

The State of Beauty in 2025



As we step into 2025, the beauty industry is set for a major transformation. The digital world is revolutionizing retail, with health and wellness at the forefront and personalized interests driving consumer behavior. Brands are evolving, focusing on ingredients, benefits, and sourcing to stand out in a crowded market. Success in 2025 hinges on balancing innovation with tradition, online experimentation with in-store experiences, affordability with luxury, and sustainability with scalability. The global beauty market, now worth over \$1 trillion, continues to grow, driven by clean and sustainable trends, ingredient-focused products, and trusted advisor innovations. Looking ahead, mastering the art of balance will be crucial for thriving in this dynamic industry.

This year, success in the dynamic yet competitive beauty industry hinges on a single, overarching theme: **balance**. To unlock growth it's about finding the push and pull between:

- 1 **Innovation and tradition**
Consumers are more educated and excited to try more but also fatigued with the options

- 2 **Online experimentation (social commerce boom)**
While consumers still love to explore the candy story, some formats are struggling – lock up

- 3 **Affordability and luxury**
With headwinds on tariffs and price increases - value is prominent

- 4 **Sustainability and scalability**

- 5 **Balance of personalization and inclusivity**
Balancing the nuances of generational need states

These are reshaping the landscape for beauty manufacturers and retailers. Striking the right equilibrium will determine who thrives in this \$1 trillion global market.

Global Innovation Themes



Source: Trend classifications are adjudged based on the expertise of local NIQ associates in highlighted markets. Based on 14 global markets.

Zooming in on US retail, the clear winner of 2024 was Amazon, boasting double-digit growth in both dollars and units. With a gain of +7.3 share points over the past four years, Amazon has dominated through fair pricing, fast shipping, and a vast selection. It's increasingly the go-to for customers replenishing their favorite products, with spending rising each year.

Another standout was TikTok Shop, raking in nearly \$1 billion in beauty sales. It's the hotspot for brand discovery, where consumers learn about and test new products. By seamlessly merging entertainment with commerce, TikTok Shop has skyrocketed to become the #8 largest health & beauty retailer in the US.

Meanwhile, mass and beauty specialty retailers, once the champions, struggled to retain customers against Amazon's convenience and TikTok Shop's dynamic discovery platform.

Macro Trends that Will Impact 2025



Retail (R)Evolution

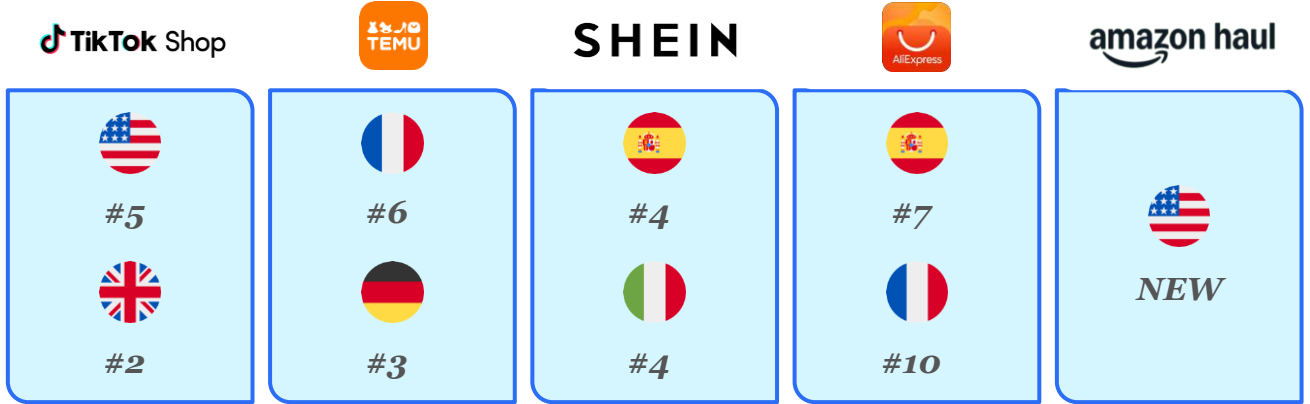
The beauty industry is undergoing a rapid evolution, driven by ecommerce advances and social selling, while consumers also crave unique, bespoke real-life experiences. Today's beauty consumer is digital-first, and 2025 will bring even more social and quick commerce options for her to explore. It's time to innovate and meet these dynamic demands head-on.

The State of Beauty in 2025



Social Commerce Begins its Global Takeover

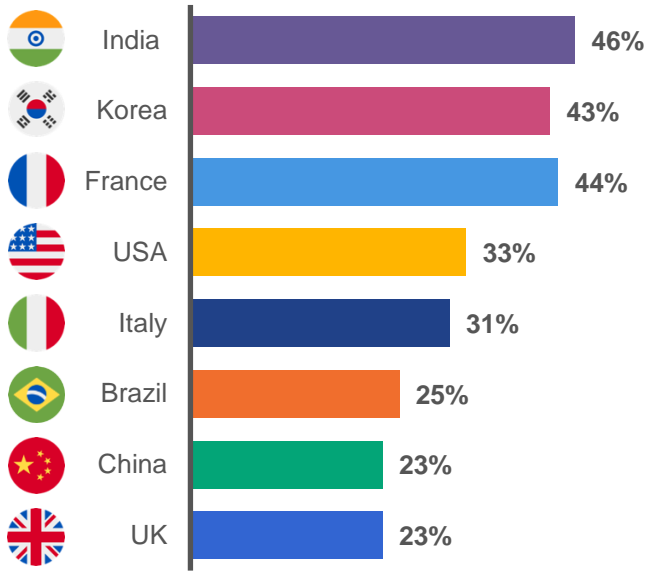
Ecommerce merchant rank – cosmetics – Latest 12 months



Source: Foxintelligence ereceipt panel FMCG – Beauty (Cosmetics, Fragrances, Hair Care, Face Cleansing, Body Cleansing, Skin Conditioning & Moisturizing and Sun Care) 19 Jan 2025

Supply Chains and Sourcing Come Under the Microscope

% who look for personal care products that were made in their country



25,000+ beauty products that are sold in the US are made in China, and could face up to a **60% tariff**

Only **7%** of Beauty and personal care products sold in the USA are **Made in the USA**

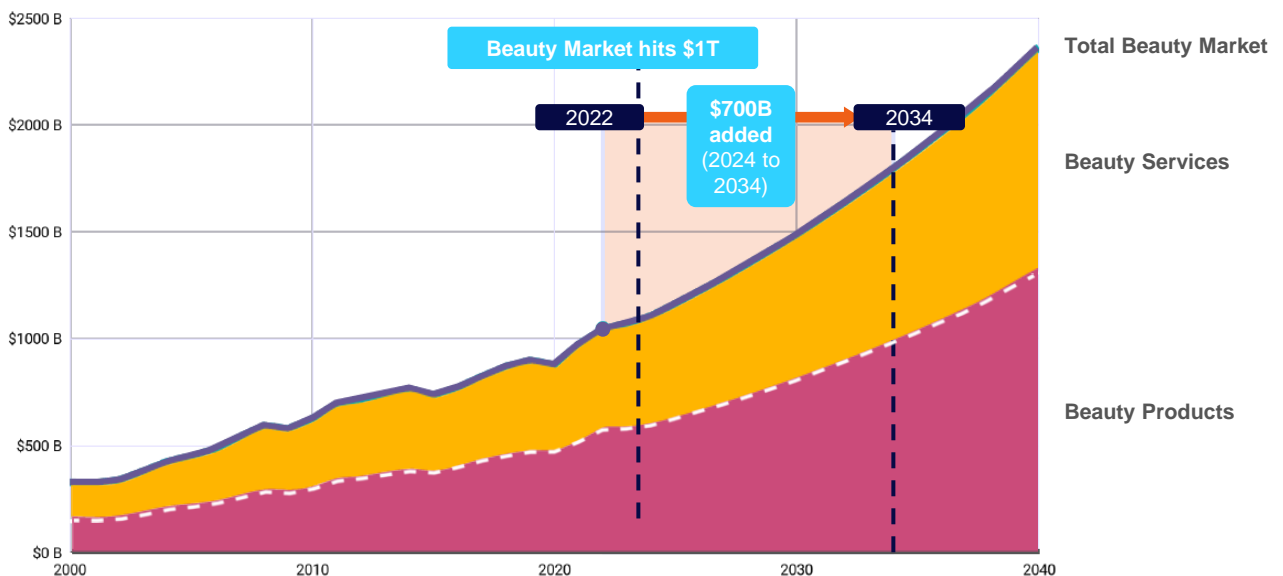
Source: NielsenIQ GfK Consumer Life survey, Shopping influencers for products consumed or put on body (%'s), 2024

Looking Ahead

Global beauty smashed through the trillion-dollar mark in 2022, covering both products and services. In the next decade, we're looking at an explosive \$700 billion surge, with \$498 billion from products alone. Asia Pacific is leading the charge with a whopping \$310 billion, followed by Europe at \$135 billion and North America at \$125 billion. The affluent, especially in booming markets like India, are set to drive this growth as new consumers join the wealthy class.

Global Future Forecast

The beauty market has grown to more than a trillion and continues to accelerate



Source: World Data Lab (Nominal USD)

Have questions or want our Beauty experts to present these insights to your team? Reach out to Anna Mayo, NielsenIQ's VP, Thought Leadership anna.mayo@nielseniq.com