. Other recent coverage includes:

Article: [Amazon Moves Closer to Becoming Top Retailer in US Apparel](#)

Report: [Amazon Prime Day 2018](#) (full report available to eMarketer PRO subscribers)

Podcast: [What Amazon Prime Day Means For Amazon](#)