HEALTH & BEAUTY ANNUAL SURVEY

Fall 2024

Harris Williams

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2024 HEALTH & BEAUTY SURVEY

KEY TAKEAWAYS

01 STABLE SPENDING & DEMAND DRIVERS

~89% of consumers are spending the same or more in beauty and personal care vs. 2023, driven by inflation and steady consumption, and ~94% expect to spend the same or more in the coming year.

02 PRODUCT EFFICACY OUTWEIGHS CLEAN & SAFE

Clean and safe formulas remain a high priority, but products need to perform and deliver results first. Affordability moved up, suggesting higher price sensitivity (and consistent with mass as the #1 channel).

03 SOCIAL MEDIA & AMAZON GAINING INFLUENCE

A notable shift has occurred in how consumers discover and learn about new products and brands, with social media and Amazon increasing in influence and traditional methods (i.e., browsing, recommendations) declining.

04 TOP PURCHASE INTENT IN DAILY USE PRODUCTS

Daily hair and skin care have the highest purchase intent followed by eye / lip / face cosmetics, with personal fragrance and complexion cosmetics switching places to fourth and eighth, respectively, this year.

05 #1 SKIN HEALTH PRIORITY IS DAILY SPF

Daily SPF moved into the first spot (vs. third in 2023), displacing active ingredients. Other top priorities include personalization for hair health, home fragrance in self-care, and safe for sensitive skin in fragrances.

06 AGING WELL IS TOP WOMEN'S HEALTH PRIORITY

Consumers associate aging well with specific beauty products, as younger consumers more frequently cite science-based skincare and older consumers more often cite cosmetics tailored for their age and skin.

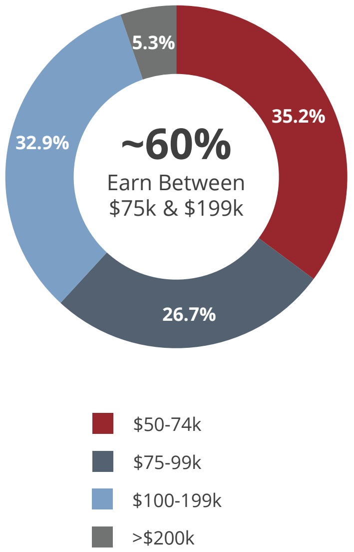
01

CONSUMER SPENDING DYNAMICS & PROPENSITY

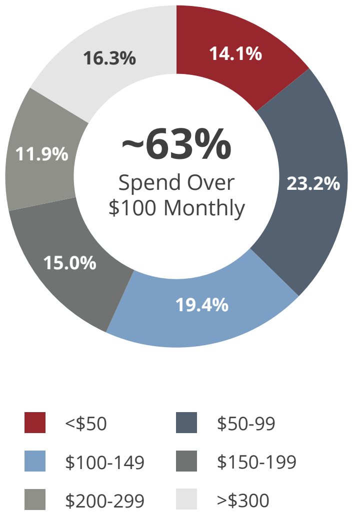
STEADY SPENDING LEVELS IN 2024

- Over 89% of all consumers surveyed are spending the same or more than they did in 2023, slightly higher than last year's ~86%.
- Respondents represent a range of annual income levels, with the majority (~63%) spending over $100 monthly in beauty and personal care (up from 59% in the 2023 survey), reinforcing the everyday use, health and wellness benefits, and feel-good aspects of the category.

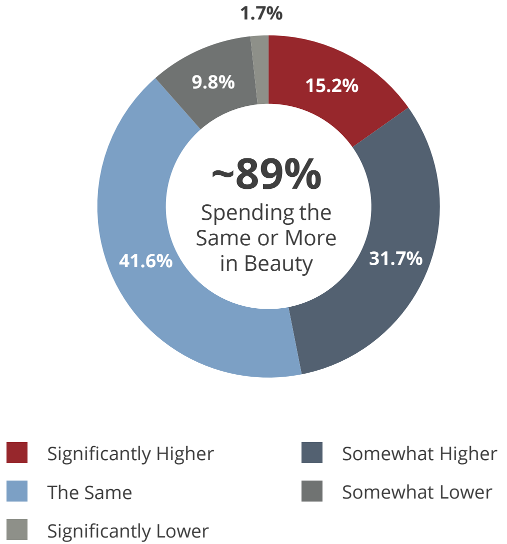
ANNUAL INCOME



MONTHLY BEAUTY SPENDING



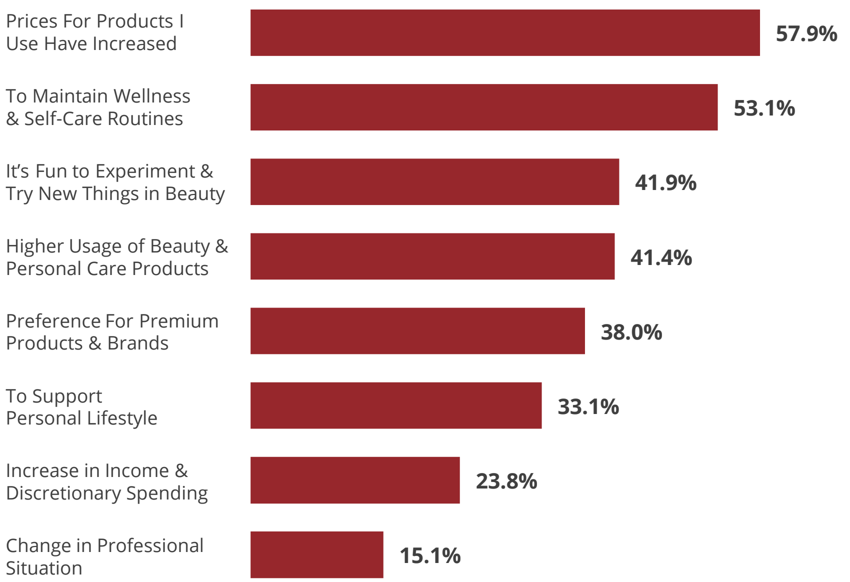
CURRENT SPENDING VS. LAST YEAR



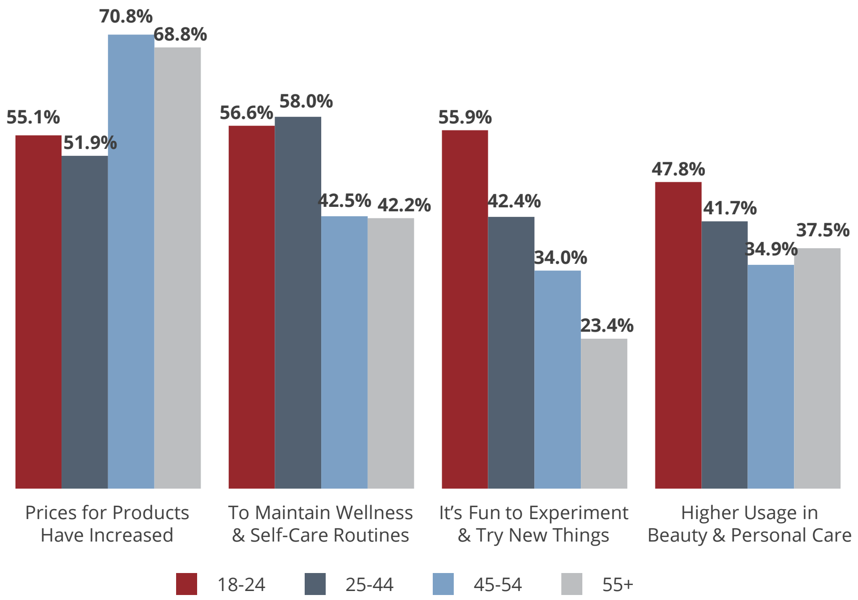
INFLATION IS THE TOP DRIVER FOLLOWED CLOSELY BY STEADY DEMAND

- The main reasons consumers are spending more in beauty and personal care are consistent with the 2023 survey, with a slight decrease in their preference for premium products and brands from ~43% last year to ~38% this year.
- Older consumers (age 45 and above) more frequently cited price inflation, while younger consumers attribute their elevated spending to wellness / self-care routines, having fun trying new things in beauty, and higher product usage.

ALL RESPONDENTS



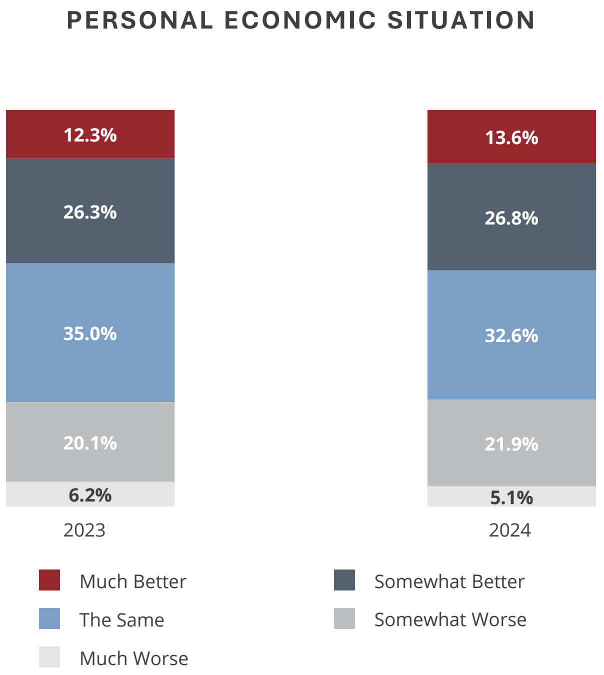
SELECTED RESPONSES BY AGE

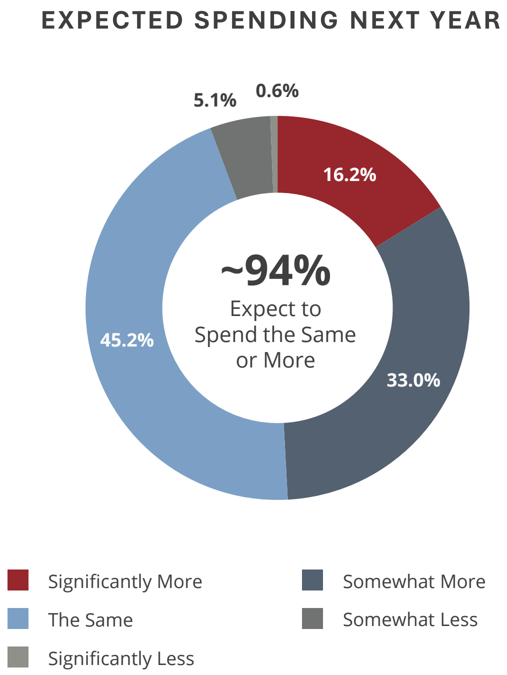


Note: Age segments throughout this presentation grouped to generally align with the generations on page 26.

EXPECTED SPENDING HOLDING STEADY

- Consumers cited their personal economic situations as largely unchanged, with ~73% saying it is the same or better (vs. ~74% last year).
- Despite inflation, they are continuing their spending habits in beauty and personal care, as 94% expect to spend the same or more than last year (unchanged vs. 2023 survey).

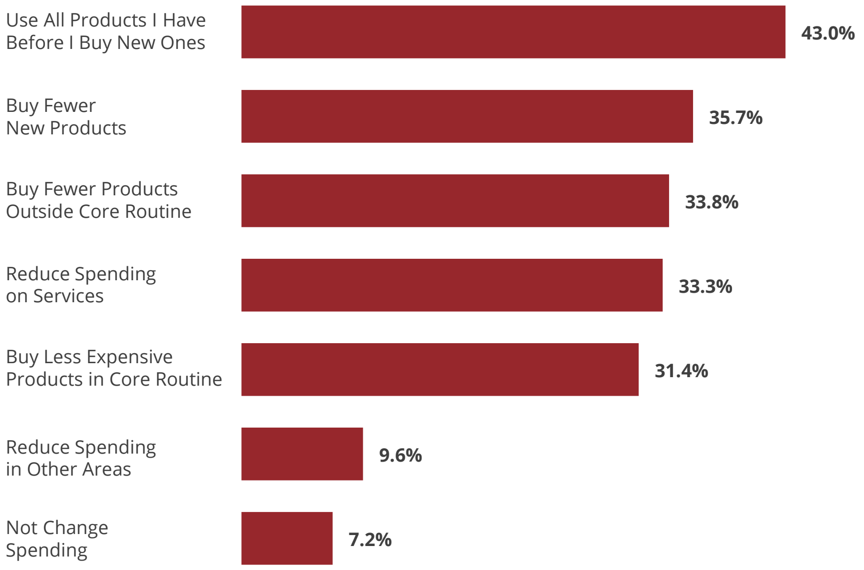




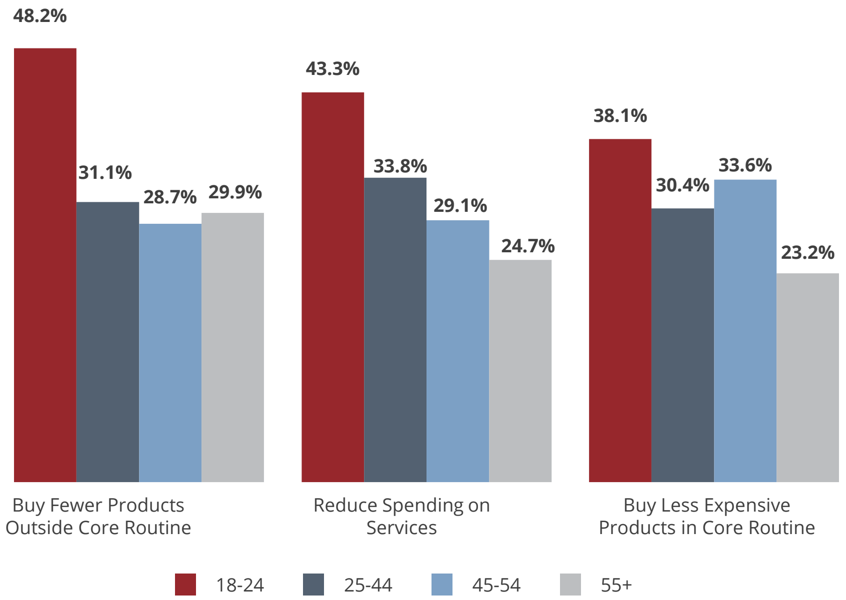
CONSUMERS LOYAL TO THEIR ROUTINES IN A DOWNTURN

- If their personal economic situations deteriorated, consumers would destock first (same as last year) but would be less inclined to give up beauty services, which moved from the second (~36%) to the fourth (~33%) overall response this year.
- Consumers would remain loyal to their favorite products by reducing purchases of new products and those outside their core routines. This is especially the case for 18-to-24-year-olds, who indexed >1.6x higher than other age groups on these responses.

ALL RESPONDENTS



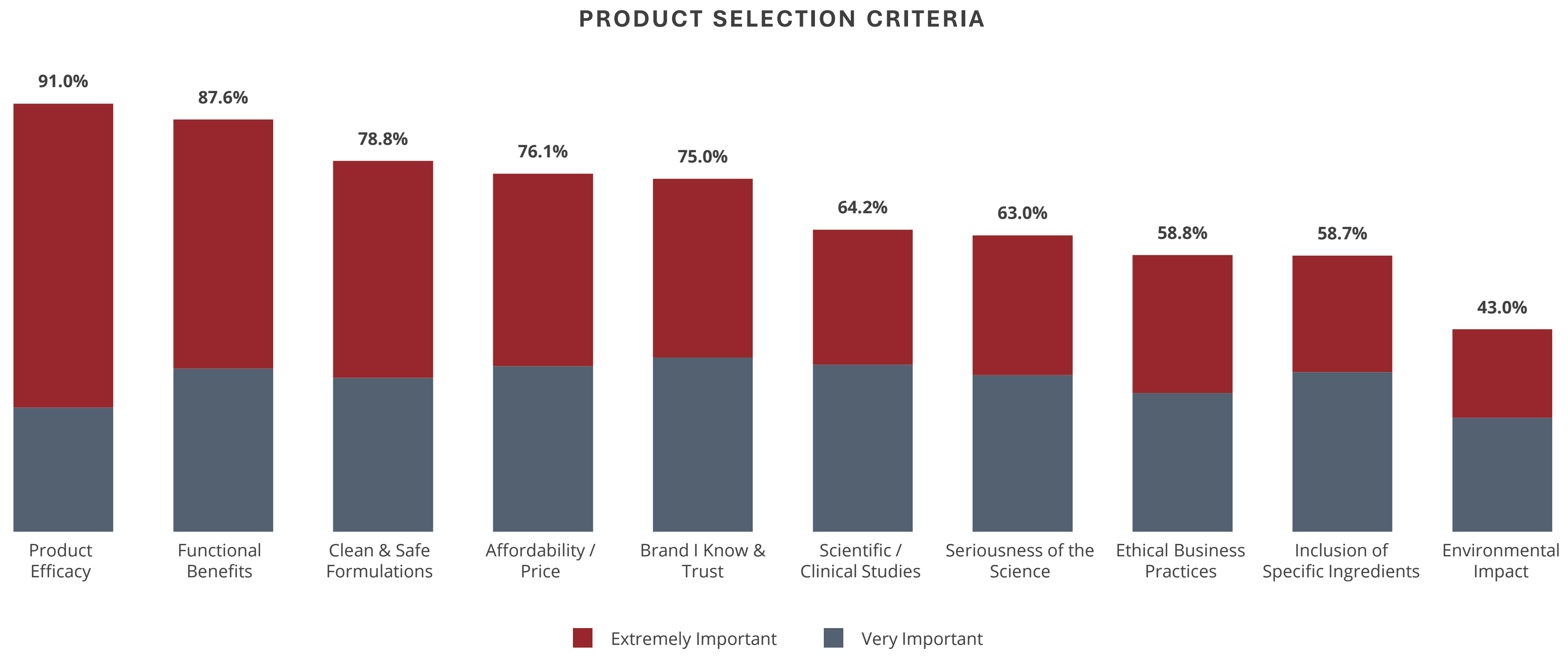
SELECTED RESPONSES BY AGE



PRODUCT PURCHASING CRITERIA & DISCOVERY

PRODUCT EFFICACY & BENEFITS STILL OUTWEIGH CLEAN & SAFE

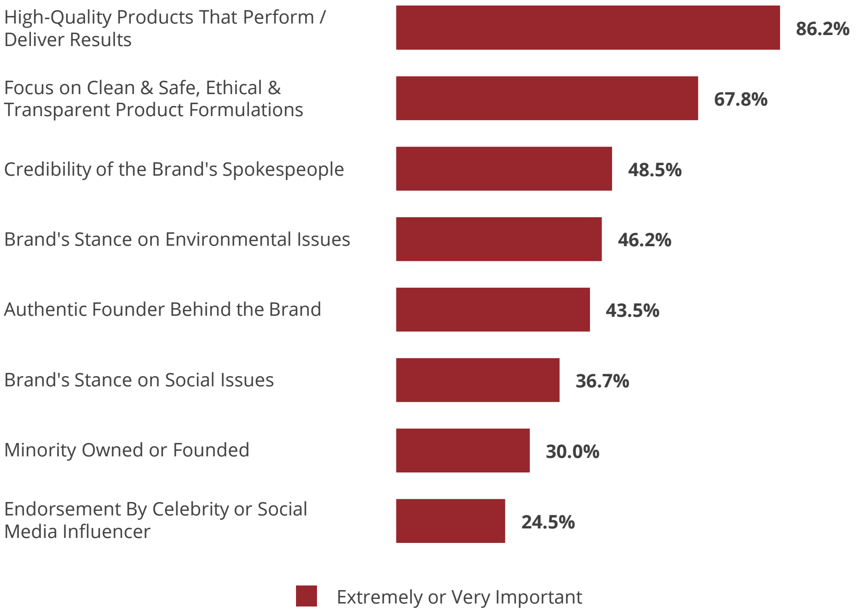
- Product efficacy and benefits outweigh clean and safe in driving product selection (same as 2023 survey), while affordability / price moved from ~73% in 2023 to ~76% this year and ahead of trusted brand (which was unchanged at ~75%).
- Coupled with the earlier responses on personal economic situations, this suggests a higher level of price sensitivity among consumers today.



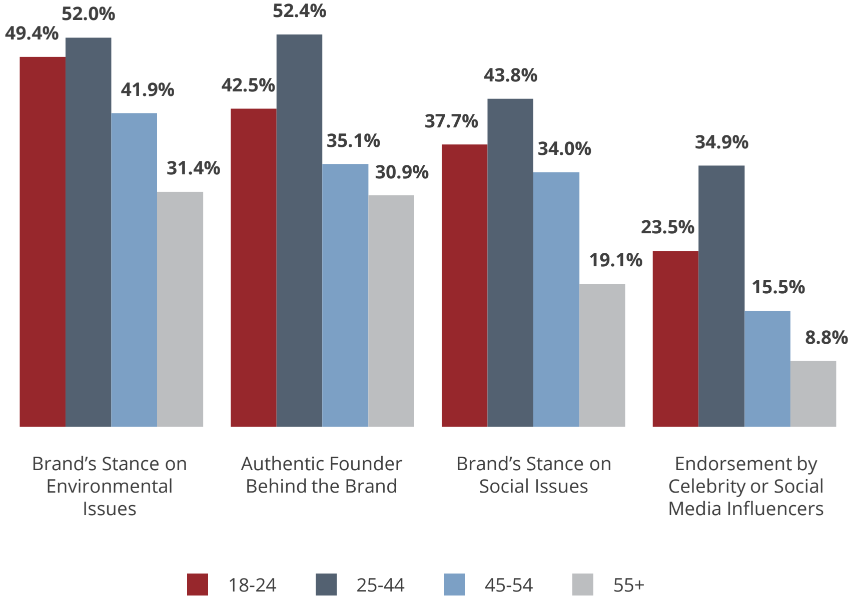
TOP BRAND SELECTION CRITERIA MIRROR PRODUCT PRIORITIES

- For the third year in a row, product quality and performance top clean and safe in consumers' brand choices.
- Consumers between the ages of 25 and 44 more frequently cited a brand's stance on environmental and social issues, authenticity, and celebrity endorsement as important to their selection criteria.

ALL RESPONDENTS

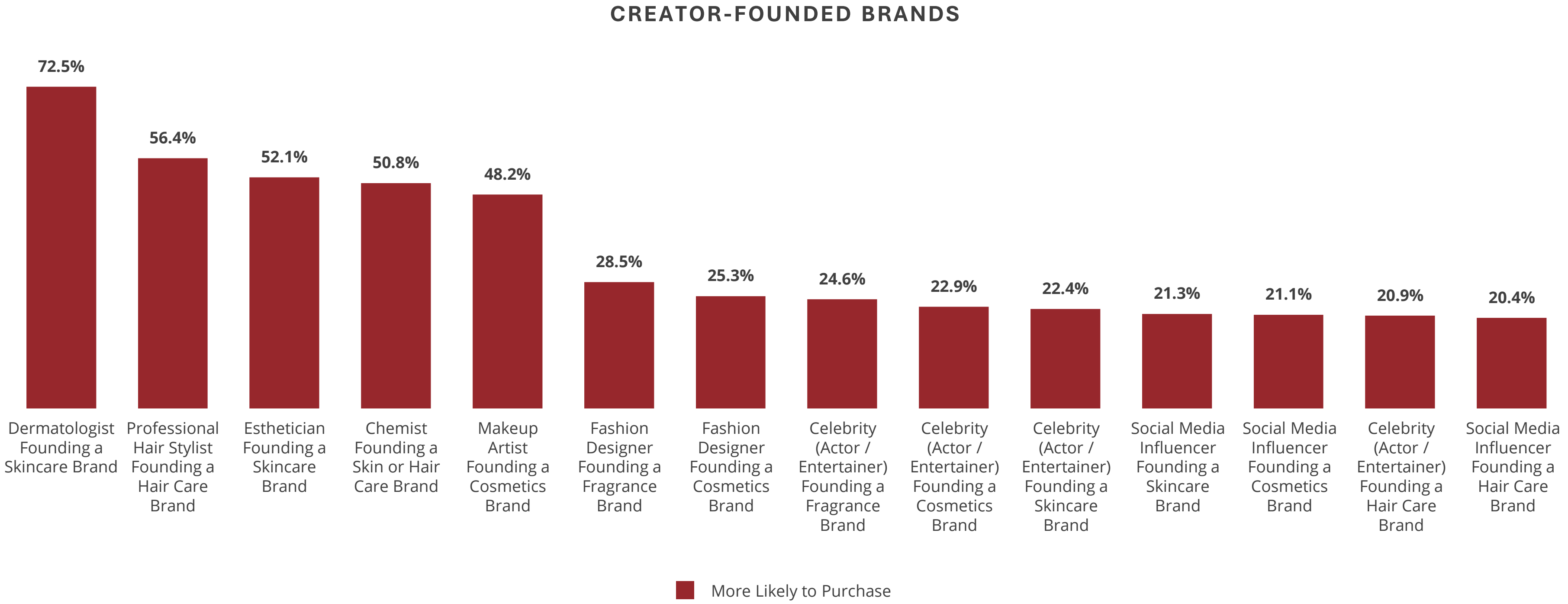


SELECTED RESPONSES BY AGE



BRANDS FOUNDED BY CREATORS WITH AUTHORITY TOP PREFERENCES

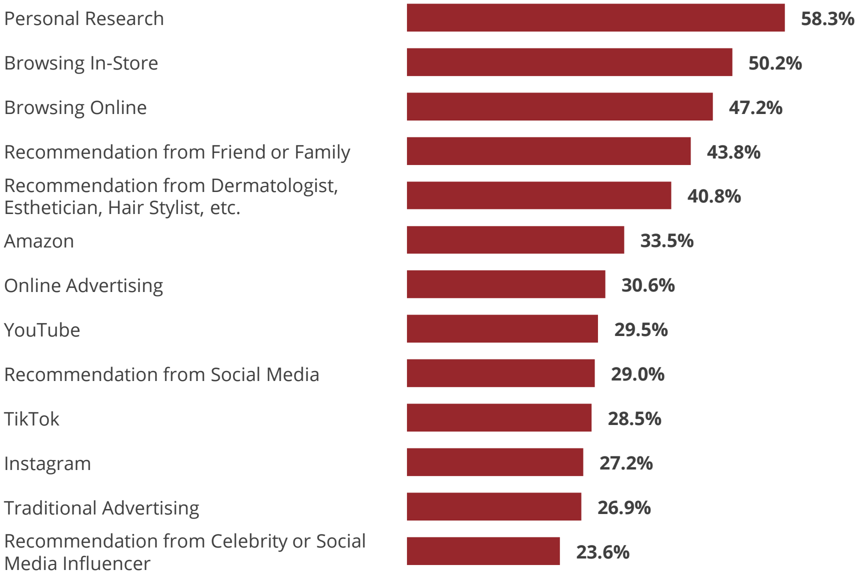
- Consistent with last year, brands founded by creators with authority (e.g., dermatologists, hair stylists) far outrank other creator-founded brands. Dermatologists are preferred ~40% more than other authorities and ~150% more than designers, celebrities, and influencers.
- Fashion designers have more influence than celebrities, who outrank social media influencers, particularly in fragrances and cosmetics.



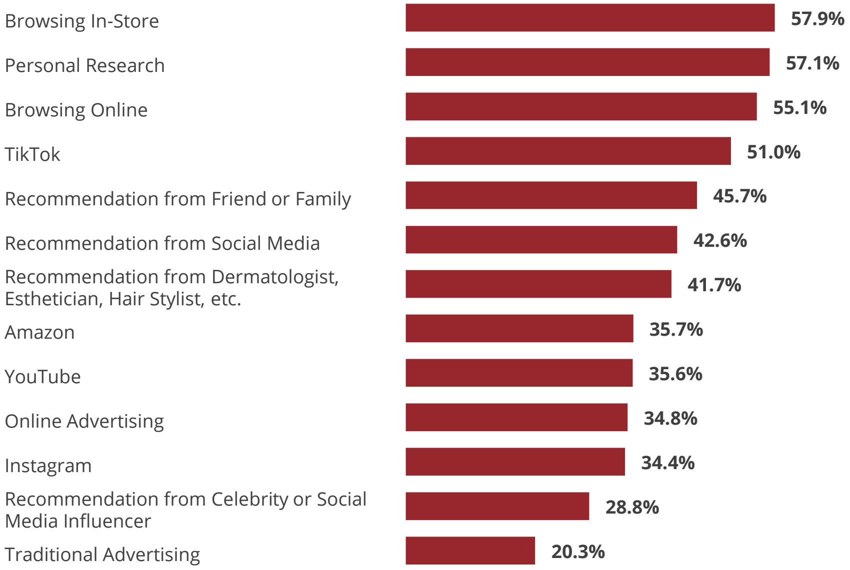
AMAZON EMERGES IN PRODUCT & BRAND DISCOVERY

- Consumers discover and learn about new products and brands the same ways as in the 2023 survey. However, social media advice and platforms (e.g., YouTube, TikTok, Instagram) increased in influence, while personal research, browsing, and recommendations decreased.
- Amazon was preferred (~34%) above social media platforms (~29% median) for all respondents, while 18-to-24-year-old consumers have a strong preference for TikTok (~51%) over Amazon (~36%) and other social media platforms (~35% median).

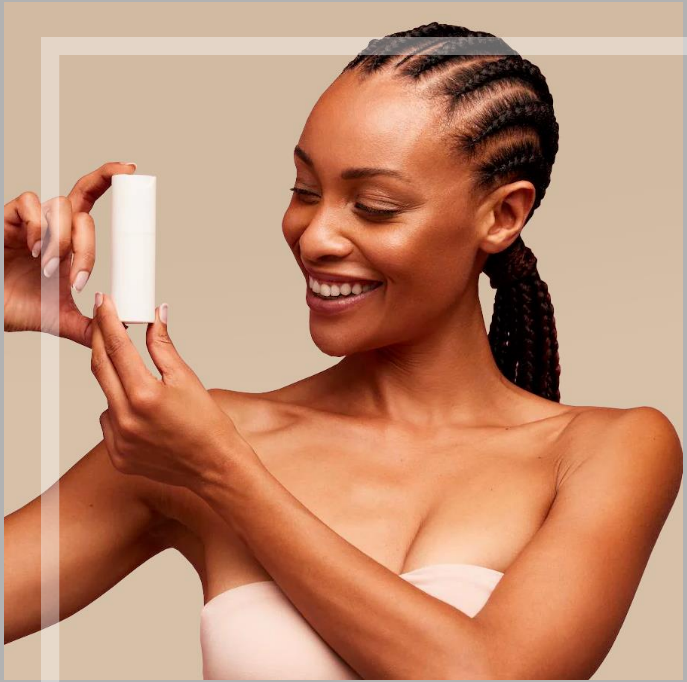
ALL RESPONDENTS



18-TO-24-YEAR-OLD RESPONDENTS



Every or Almost Every Time

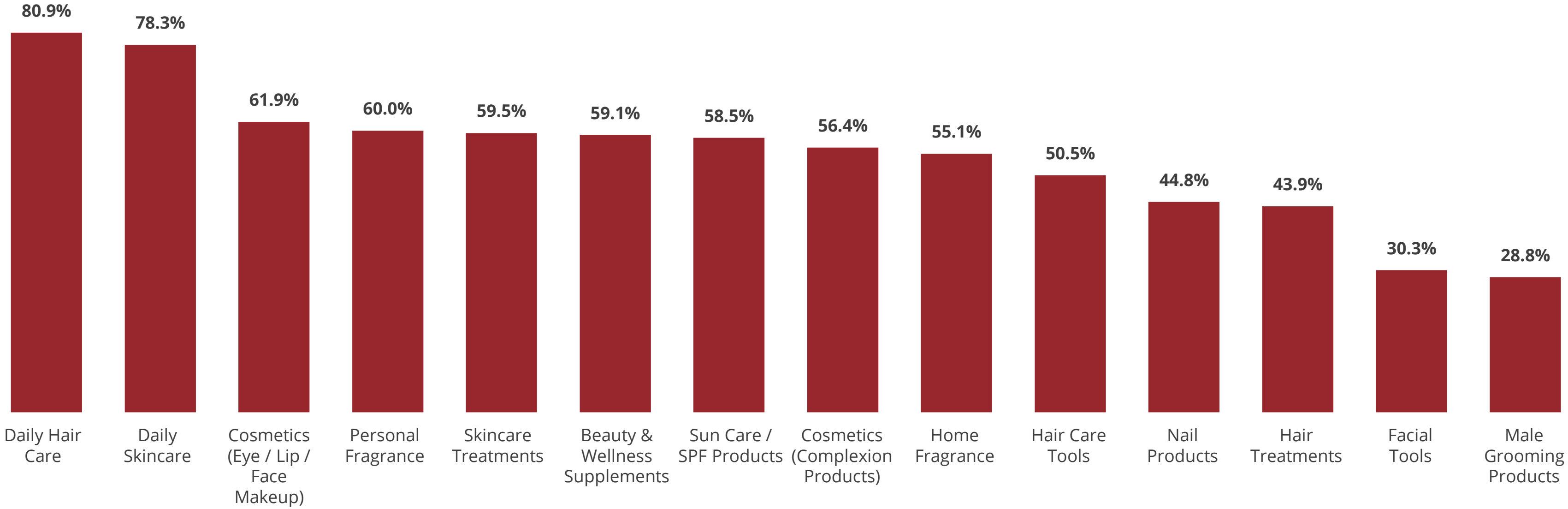


CATEGORY-SPECIFIC CONSUMER INSIGHTS

HIGHEST PURCHASE INTENT IN DAILY USE PRODUCTS

- Daily hair and skin care continue to have the highest purchase intent, cited by an average of ~80% of respondents this year vs. ~78% in the 2023 survey, reinforcing the everyday use and health benefits of these categories.
- Cosmetics for eyes, lips, and face remained the third highest category, while complexion cosmetics (e.g., foundation, concealers) moved from the fourth to eighth spot at ~56%, down from ~60% last year. Personal fragrance moved up from eighth to fourth (~56% to ~60%) this year.

PURCHASE INTENT BY CATEGORY



	Daily Hair Care	Daily Skincare	Cosmetics (Eye / Lip / Face Makeup)	Personal Fragrance	Skincare Treatments	Beauty & Wellness Supplements	Sun Care / SPF Products	Cosmetics (Complexion Products)	Home Fragrance	Hair Care Tools	Nail Products	Hair Treatments	Facial Tools	Male Grooming Products
Plan to Spend More in the Coming Year	37.1%	42.4%	35.9%	41.9%	43.9%	45.6%	37.7%	40.3%	36.3%	34.2%	28.8%	46.5%	43.8%	38.4%

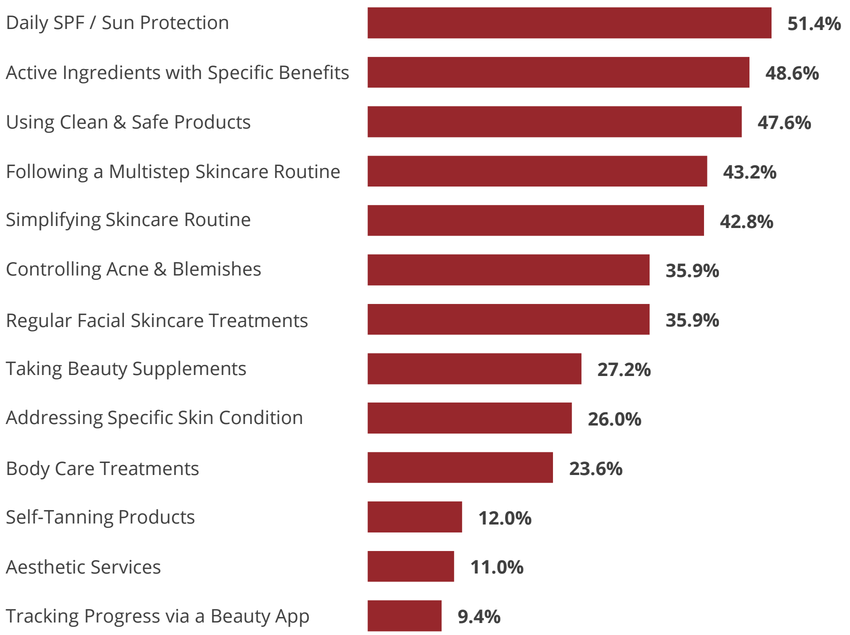
DAILY SKINCARE IS THE MOST BRAND-LOYAL CATEGORY

- Skincare tops brand loyalty, with daily skincare, sun care / SPF products, and skincare treatments in the top half of all responses. Daily skincare moved from second to first this year.
- Men's grooming moved from the top spot in 2023 (~63%) to second this year (~59%) and had a notable difference in respondents by cultural background, ranging from a high of 71% for Black consumers to a low of 45% for Asian consumers.

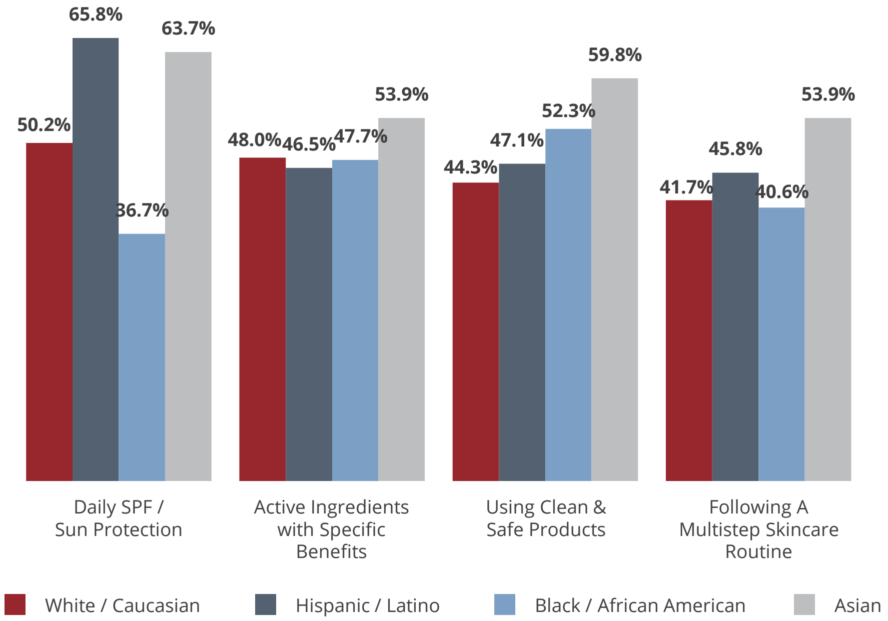
THE #1 SKIN HEALTH PRIORITY IS DAILY SPF

- Daily SPF products are consumers' top priority for skin health at ~51% vs. the third spot in 2023 (~49%), displacing active ingredients, which moved to the second spot at ~49% (vs. 52% last year) and clean and safe products, which moved to third at ~48% (vs. ~50% last year).
- Asian consumers prioritize active ingredients, clean and safe products, and multistep skincare routines much more than consumers from other cultural backgrounds.

ALL RESPONDENTS



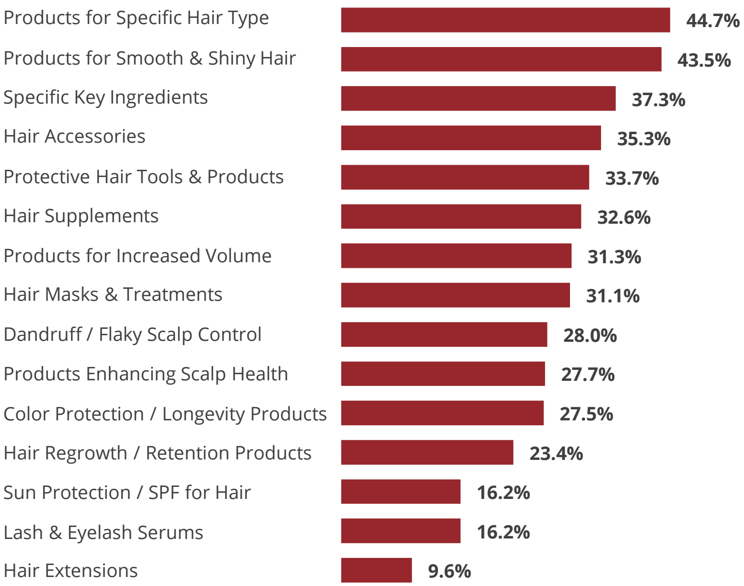
SELECTED RESPONSES BY CULTURAL IDENTITY



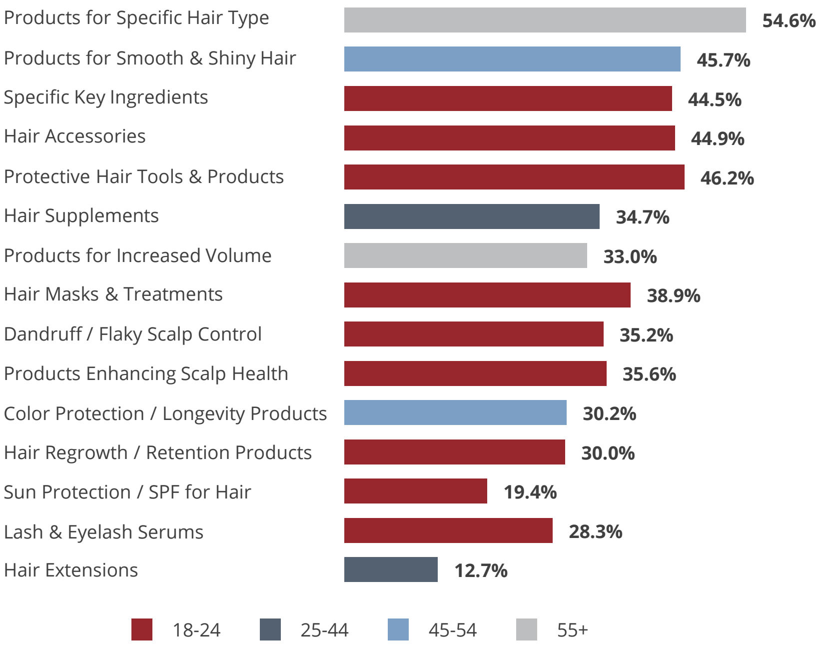
PERSONALIZATION REMAINS TOP HAIR HEALTH PRIORITY

- Personalization continues to be consumers' top hair health priority as they seek products for their specific needs, particularly as they age, followed by products for smooth and shiny hair, representing the same priority as last year.
- Younger consumers prioritize hair products with specific healthy ingredients (e.g., argan oil, honey, apple cider vinegar, etc.), protective hair tools, and hair accessories more than other age groups.

ALL RESPONDENTS



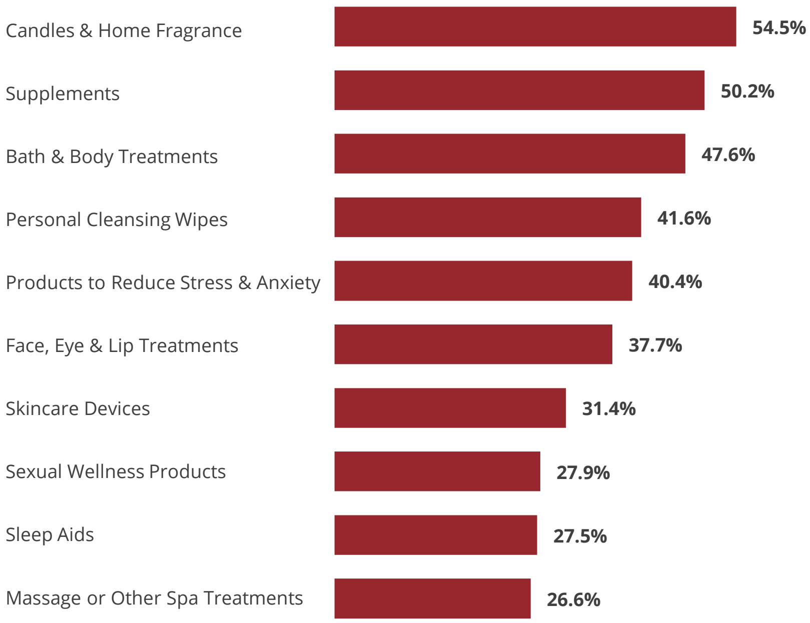
TOP RESPONSES BY AGE GROUP



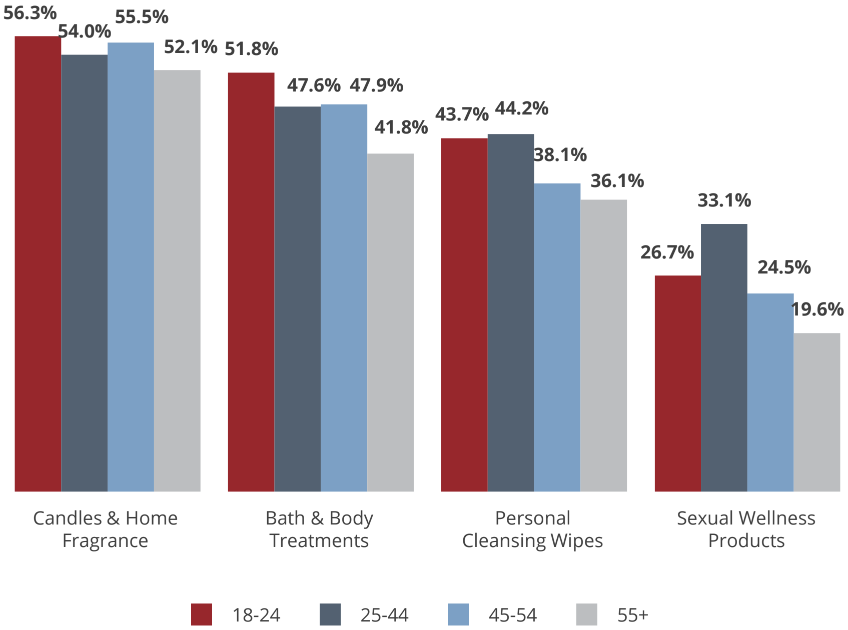
TOP SELF-CARE PRIORITY IS HOME FRAGRANCE

- Home fragrance is the top self-care priority for all respondents with no major differences across age groups, followed by supplements. The second highest priority for 18-to-24-year-olds is bath and body treatments.
- Consumers between the ages of 18 and 44 are more likely to use personal cleansing wipes than older generations.

ALL RESPONDENTS



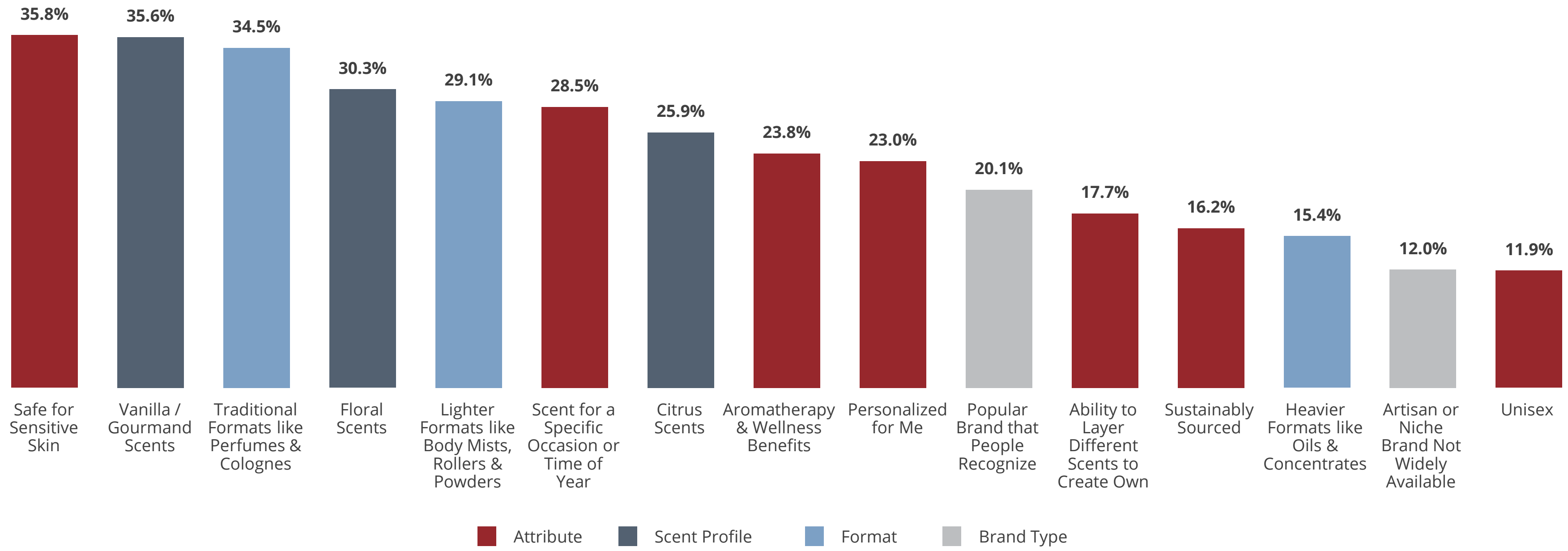
SELECTED RESPONSES BY AGE



SAFE FOR SENSITIVE SKIN KEY FOR PERSONAL FRAGRANCES

- New to the survey this year, the most important purchase criterion for personal and fine fragrances is being safe for sensitive skin, particularly for younger consumers between the ages of 18 and 34.
- Traditional and lighter formats like perfumes and mists are preferred over twice as much as heavier formats such as oils, and nearly 30% of consumers select fragrances for a specific occasion or time of year.

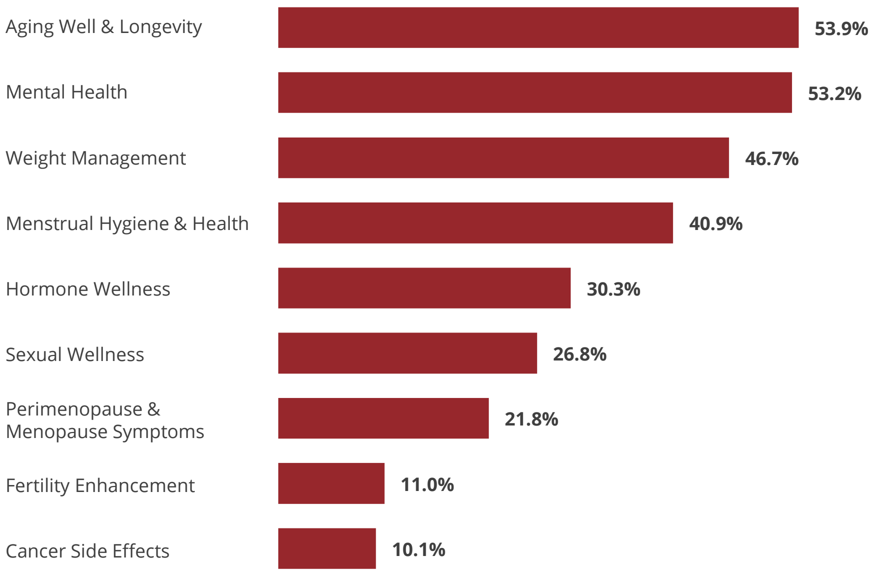
PERSONAL & FINE FRAGRANCE PURCHASING CRITERIA



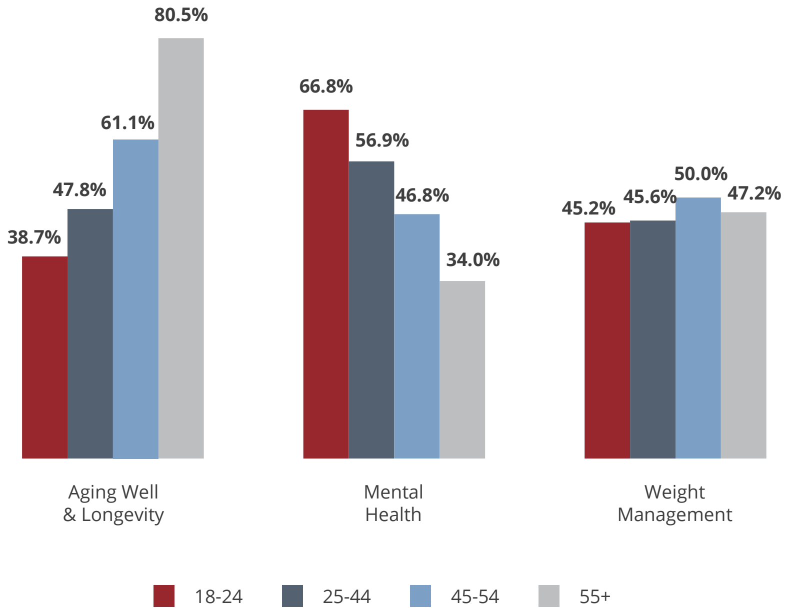
AGING WELL & LONGEVITY IS #1 WOMEN'S HEALTH PRIORITY

- Also new to the survey this year, the top priority in women's health is aging well and longevity. Not surprisingly, the importance increases as women age, from ~54% for all respondents to ~61% for women between 45 and 54 years old and ~81% for women over 55.
- Conversely, mental health is a higher priority to younger generations, and weight management is a concern shared by women of all ages and cultural backgrounds, with no discernable differences across these groups.

ALL RESPONDENTS



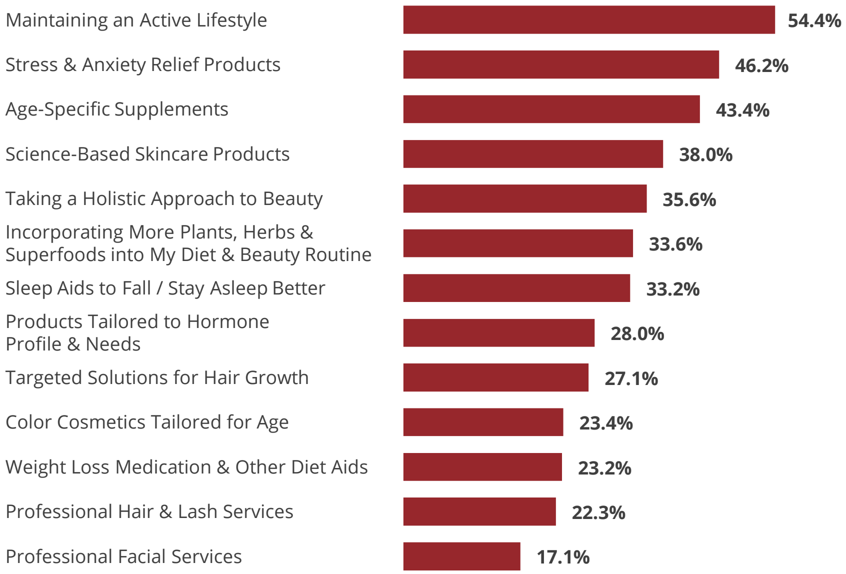
TOP RESPONSES BY AGE



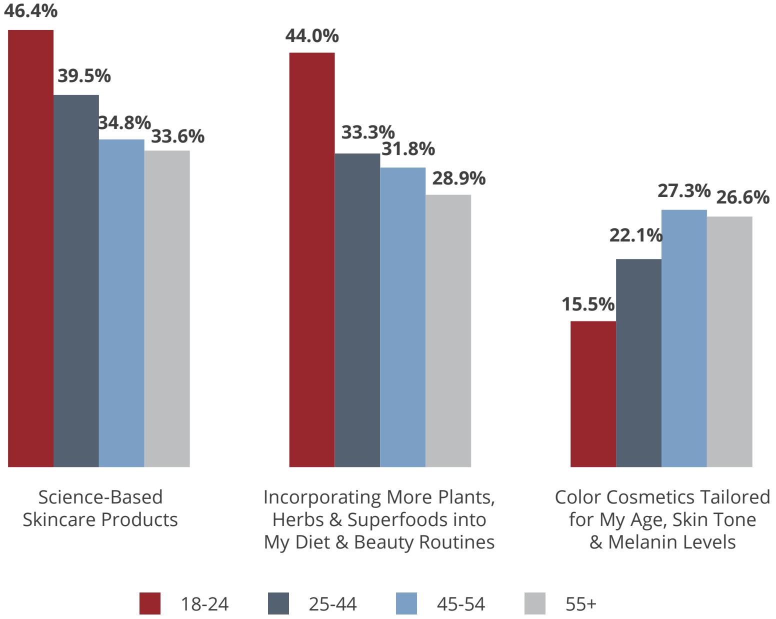
TOP PRIORITIES FOR AGING WELL & LONGEVITY

- Consumers increasingly associate aging well and longevity with specific beauty products, as nearly 40% of respondents view science-based skincare as a top priority, while ~34% cite incorporating more plants, herbs, and superfoods into their diets and beauty routines.
- Targeted solutions for hair growth, color cosmetics tailored for their age and skin, and hair and lash services are among the other beauty products and services cited frequently.

ALL RESPONDENTS



SELECTED RESPONSES BY AGE

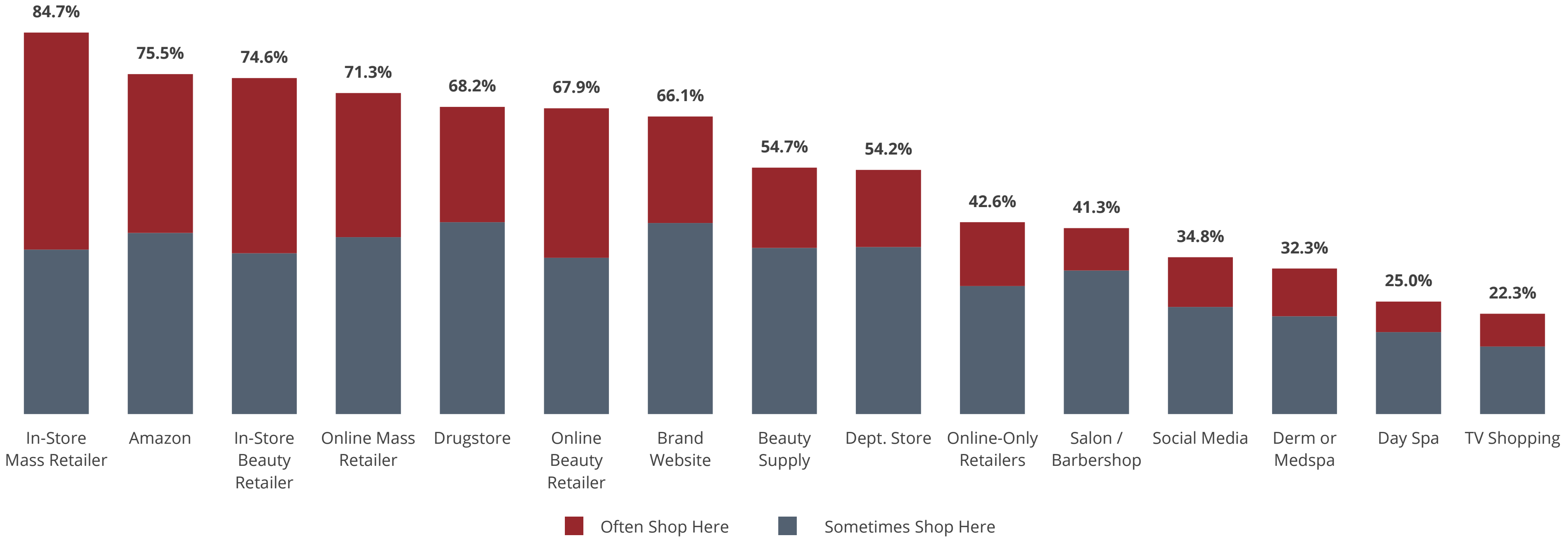


CHANNEL & SERVICES PREFERENCES

MASS RETAIL & AMAZON LEAD SHOPPING CHANNEL PREFERENCES

- Consumers' current shopping channel preferences are largely unchanged this year, with mass retail stores, Amazon, and specialty beauty retail stores topping the list. In-store shopping for mass and beauty retailers continued to rank ahead of their online storefronts.
- All channels experienced a decline in the percentage of times consumers cite they often or sometimes shop there, with the greatest declines in online beauty retailers (~80% to ~68%) and department stores (~64% to ~54%).

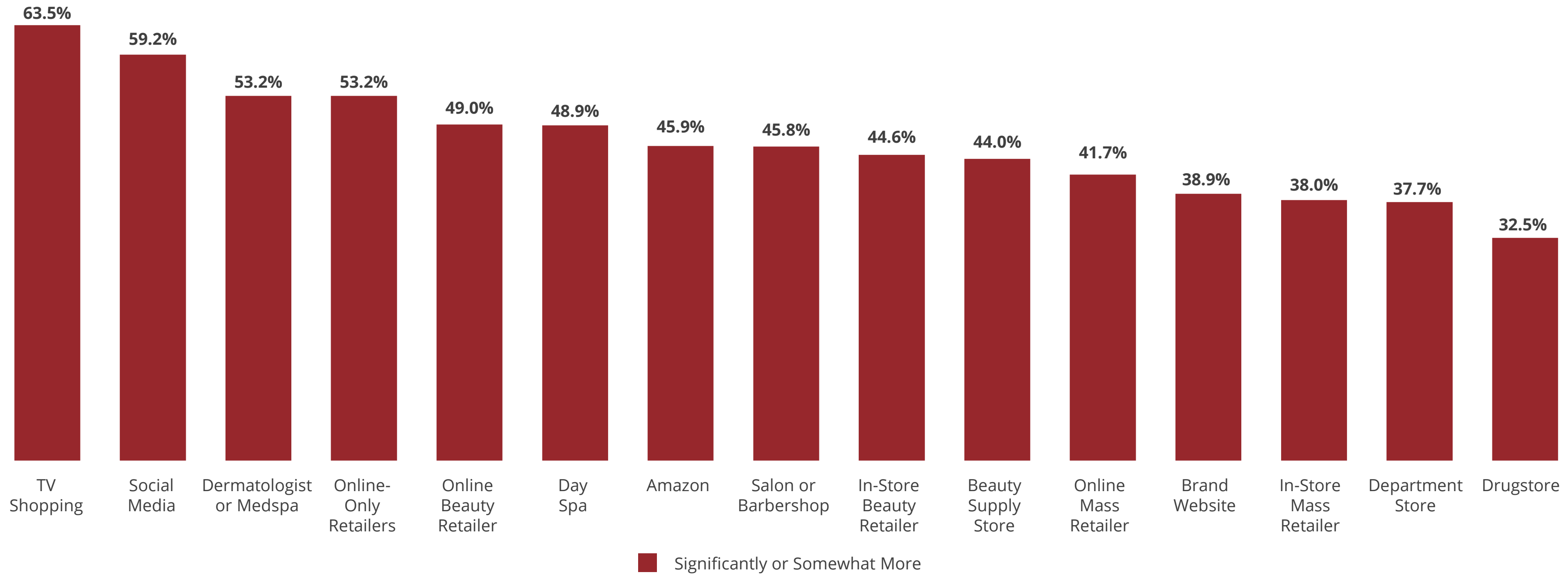
CURRENT SHOPPING CHANNELS



HIGHER EXPECTED SHOPPING ON TV & SOCIAL MEDIA

- There has been a significant increase in future shopping on TV and social media (e.g., Facebook Marketplace, Instagram Shop, TikTok Shop, etc.), from ~48% in the 2023 survey to ~64% this year for TV shopping and ~51% to ~59% for social media.
- Consumers are increasingly making retail purchases at beauty service providers (e.g., medspas, spas, and salons) cited at an average of ~44% last year to ~49% this year.

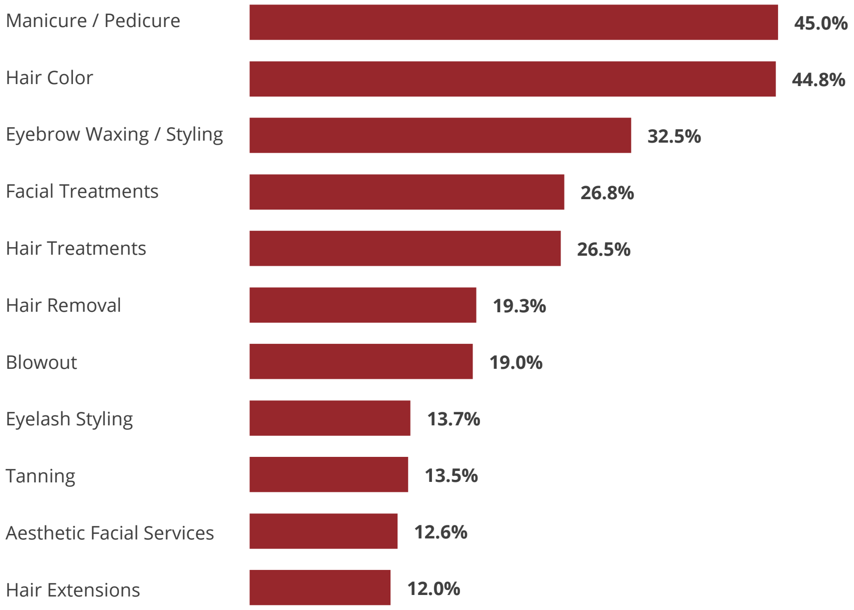
FUTURE SHOPPING CHANNELS



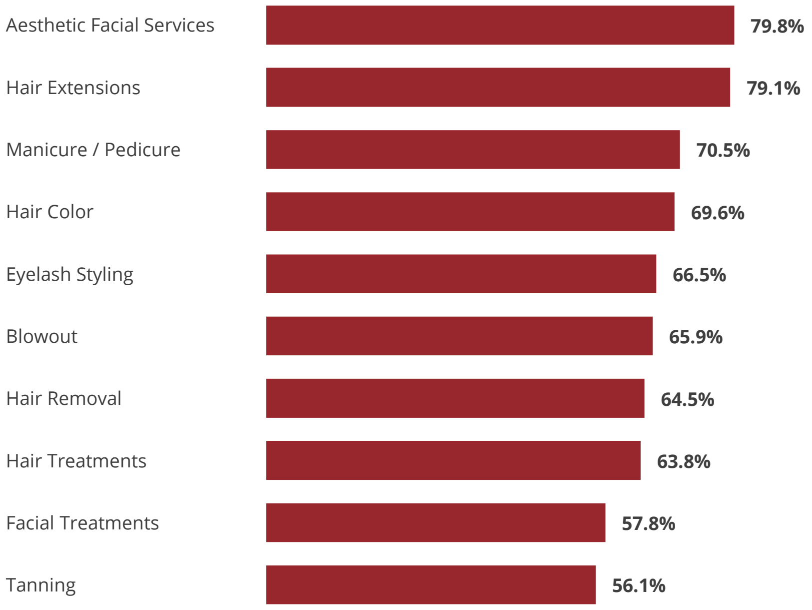
BEAUTY PROFESSIONALS REMAIN IN STRONG DEMAND

- Consumers regularly seek professionals for nail and hair color services, followed by eyebrow styling, consistent with the 2023 survey.
- Tanning declined from ~17% last year to ~14% this year, likely due in part to the rise in high-quality self-tanning product options.
- Over the next year, consumers expect to seek professionals most of the time for various beauty services.

REGULARLY USE PROFESSIONALS



EXPECT TO USE PROFESSIONALS IN THE NEXT YEAR



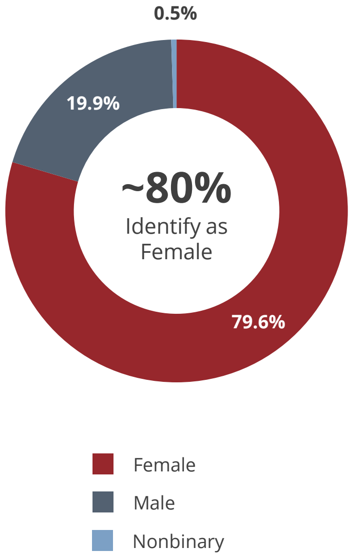
Always or Often

APPENDIX

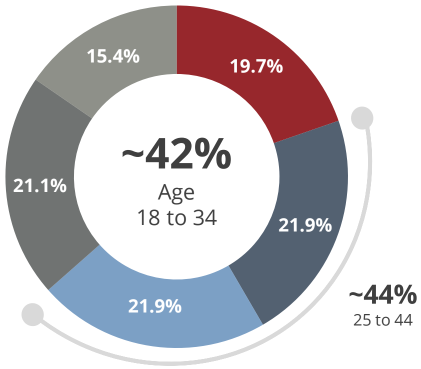
ABOUT THE RESEARCH

- The proprietary survey included 1,250 beauty and personal care enthusiasts regarding their spending and shopping preferences, representing a diverse group across gender identity, age, and cultural identity.
- The enthusiasts are frequent product users, have strong opinions and preferences, and spend significant time learning about products and brands.

GENDER IDENTITY



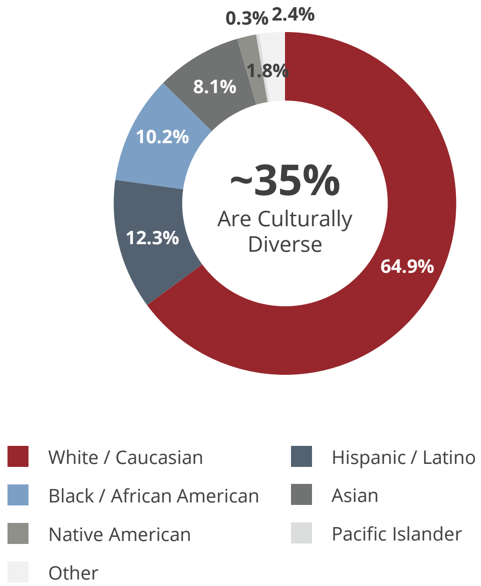
AGE



GENERATIONS

18-24	**Gen Z**: 12-27
25-34	**Millennials**: 28-43
35-44	
45-54	**Gen X**: 44-59
55-64	**Boomers**: 60-78

CULTURAL IDENTITY



Harris Williams

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has received a strategic investment from
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BELLAMI
has been acquired by
BEAUTY INDUSTRY GROUP
a portfolio company of
L CATTERTON
HGGC

LIVINGBRIDGE
has made a growth investment in
absolute collagen

TWO SIGMA
AVANCE
have invested in
Wholesale Supplies Plus
a portfolio company of
INCLINE EQUITY PARTNERS

Radiance HOLDINGS
a portfolio company of
PNC RIVERARCH CAPITAL
has been acquired by
TSG CONSUMER

DDW The Color House
has been acquired by
Givaudan

graze
a portfolio company of
THE CARLYLE GROUP
has been acquired by
Unilever

waterpik
a portfolio company of
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