Euromonitor International

Beauty Inflation Surge: Tackling Margin Pressures and Uncertainty

April 2023

INTRODUCTION

Scope
Key findings

INFLATION IMPACT ON BEAUTY AND PERSONAL CARE

Inflation is having “extensive impact” on beauty and personal care players across regions
The many layers of global inflation
Commodity impact: Rising energy costs do not suggest a return to January 2021 levels
Deconstructing inflation drivers for the beauty and personal care industry
FMCGs most commonly implement these five strategies to combat inflation
Beauty and personal care professionals take a multifaceted approach to combat inflation
Company impact: Streamlined routines contributed to less usage, more lipstick overstock
Promotional activity on hold in the US until lipstick demand picks up
Consumer impact: Trading down in some categories to maintain spend in others
Consumer impact: Limiting usage to afford more expensive products
Company impact: Growth of miniatures outside the travel industry
Company impact: Miniatures offer opportunity for experimentation
Consumer impact: Private label benefiting from restricted budgets
Consumer impact: Dupe culture is growing especially within private label
Consumer impact: Price influenced lower fragrance consumption in the UK, but less so in US
Unilever price increases come at the detriment of volumes
Case study: Deodorant in Argentina – brand strategy affects consumer behaviour
Estée Lauder Cos Inc’s price increases are targeted at specific brands and SKUs
Case study: Anti-agers’ prices climb in France towards the end of 2022, but not every brand
L’Oréal focuses on hyper-premiumisation and specialisation in high-spend markets
Case Study: L’Oréal focus on premiumisation and specialisation, especially in Asia and China
Coty’s resilience based on high growth segments and affordable luxury
Case study: Coty raises prices within the masstige category while remaining affordable
Inflation dents turnaround plans for Natura&Co’s The Body Shop
Case study: Nominal price increases boost Aesop sales as demand, interest remains high
Pricing strategy for major global brands correspond to the local brand share picture
Many factors influence elasticity in beauty beyond price, such as trends and emotions
Conclusion: Consumer impact will be multi-faceted and uneven across regions

RECOMMENDATIONS

Inflation impact is nuanced, but recommendations around adding value can mitigate risks
Highlight any product multifunctionality or pricing accessibility feature
Reallocate resources to fast-growing channels or positioning
Focus on clinical, science-backed beauty while “clean” becomes more important
Lean into digitalisation trends, such as influencer marketing and personalisation

Q1 2023 MACROECONOMIC UPDATE

Global economy edges closer to recession amid sharp slowdown
Global inflation begins gradual downward trend – but remains significantly elevated in 2023
Real GDP annual growth forecasts and revisions from last quarter

APPENDIX

About beauty and personal care quarterly forecast updates
Beauty and personal care: Reporting timeline
About Via from Euromonitor International

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For more information on this report, further enquiries can be directed via this link www.euromonitor.com/beauty-inflation-surge-tackling-margin-pressures-and-uncertainty/report.