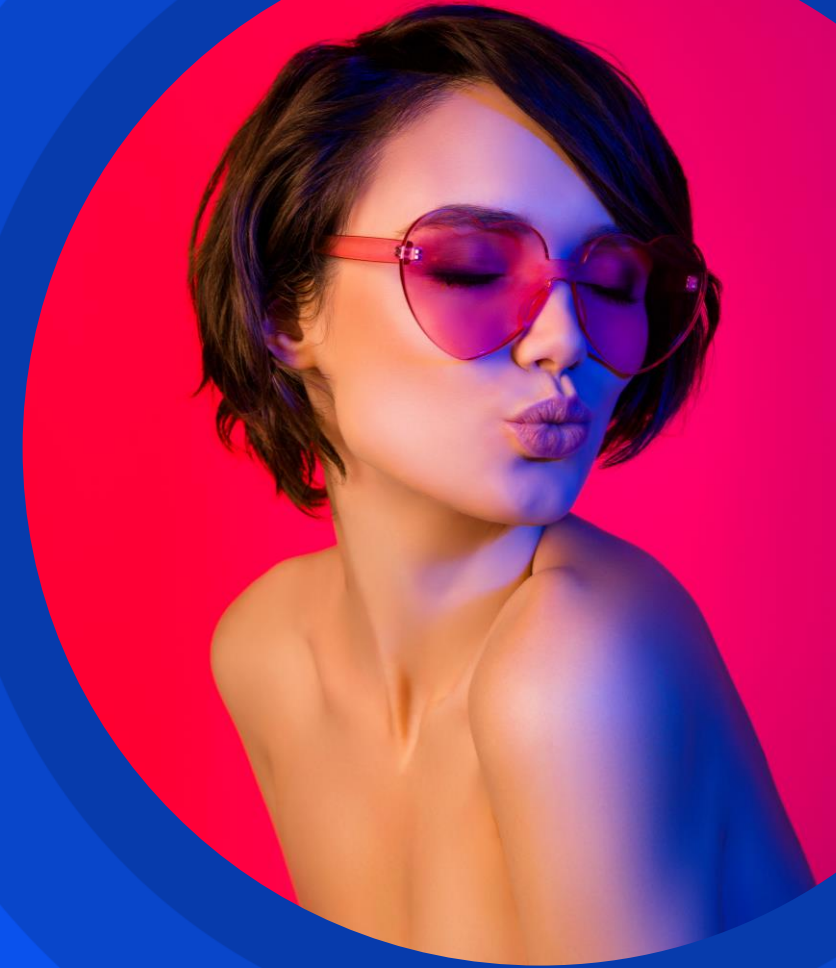


Beauty Retail's (R)Evolution

March 2025

NielsenIQ



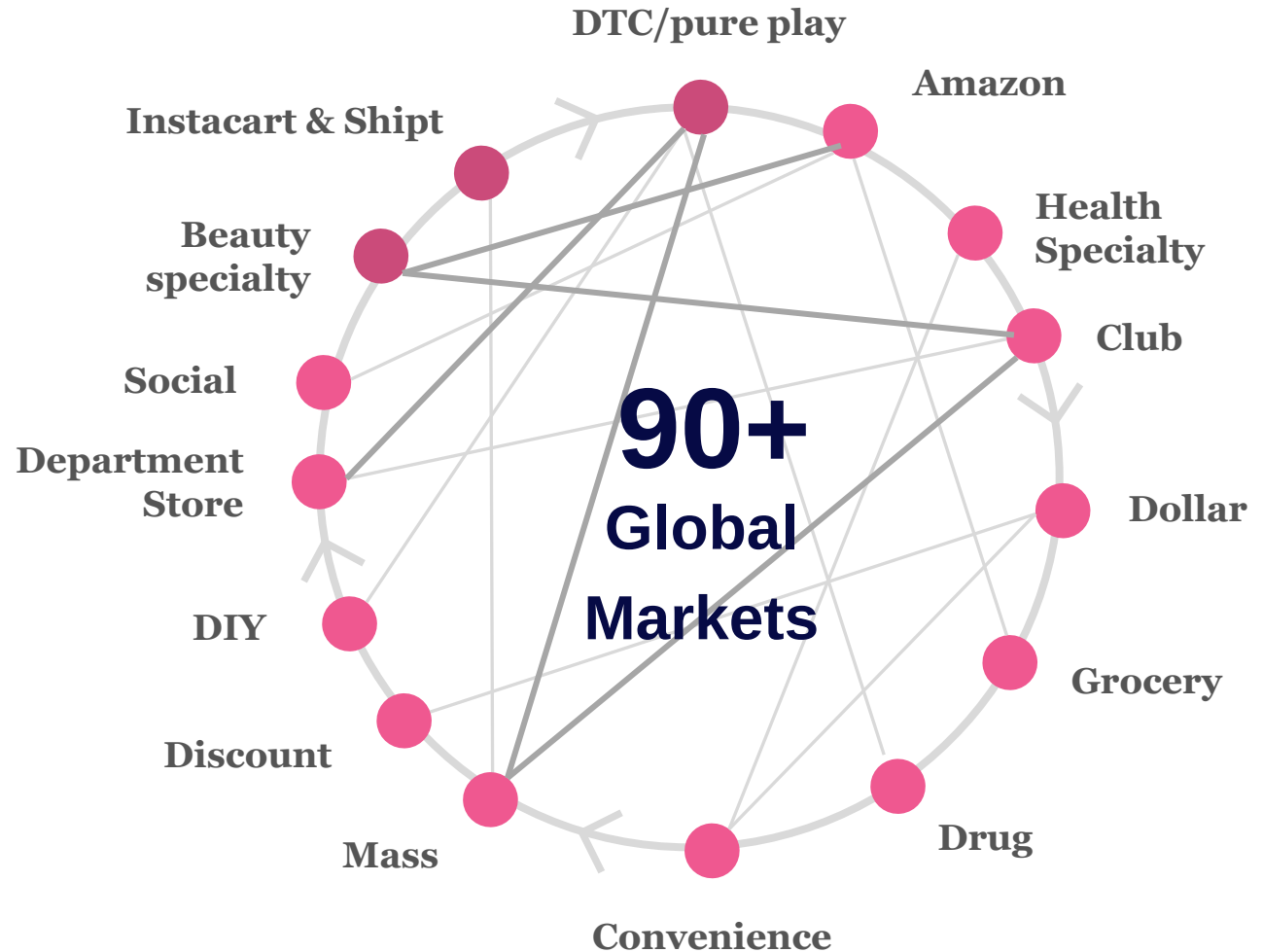
Your presenter today



Yvonne Buisson
Director – Health, Beauty & Pet
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NIQ delivers the *Full View* of beauty buying behavior

- The industry's most trusted consumer data—more channels, sources, consumers, and regions
- Validated with point of sales data directly from retailers



- *Ecommerce Acceleration*

- With more than 40% of all beauty sales happening online, the new world of beauty retail is digital

- *Social Selling Makes Waves*

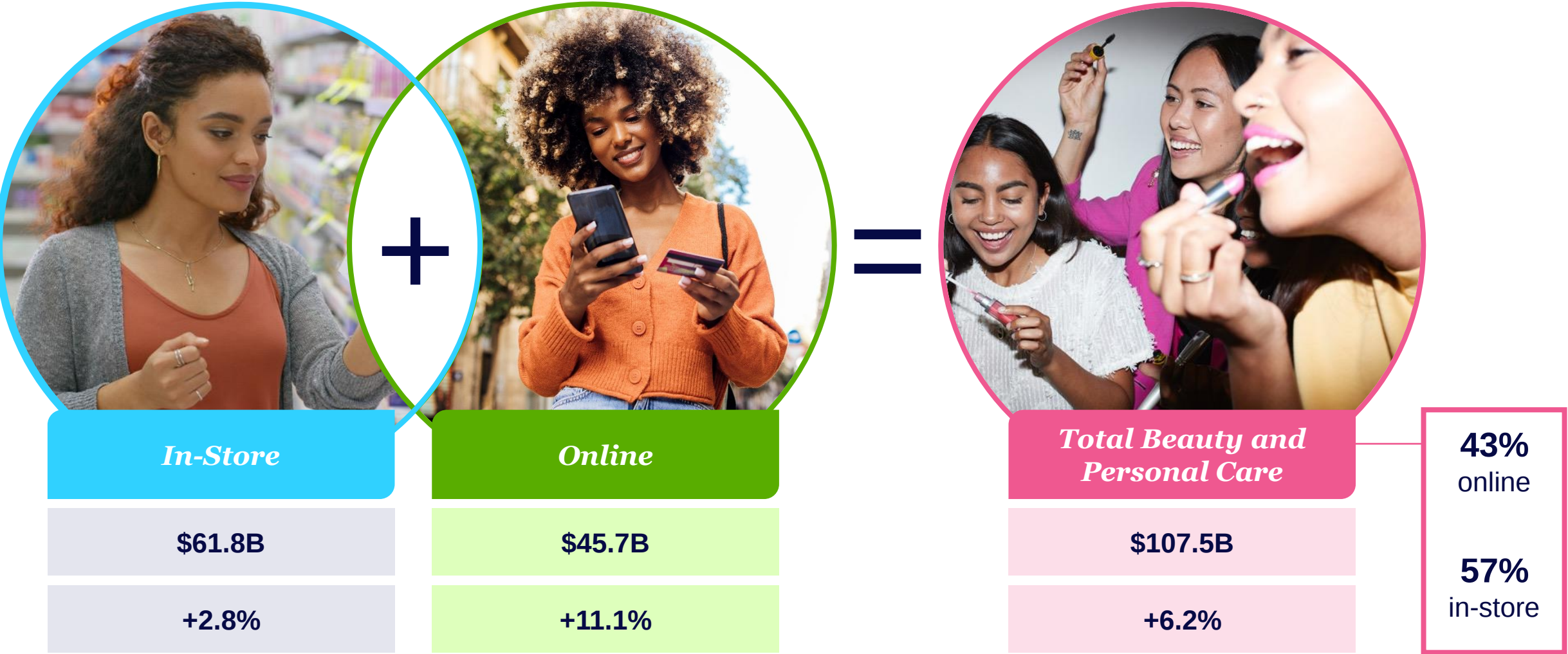
- TikTok Shop has proven the stickiness of social selling platforms. With its future still uncertain, there are many challengers ready to take a slice of its business.

- *Generations at the Forefront*

- Gen Z is growing buying power, but their expectations vary wildly from prior generations. And don't count out older consumers, who are vibrant and won't be left out of the joy of beauty.



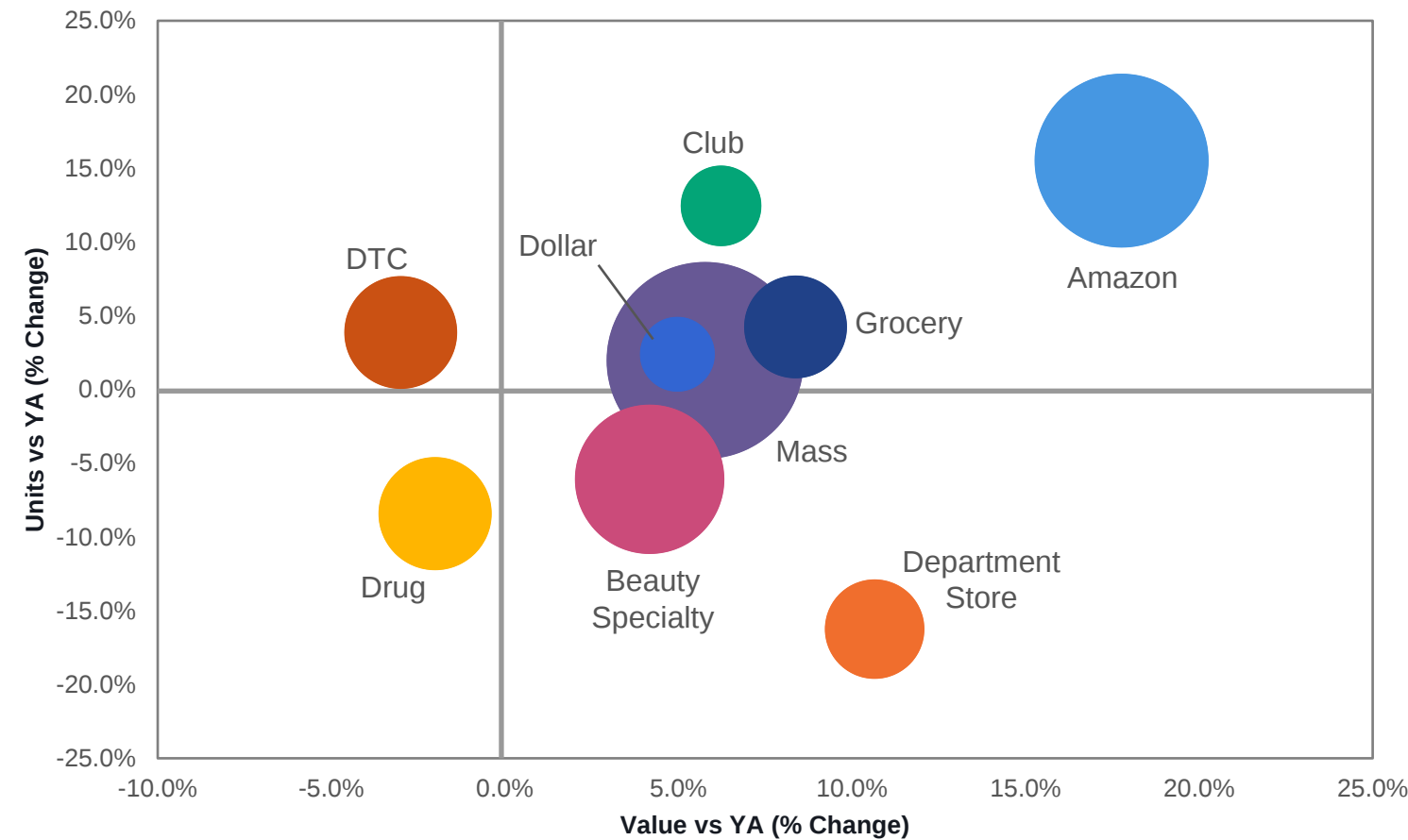
Online continues to drive growth for beauty



Source: NielsenIQ POD Omnishopper Panel Total US L52 week ending 11/30/2024 vs YA.Dollar percent change

Amazon capturing strong both dollar and unit growth

Size and growth of key beauty channels (omnichannel view)



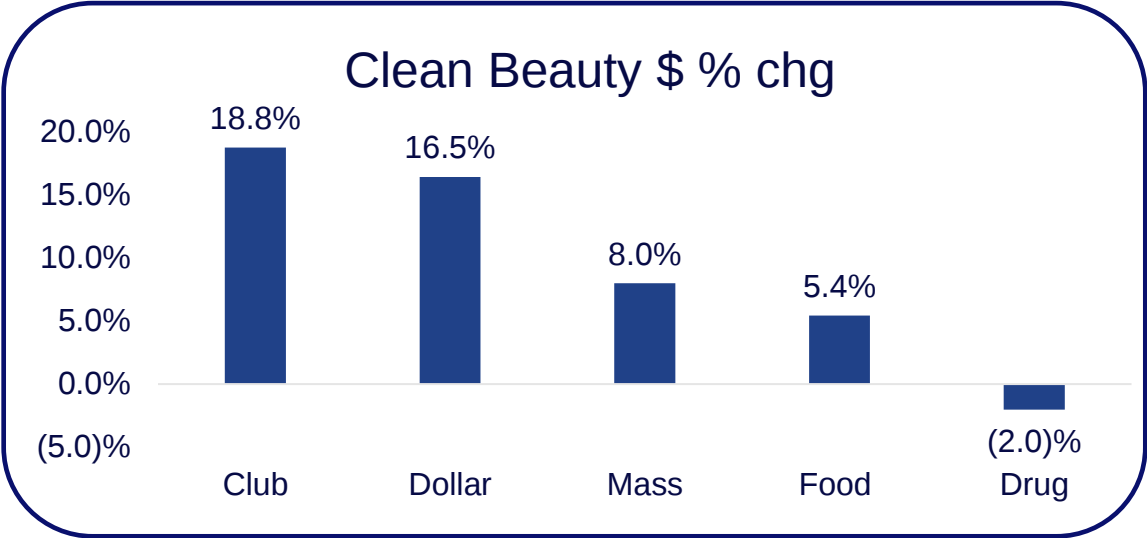
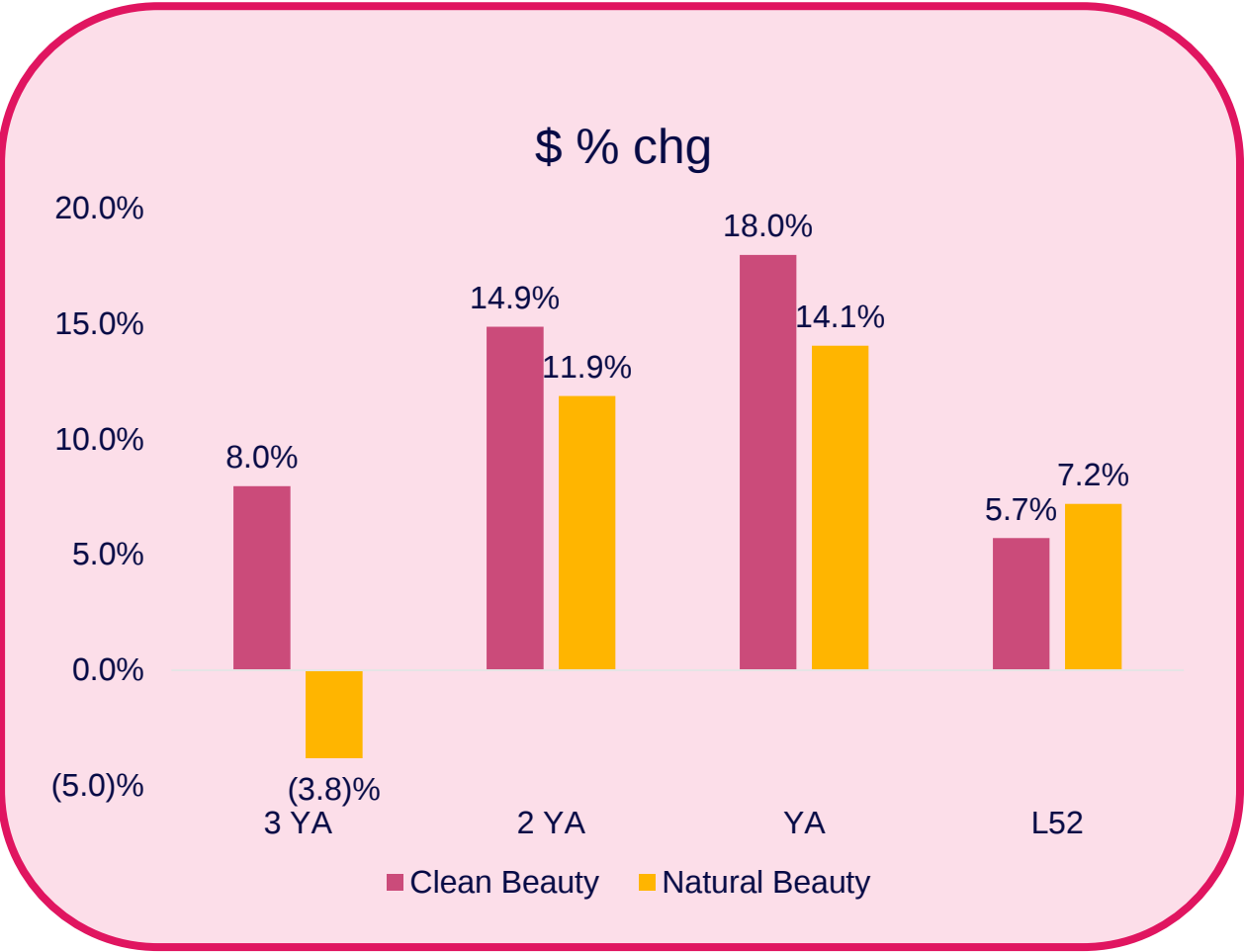
Channel	\$ share	\$ % chg	Unit % chg
Mass	25.7	5.8	2.0
Amazon	20.0	17.8	15.5
Beauty Specialty	14.7	4.2	-6.1
Drug	8.4	-2.0	-8.4
DTC	8.4	-3.0	3.9
Grocery	7.0	8.4	4.2
Department Store	6.5	10.7	-16.2
Club	4.3	6.2	12.5
Dollar	3.7	5.0	2.4



2024 TikTok Dollar Sales - \$995.8M

Source: NielsenIQ Omnishopper Panel Total US 52 week ending 11/23/2024 vs YA. Mass is defined as Total-Amazon. DTC is defined as beauty supply online minus Sephora+Sally Beauty+Ulta. Beauty specialty is Beauty supply channel-DTC Rakuten Data 12 Month Aggregate w/e 11/30/24.

Clean beauty growth slows, but alternative channels are winning





***free from
artificial
ingredients***

Facial Skin Care +42.0%

Hair Removal +18.2%

Sun Care +13.2%

Deodorant +10.3%

Cosmetics & Nail +9.3%

Source: NielsenIQ RMS Total US xAOC Latest 52 weeks ending 1/25/25

Major Trends that will Impact Beauty Retail

Amazon's Dominance

Social Selling Emerges

Future of DTC

Private Brands Evolve

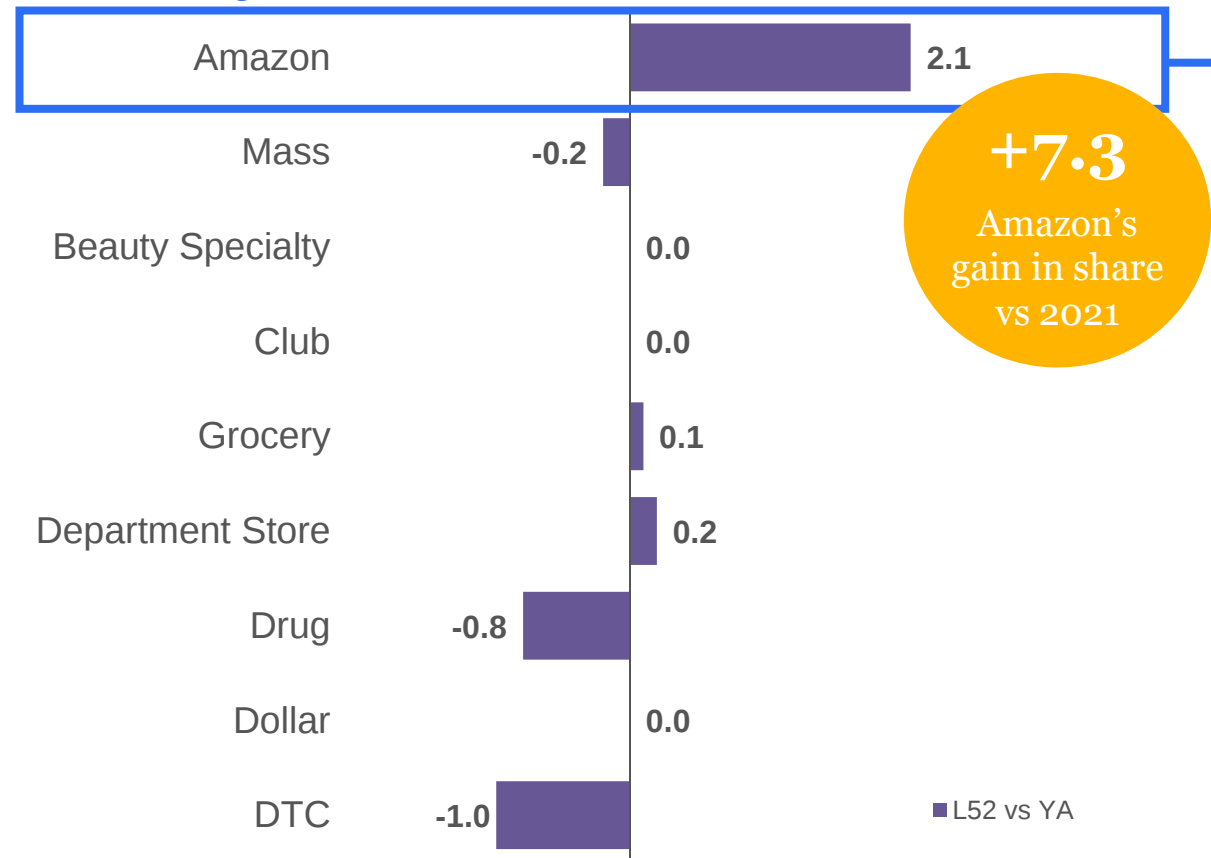
Demographics are Destiny

Amazon is now the #1 US Beauty Retailer



Retail consolidates as the big get bigger

\$ Share Pt Chg



Amazon delivers well-rounded growth

Category	\$ % Chg. vs YA
Hair Care	17.6%
Facial Skin Care	32.7%
Cosmetics & Nail	6.3%
Hair Removal	4.6%
Bath & Shower	28.9%
Hand & Body Lotion	21.1%
Fragrances	20.6%
Deodorant	39.8%
Sun Care	25.9%

+18.6%	+1.8pts	+\$30/year
Dollar Sales	Penetration	\$ Buy Rate

Categories ranked by \$ sales at Amazon

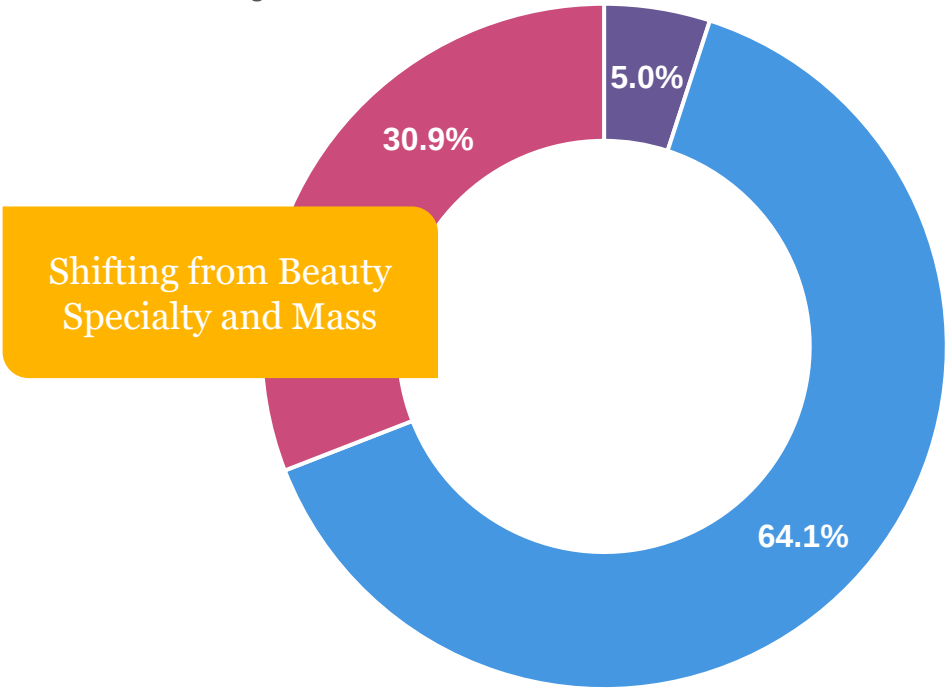
Source: NielsenIQ Panel on Demand Omnishopper, Total US, Total Beauty, Latest 52 weeks ending 11/30/2024 vs YA

Amazon's customer satisfaction shows

Retained Beauty buyers are driving growth

Amazon Beauty by Growth Contribution

- New Buyers
- Retained Buyers Buying More
- Shifting From Other Retailers



Source: NielsenIQ Panel on Demand Omnishopper, Amazon, Total Beauty, Latest 52 weeks ending 11/30/2024 vs YA



Social Selling Takeover

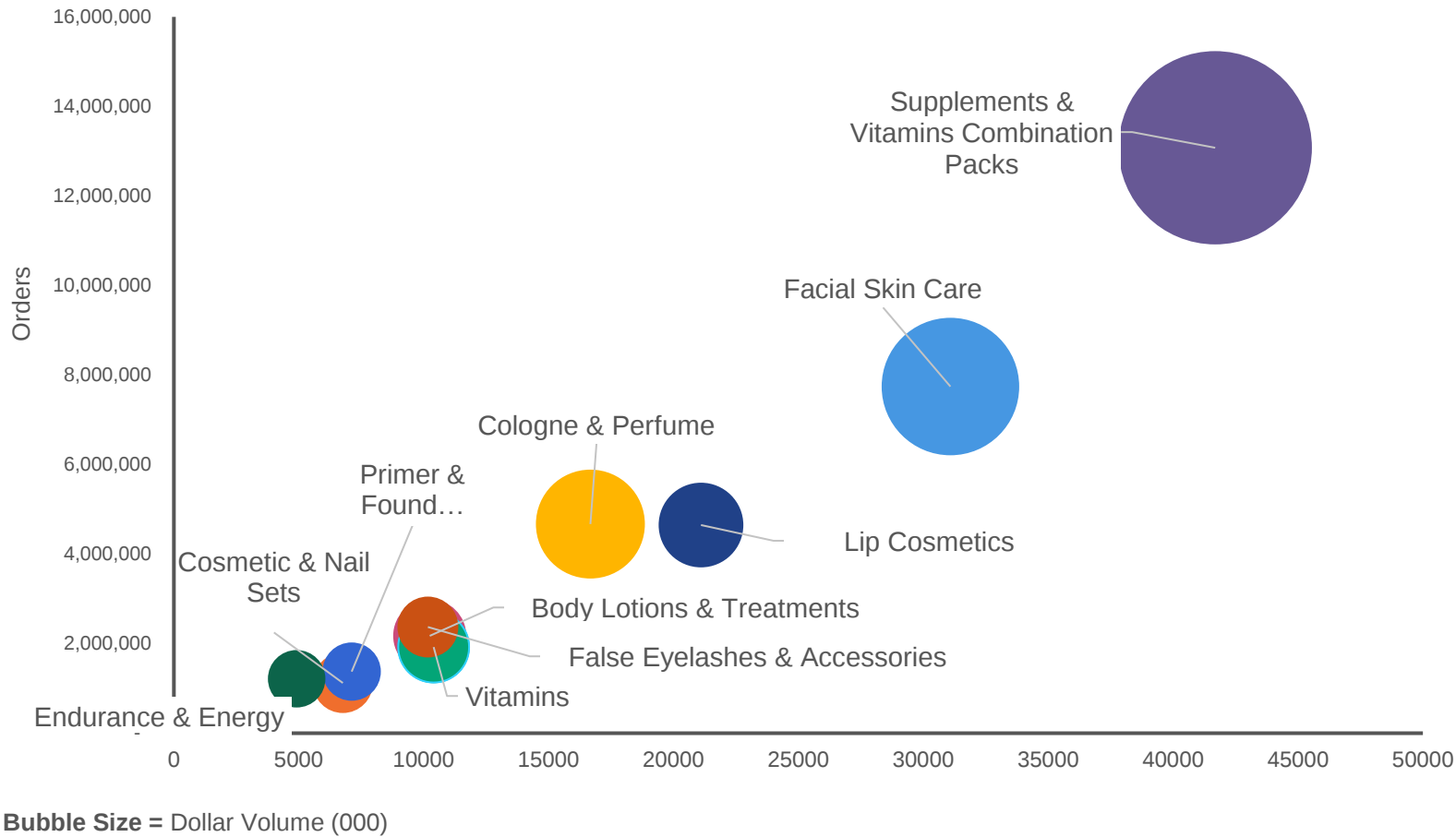


Just 1 year in, TikTok Shop's success continues to compound

- **#8 Health & Beauty** ecommerce retailer
- **12.5% of ecommerce shoppers** made a purchase on TikTok Shop in the last year
- TikTok Health & Beauty sales have seen a **35% growth in dollars sales in the recent 6 months**



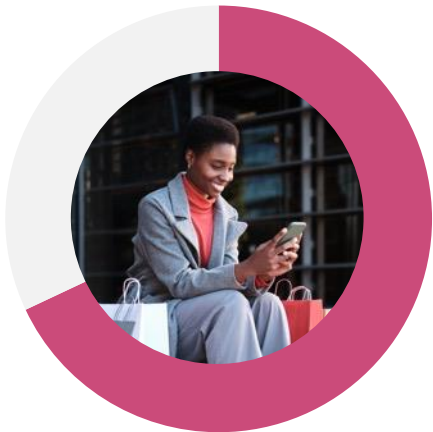
TikTok Shop's biggest selling *subcategory* in Health & Beauty is now Supplements & Vitamins



Source: NielsenIQ e-commerce Retailer View, TikTok Health & Beauty Categories, 52wks ending 11/30/24



Social Selling is fueling discovery and impulse, though quality and trust are concerns

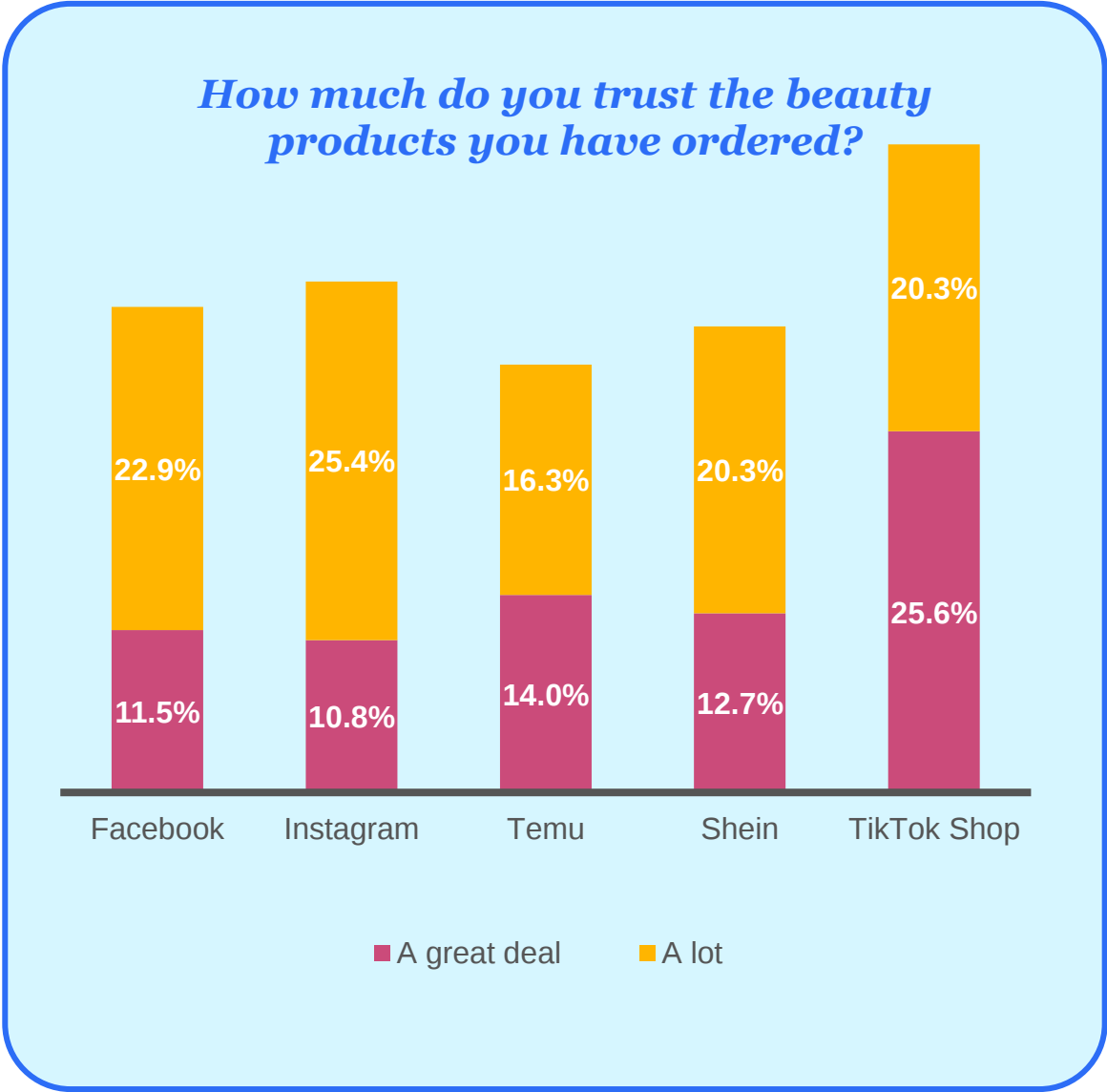
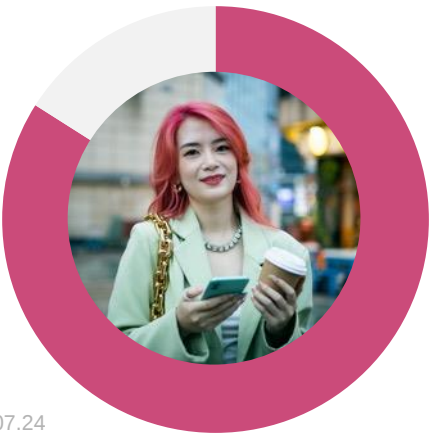


68% of purchases on social selling platforms are made on impulse

Top reasons for making a purchase on a social selling site:

- I **discovered something new** that I wanted to try
- I can find **cheaper alternatives** to the usual products I buy
- Was a **convenient** way to purchase what I needed

84% had a **good or excellent** experience shopping on social sites



Source: NielsenIQ Omnishopper Panel, Social Selling Survey, Total US, L52W 09.07.24

Social selling captures 6.2% of ecommerce market share in Beauty/Personal Care

3.2%



1.4%



1.1%



0.2%



0.2%



0.1%



Future of DTC



What is DTC?

DTC takes on many shapes and forms



DTC Pure Play

Started by online only, shipping directly to customers



Multi level marketing (MLM)

Brands that use direct seller reps to enable online sales

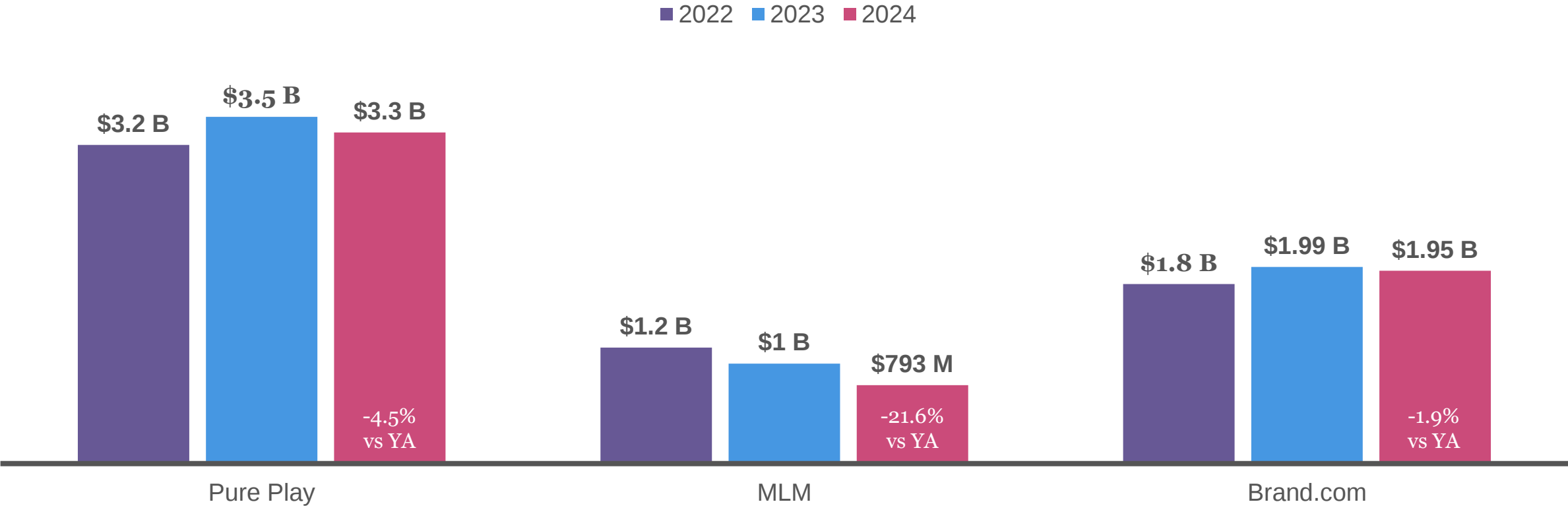


Brand.com

Brands that already exist in B&M space that then launched their own websites to sell directly to consumers online

All DTC formats face declines this year, with Brand.com as most resilient

\$ Sales

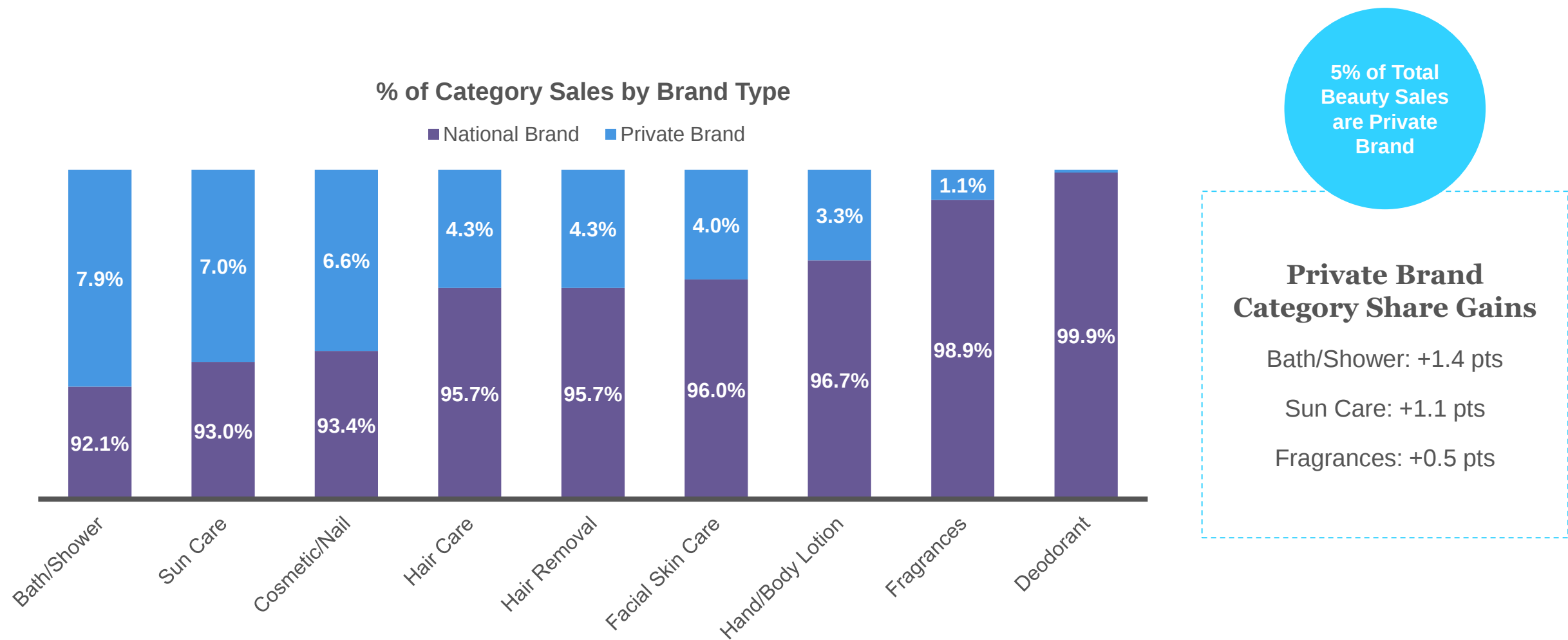


Source: NielsenIQ E-commerce Data powered by Rakuten, 52 w 11/30/2024
Beauty & Personal Care includes: Bath & Shower, Cosmetics & Nail, Deodorant, Facial Skin Care, Fragrance, Hair Care, Hair Removal, HBL, Sun Care

Retailers Innovate with Private Brands



Retailers continue to use Private Brand as a vehicle for quality and value



Source: NIQ Omnishopper, L52W Ending 10/5/24, Total US, All Shoppers

Upgraded Store Brands



Walgreens SALLY BEAUTY.



Source: Retailer Websites

Demographics are Destiny: How Changing Generations will Impact Retail



Channel strategies should vary based on age target

Gen Z and Millennials are more likely to shop for Beauty and Personal Care products at Sephora and Target

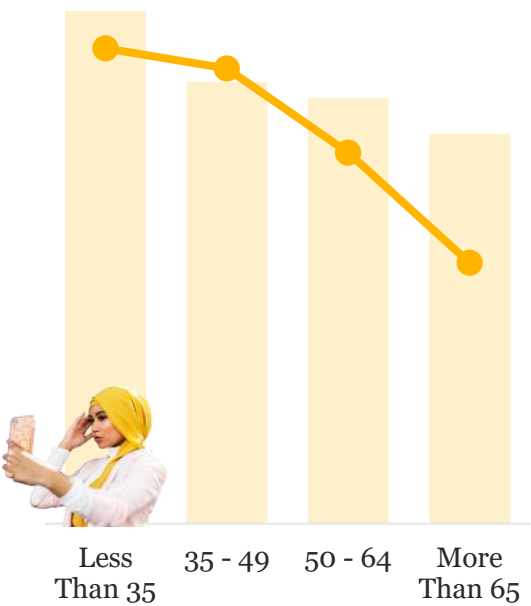
Over indexing channels for Beauty and Personal Care

							
Gen Z		Millennials		Gen X		Boomers/Traditionalists	
<i>Tend to shop...</i>		Sephora, Ulta, Target, TikTok Shop		Sephora, Target, Amazon		Department, Dollar, Drug, Walmart	
<i>Not shopping...</i>		Department		Target		Sephora, Target	

Source: NielsenIQ Omnishopper, Trip Projected, Syndicated Database POD 444, L52 WE 03/23/2024, Total Outlets, Total Beauty & Personal Care Categories

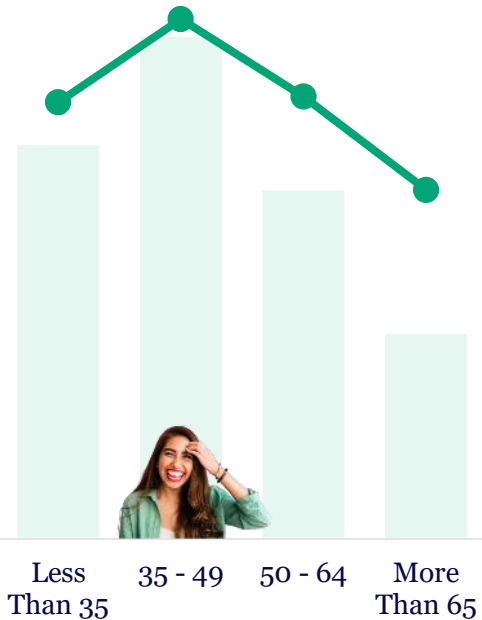
No one size fits all approach to beauty's generational landscape

Face Cosmetics



Early Peak

Sun Care



Deprioritization

Hair Coloration



Needstate Spike

Skin Care



Sustained Rise

Closing thoughts

A time for exploration and discovery

Shoppers are looking for beauty in new and varied places. Brands need to be experimenting with how their products show up, and how to incorporate social and gamified experiences to appeal to shoppers

The in-store experience is ripe for a comeback

While e-commerce has evolved rapidly in the past 5 years, the in-store experience has remained largely the same. The successful retailers of tomorrow will find a way to capture the excitement happening in beauty e-commerce, and bring it to the physical world.

