

Health & Beauty

Annual Harris Williams Survey
Fall 2023

Harris Williams Proprietary Health & Beauty Survey Overview

Harris Williams surveyed 1,250 beauty enthusiasts¹ to understand their current spending habits and outlooks, what they prioritize, and how they discover and shop for brands and products.

Key Takeaways

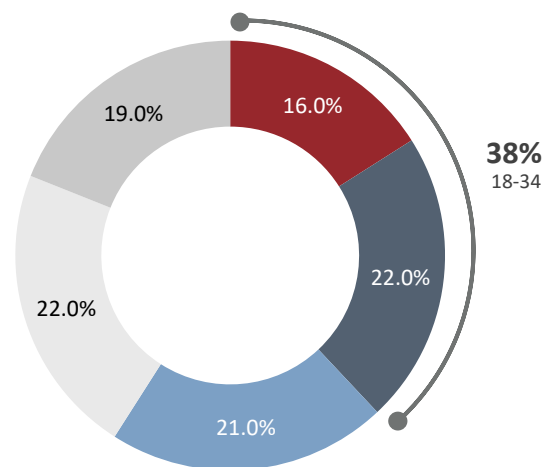
- 1 Stable Demand** - 95% of consumers expect to spend the same or more in beauty and personal care in the coming year
- 2 Product Efficacy Top Priority** - Product performance and results outweigh clean and safe in consumer product choices
- 3 All Categories Benefiting** - Higher spending in daily hair and skin care followed by cosmetics, supplements, and fragrance
- 4 Health and Self-Care Evolve** – Active ingredients prioritized for skin health, personalization for hair health, and fragrances for self-care
- 5 Conscious Consumerism** - Younger consumers care deeply about the environment, social causes, and authenticity
- 6 Experts Preferred** - Products by derms, hair stylists, and makeup artists far outweigh other creator-founded brands
- 7 Generational Discovery** - Beyond research/browsing, 18- to 24-year-olds discover brands through celebrities/influencers, TikTok, and social media
- 8 Beauty as a Hobby** - Consumers increasingly having fun with makeup, shopping for beauty, and sharing tips/looks with friends
- 9 Mass, Amazon, and Specialty Top Channels** - Women and men have an equal preference for mass and Amazon, while women prefer beauty specialty retail over men

**Sustained Demand in Health & Beauty Coupled with Evolving Consumer Preferences and Lifestyles
Will Support Increased M&A Activity Across the Industry Landscape**

Respondent Profile of the 1,250 Health & Beauty Enthusiasts

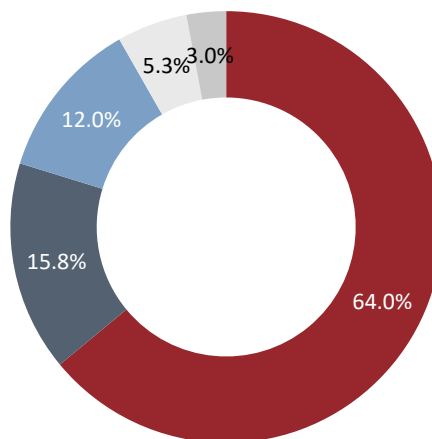
- Proprietary survey of beauty and personal care consumers regarding their spending and shopping preferences, representing a diverse group across age, cultural identity, and income, with 80% identifying as women.
- Consumers have frequent product use, strong opinions and preferences, and significant time spent learning about products and brands.

Age



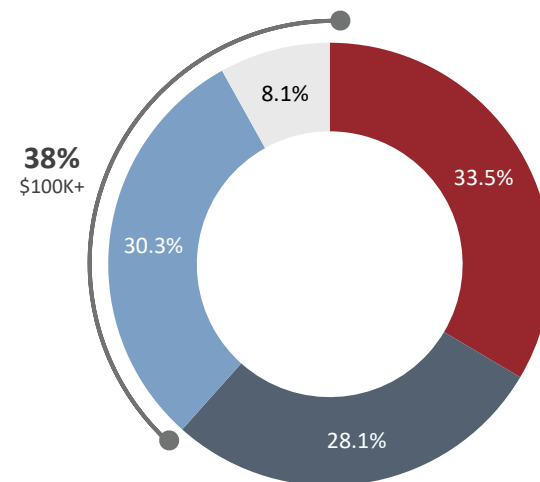
■ 18-24 ■ 25-34 ■ 35-44 ■ 45-54 ■ 55-64

Cultural Identity



■ White/Caucasian ■ Black or African American
■ Hispanic/Latino ■ Asian
■ Other

Annual Household Income



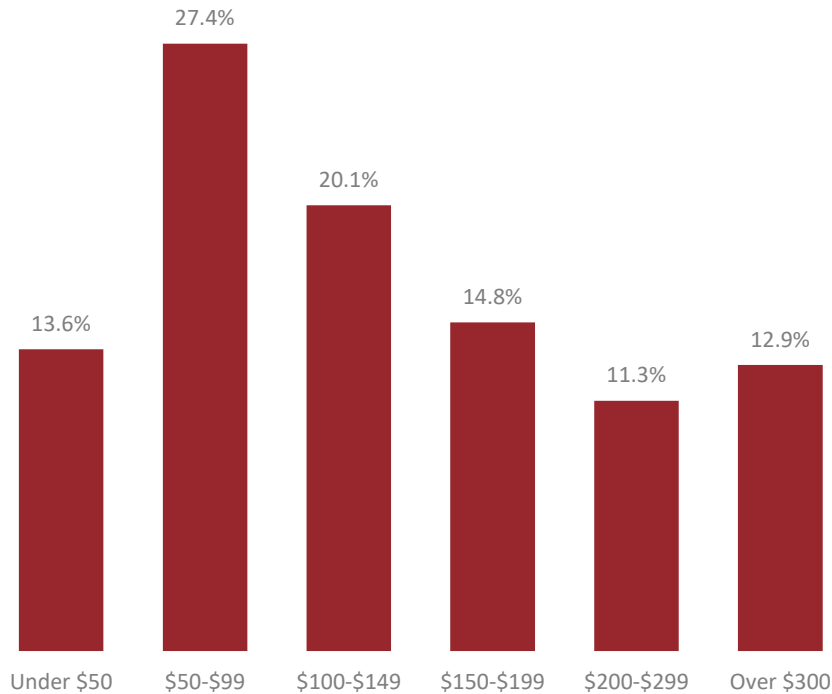
■ \$50,000-\$74,999 ■ \$75,000-\$99,999
■ \$100,000-\$199,999 ■ \$200,000+

Current Spending in Beauty & Personal Care

- Over 86% of all consumers surveyed are spending the same or more than they did in 2022, reinforcing the everyday use and feel-good aspects of the category.
- Nearly 50% of those under 55 are spending somewhat or significantly more than last year vs. only 30% over 55, with the highest spending among 18- to 34-year-olds (46% spend over \$150 per month).

Monthly Beauty Spending

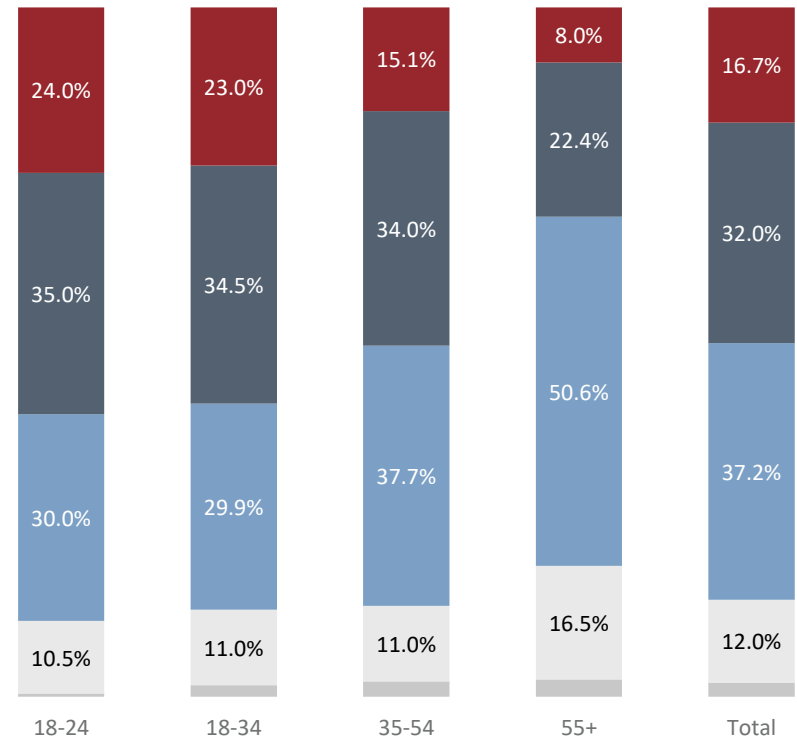
In an average month, how much have you spent on beauty and personal care products in 2023?



■ Total Consumers

Monthly Spending vs. 2022

How does that compare to your spending in 2022?



■ Significantly Higher ■ Somewhat Higher ■ Same
■ Somewhat Lower ■ Significantly Lower

Reasons for Elevated Spending in 2023

- Inflation and maintaining wellness and self-care routines are top reasons consumers are spending more this year, with a disproportionate number of older respondents citing cost, and younger consumers focusing on self-care.
- Interestingly, the next three reasons are about having fun experimenting, higher usage, and a preference for premium products, representing a shift toward "beauty as a hobby" while demand drivers remain steady.

Main Reasons for Spending More

What are the main reasons you are spending more? Please select all that apply.

Most Frequent Response by Age

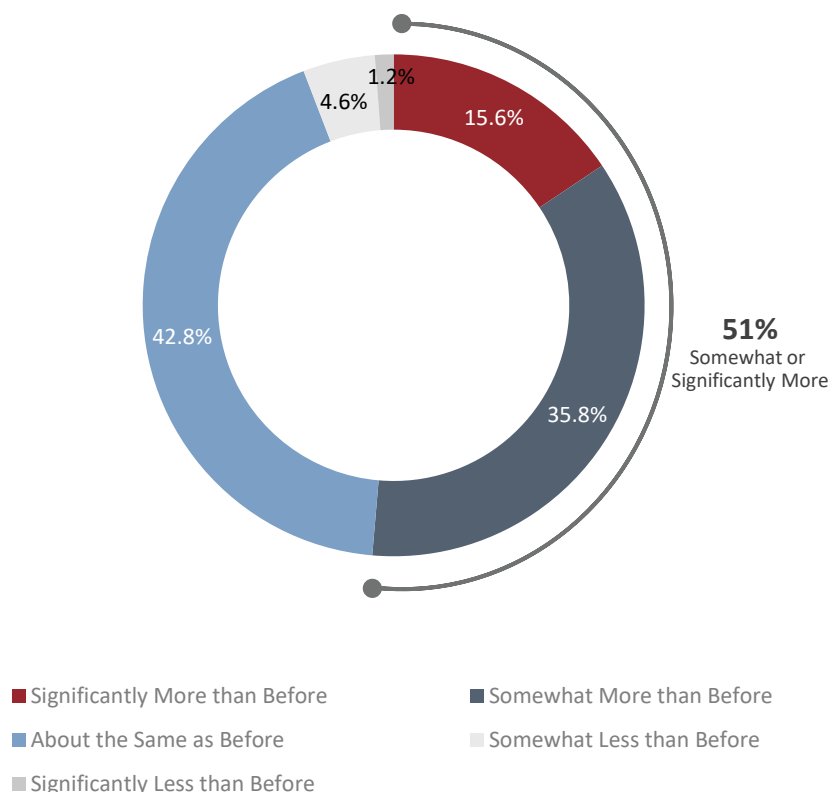
			Age	%
Prices for Products I Use Have Increased	57.6%		55+	73.6%
To Maintain My Wellness and Self-Care Routines	55.3%		18-24	68.6%
It's Fun to Experiment and Try New Things in Beauty	42.9%		18-24	59.3%
Higher Usage of Beauty and Personal Care Products Broadly	42.5%		18-24	50.9%
Preference for Premium Products and Brands	42.5%		18-34	45.1%
To Support My Personal Lifestyle	26.9%		18-24	36.4%
Increase in Income/Discretionary Spending	21.5%		18-34	25.3%
Change in Professional Situation	13.5%		18-34	15.0%

Projected Beauty Spending Over the Next Year

- Nearly 95% of beauty enthusiasts plan to spend the same (43%) or more (51%) over the next year, with even higher responses for somewhat or significantly more among 18- to 34-year-olds (61%).
- If their personal economic situation deteriorated, consumers would cabinet "de-load" first, and then spend less on services and noncore/new products. Trading down ranked fifth, contrary to popular view.

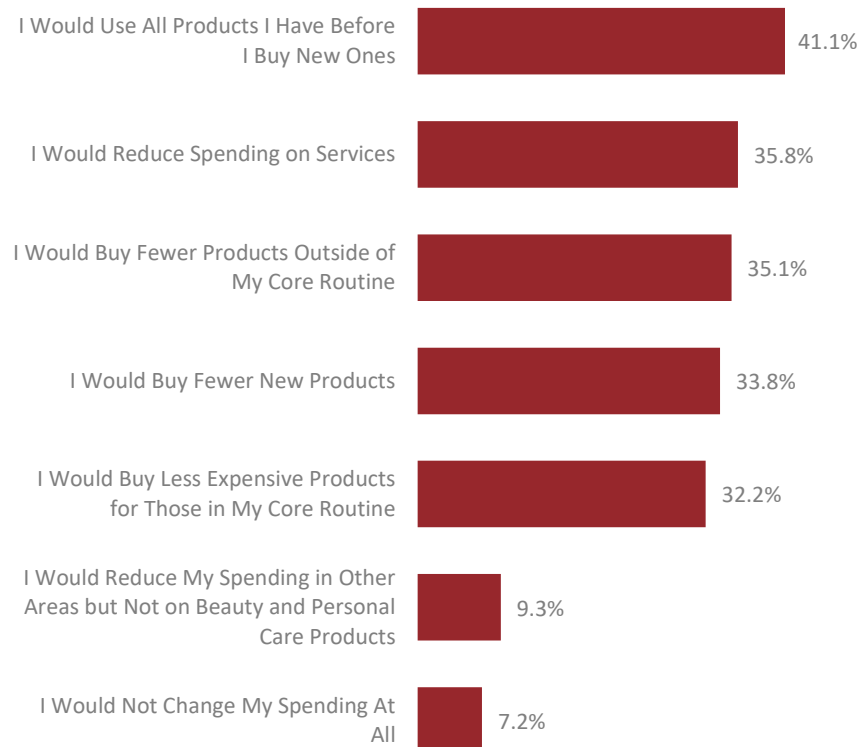
Expected Spending

How much do you expect to spend on beauty and personal care products over the next year?



Response to Personal Economic Situation Worsening

If your personal economic situation were to worsen, which of the following statements would apply to you? Please select all that apply.

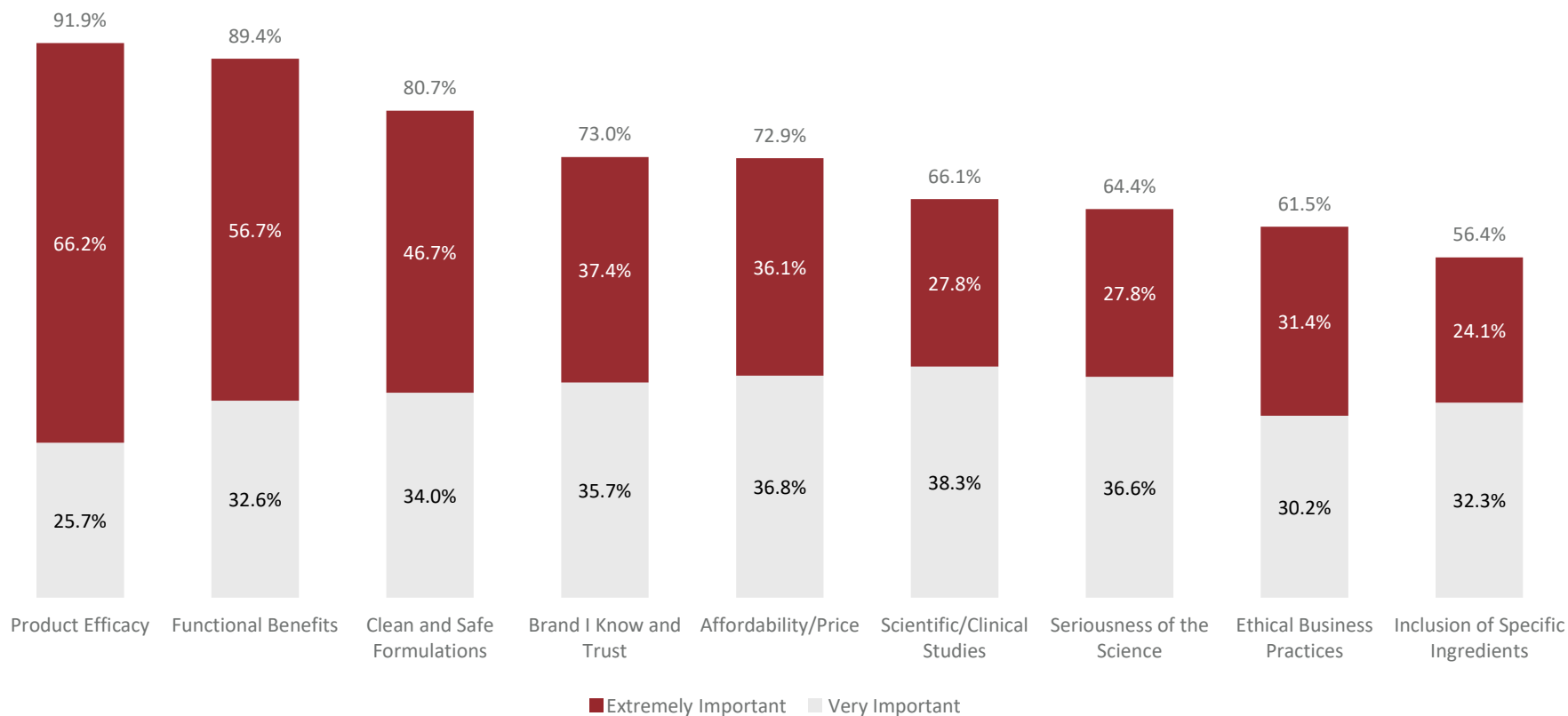


Beauty & Personal Care Products Selection Criteria

- Product efficacy and functional benefits outweigh clean and safe formulations in driving product selection, while they were valued equally last year.
- Trust and affordability rank slightly ahead of science-backing and ethical business practices, with 55+ consumers valuing trust more than younger cohorts, and 18- to 34-year-olds caring more about ethical practices.

Product Selection Criteria

Currently, when shopping for beauty and personal care products, how important are each of the following considerations?

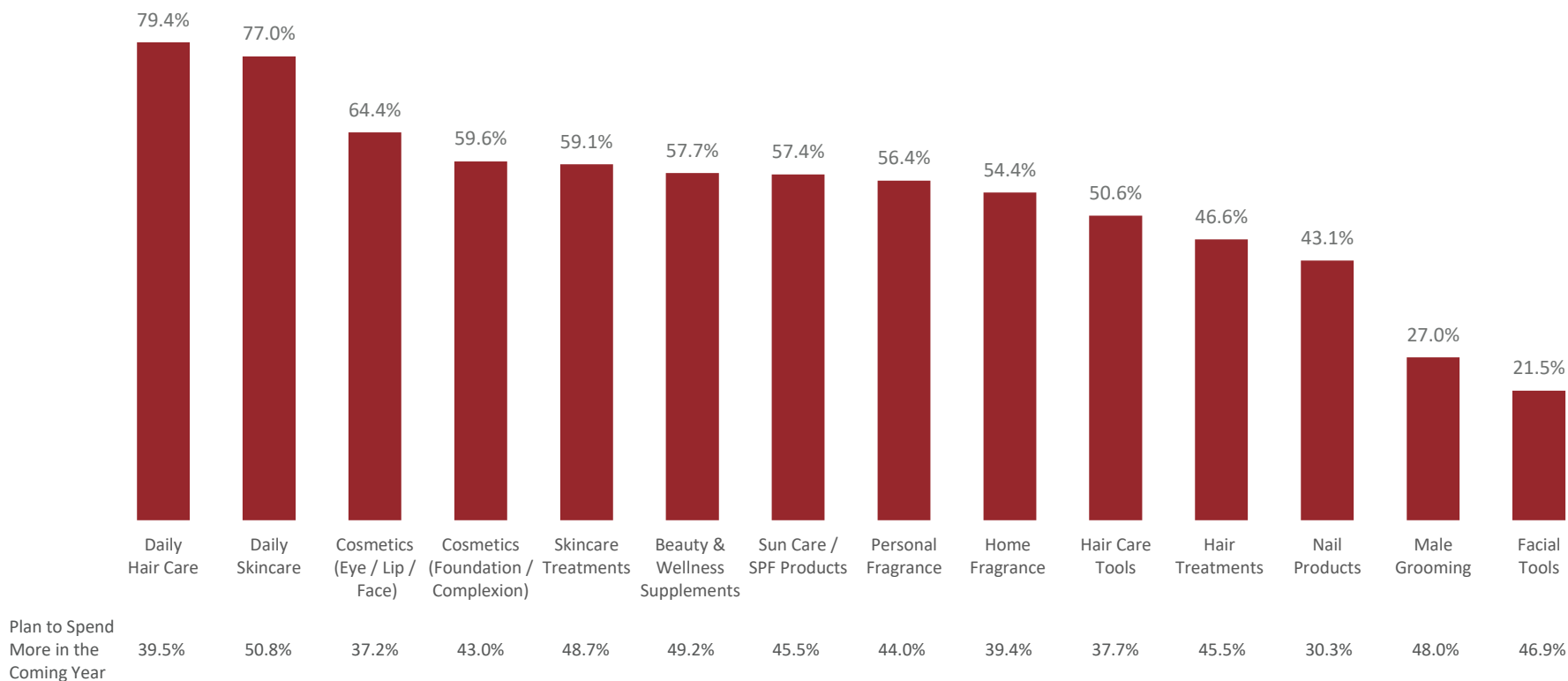


Purchase Intent by Beauty & Personal Category

- Daily hair and skin care lead higher expected spending, followed by a wide range of categories with similar rankings: all cosmetics, skincare treatments, supplements, sun care/SPF products, and all fragrance (personal and home).
- A strikingly large number of 18- to 24-year-olds are using sun care/SPF products (62%) and personal fragrance (62% vs. 45% over age 55), with outsized supplements use among the 55+ set (64%).

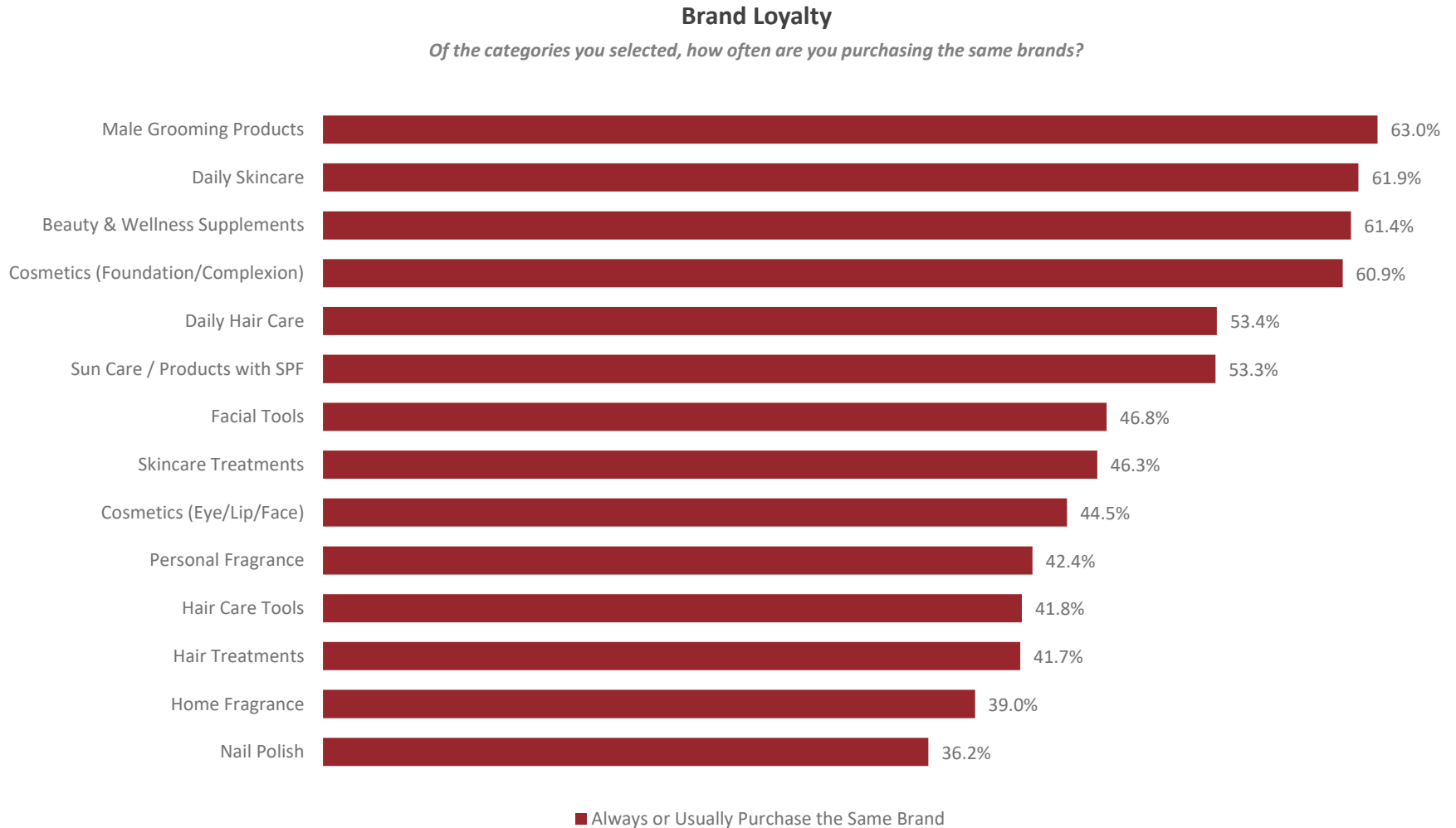
Purchase Intent by Category

Which of the following product categories have you recently purchased, or intend to purchase, in the near future? Please select all that apply.



Brand Loyalty by Category

- Male grooming, daily skincare, supplements, and complexion cosmetics products are the most brand-loyal categories, while nail products and home fragrance are the least.

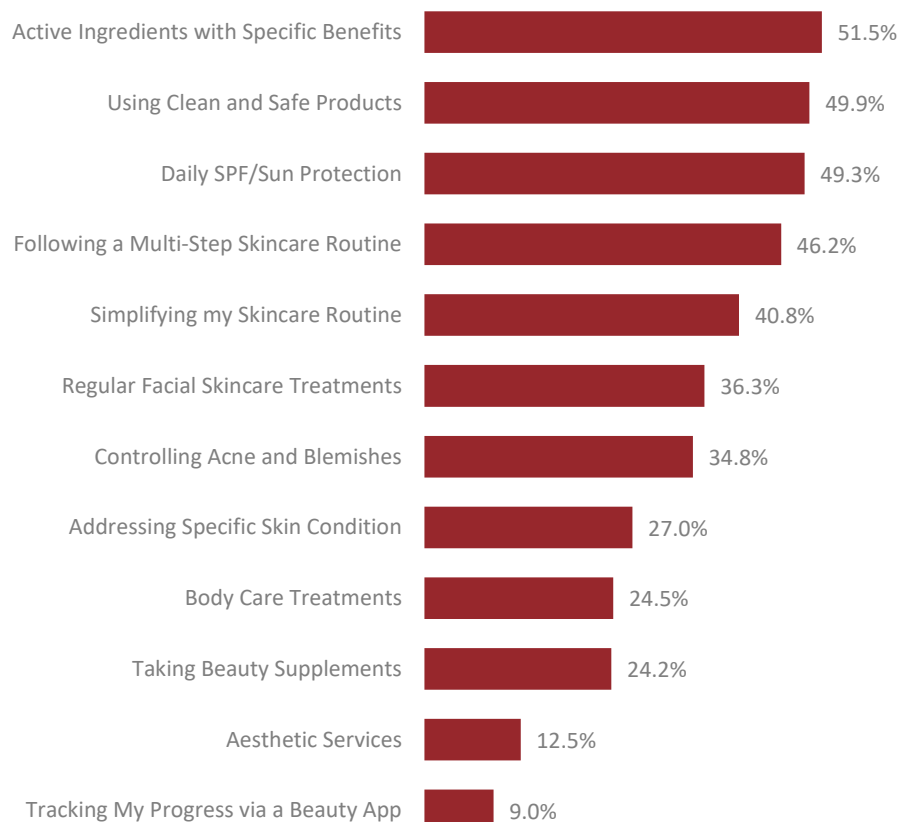


Skin & Hair Health Priorities

- In terms of skin health priorities, active ingredients rank ahead of clean and safe, while use of daily SPF products ranks high. Nearly 60% of 18- to 24-year-olds prioritize daily SPF vs. 48% of respondents over 35.
- Personalization tops hair health with consumers seeking products for their specific needs, particularly as they age. Younger consumers prioritize protective hair tools and hair treatments twice as much as those who are 55+.

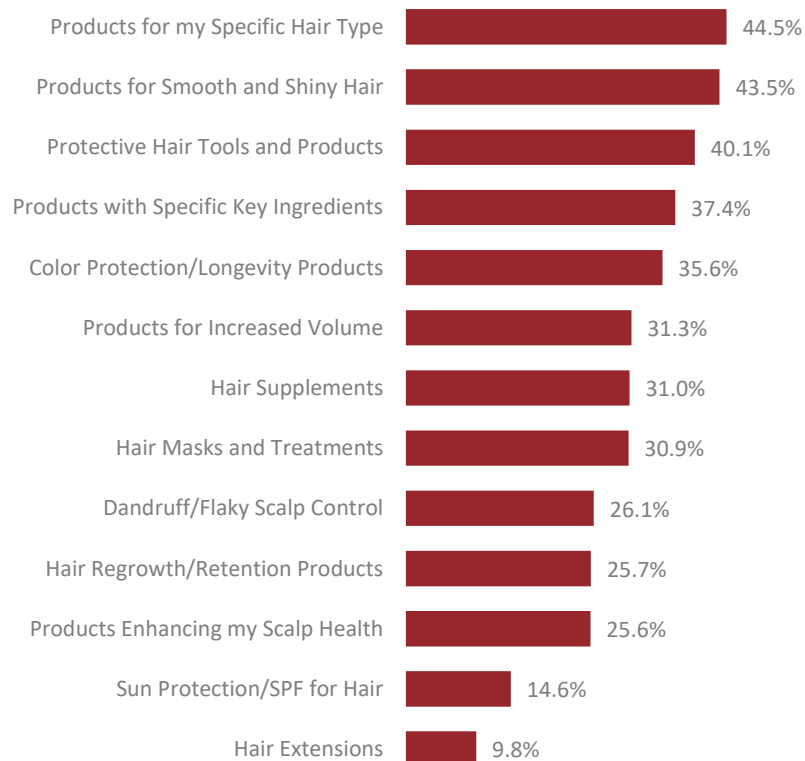
Skin Health

What do you prioritize for your skin health? Please select all that apply



Hair Health

What do you prioritize for your hair health? Please select all that apply

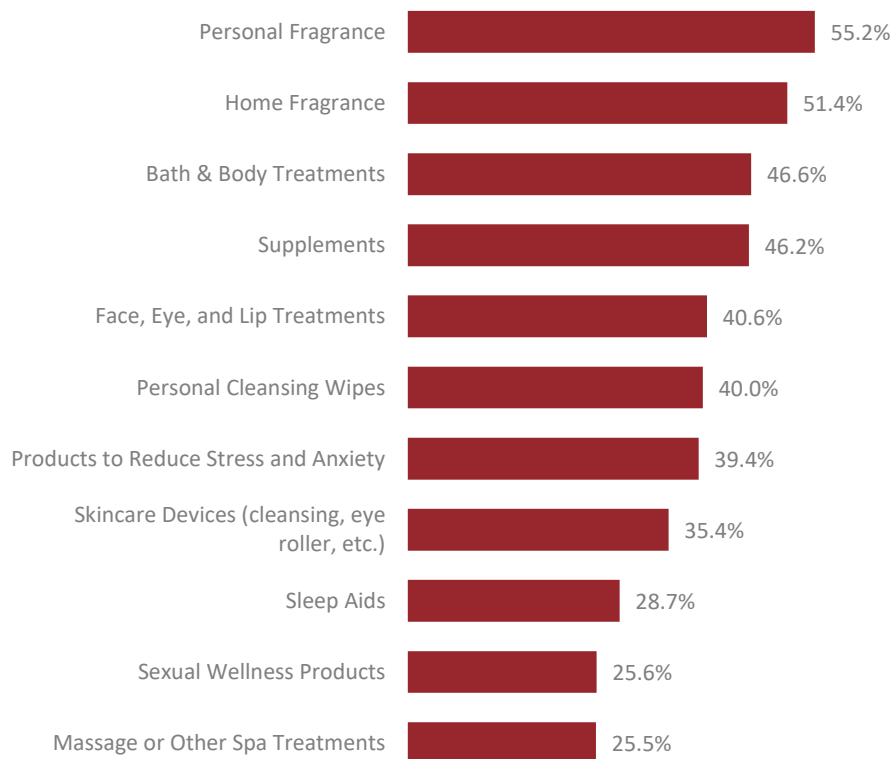


Self-Care Priorities

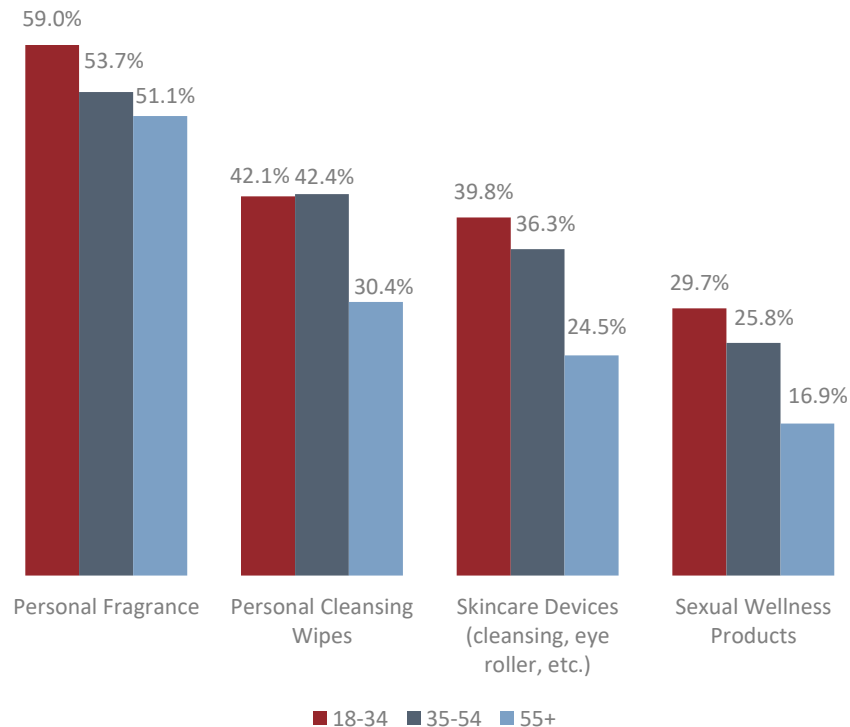
- Personal fragrance was by far the top self-care priority across all age groups, followed by home fragrance and bath/body treatments, reinforcing the strong demand for fragrances and related M&A activity.

All Responses

What products and services do you purchase for your self-care needs to enhance your personal health and well-being? Please select all that apply.



Selected Results by Age

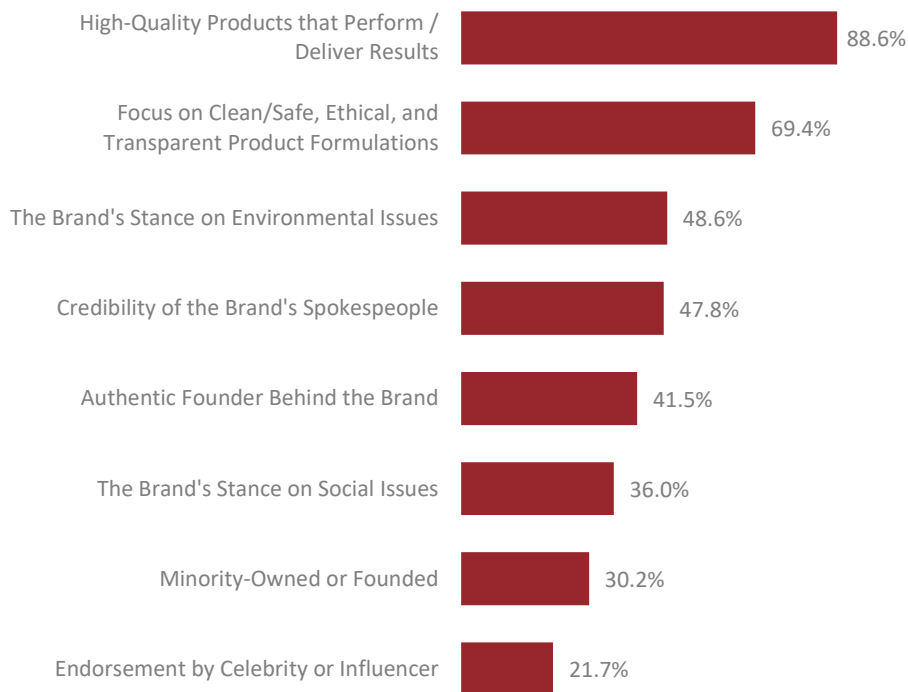


Brand Selection Criteria

- For the second year in a row, product quality and high performance top clean and safe in brand choices. Environmental stance and spokesperson credibility are the next most important criteria for consumers.
- In addition to authenticity, younger consumers care deeply about how the products and brands they buy support the environment and social causes they value.

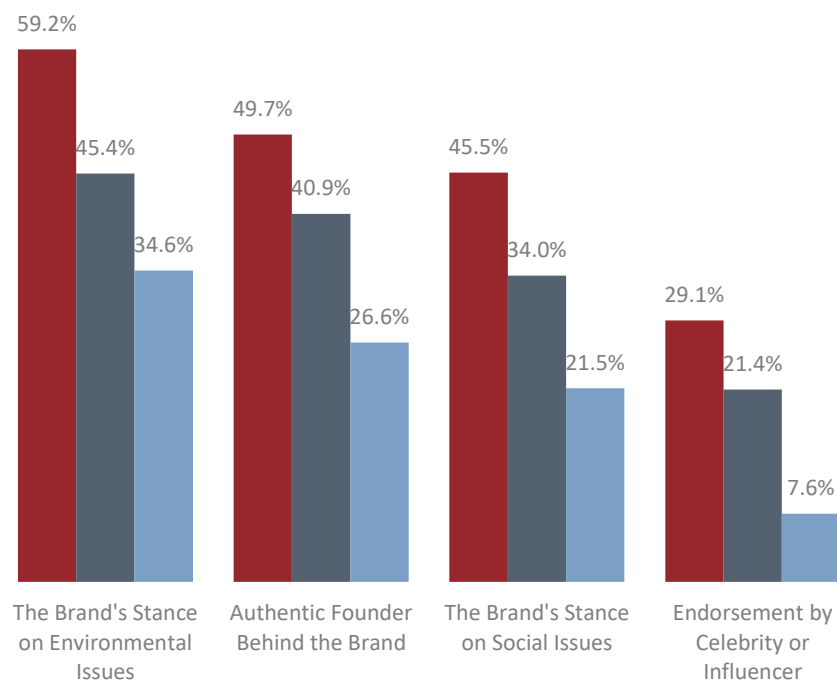
Brand Selection Criteria

When selecting a brand, how important are the following considerations?



■ Extremely or Very Important

Selected Results by Age



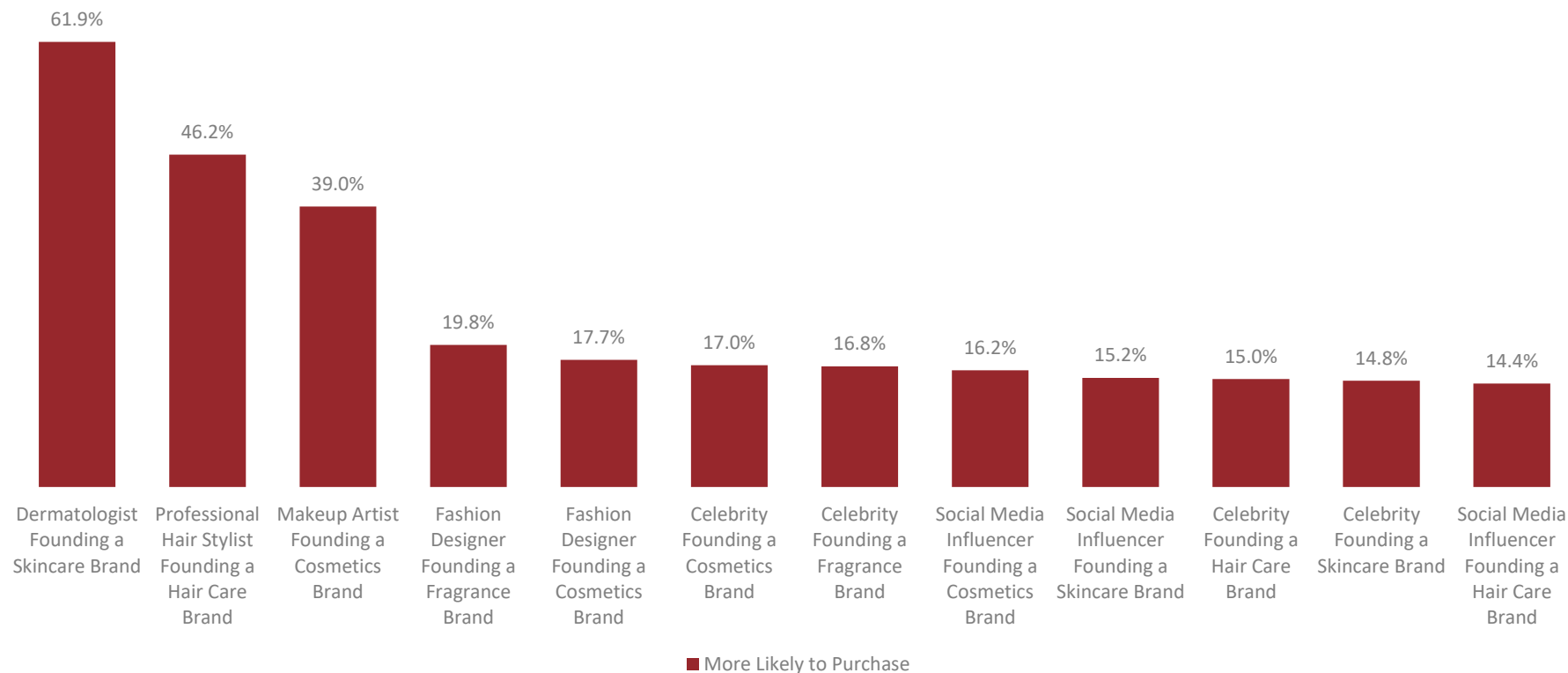
■ 18-34 ■ 35-54 ■ 55+

Influence of Creator-Founded Brands

- Brands founded by dermatologists, hair stylists, and makeup artists far outrank other types of creator-founded brands and are preferred even more by younger consumers.
- Being founded by a fashion designer or celebrity matters more in fragrances and cosmetics than in skincare and hair care.

Creator Founded Brands

For creator-founded brands (e.g., celebrities, makeup artists, influencers, etc.), how would the type of brand founder impact your likelihood of purchasing their product relative to other similar products?

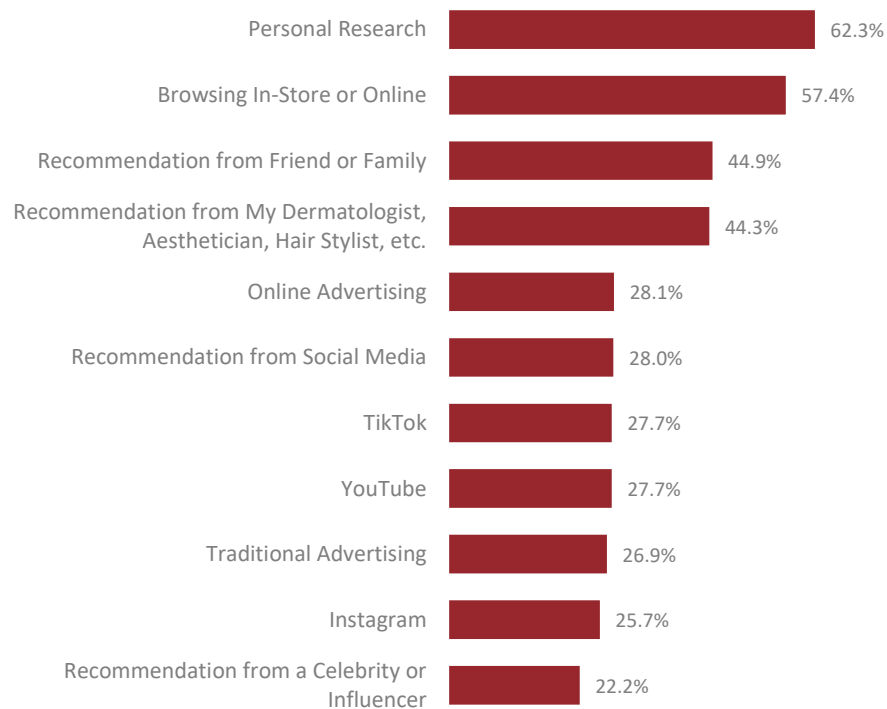


Product and Brand Discovery

- Beauty enthusiasts consistently rank personal research and browsing in-store or online as top ways to discover new products and brands.
- 18- to 24-year-olds prioritize celebrity/influencer recommendations, TikTok, and other social media over their beauty service providers or friends and family.

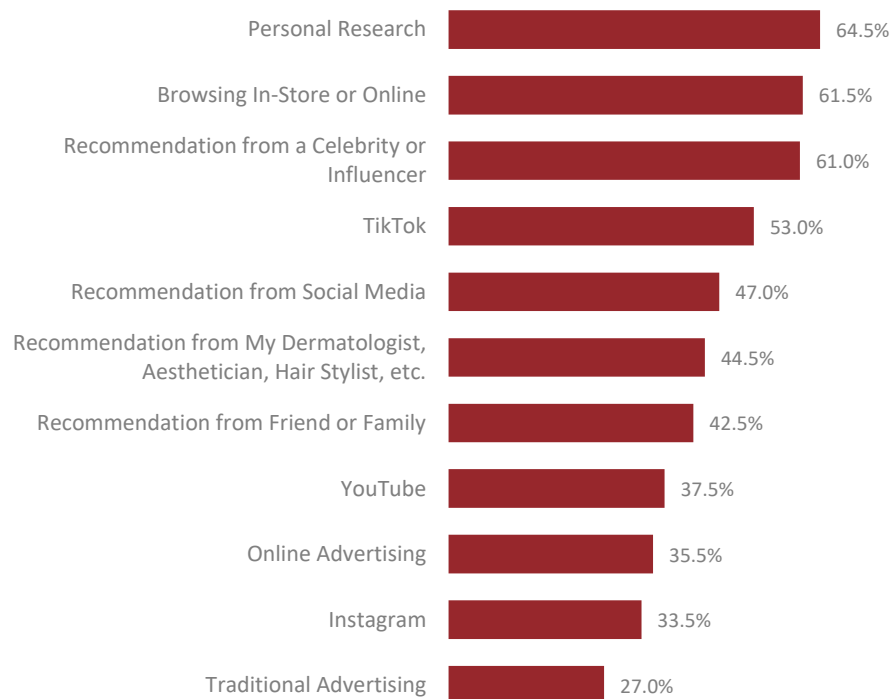
All Respondents

How do you typically discover and learn about new beauty and personal care products and brands?



■ Every Time or Almost Every Time

18- to 24-Year-Old Respondents



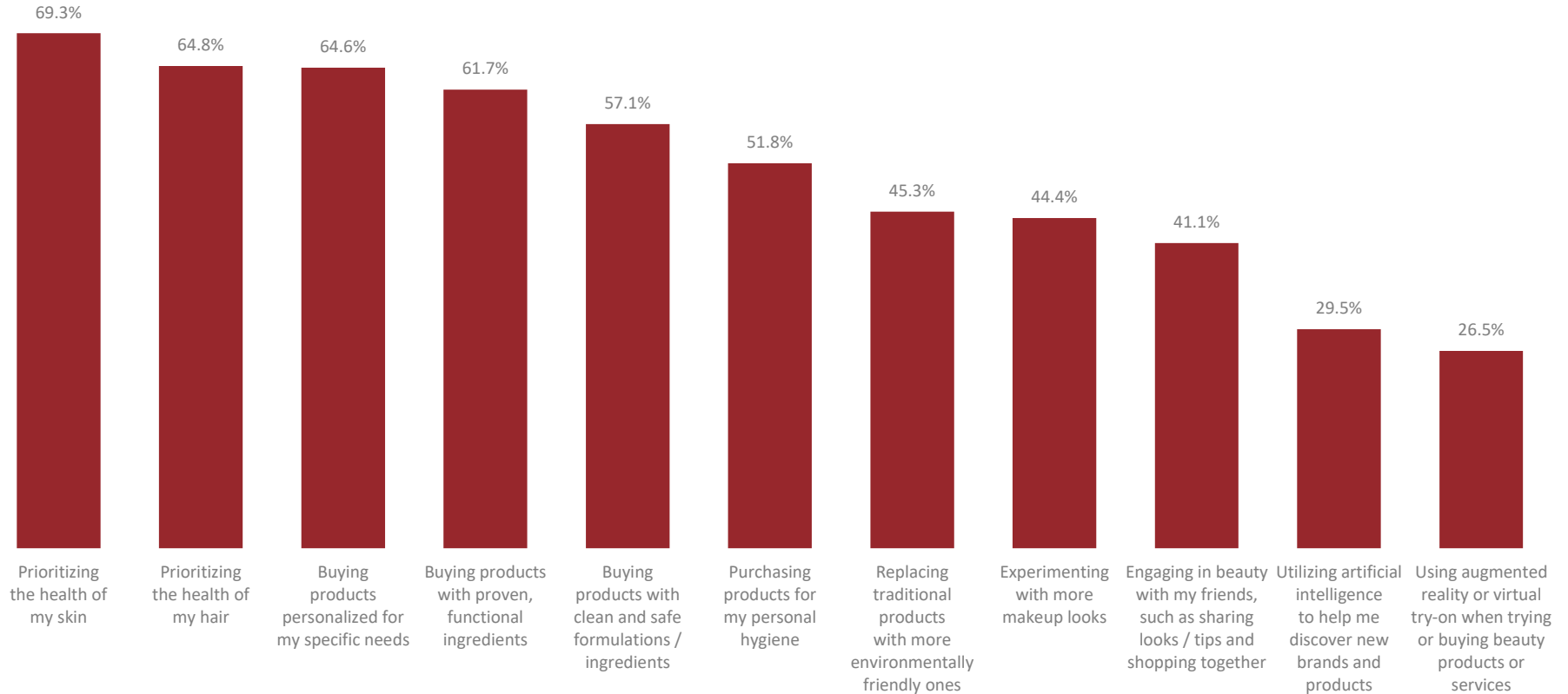
■ Every Time or Almost Every Time

Beauty & Personal Care Trends

- Skin and hair health, personalization, and high performance remain consistent priorities for younger consumers.
- Personal hygiene, environmental friendliness, and having fun with makeup are also top themes.

Respondents Ages 18-34

Thinking about each beauty and personal care trend, choose the most accurate statement:

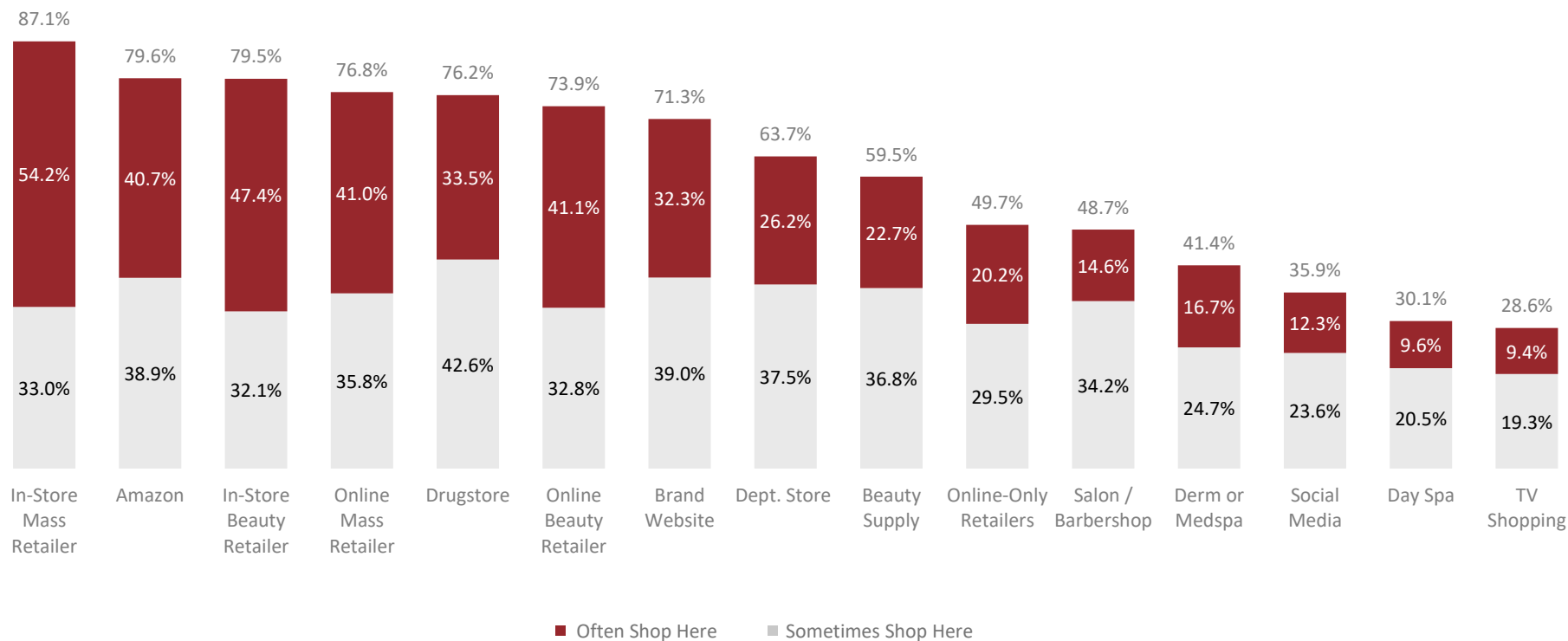


Shopping Channel Preferences

- Mass, specialty beauty stores, and Amazon are the top channels. Women have a stronger preference for beauty retail, while mass and Amazon are roughly the same by gender identity. This is a shift from last year, when men had a notable preference for Amazon.
- Dermatologists and medspas are frequented more by men for product purchases (57% vs 38% for women), although they rank lower than other channels, given their typically less-convenient locations.

Shopping Channels

*We would like to learn more about your experiences with different shopping channels for beauty and personal care products.
Please select one response for each channel.*

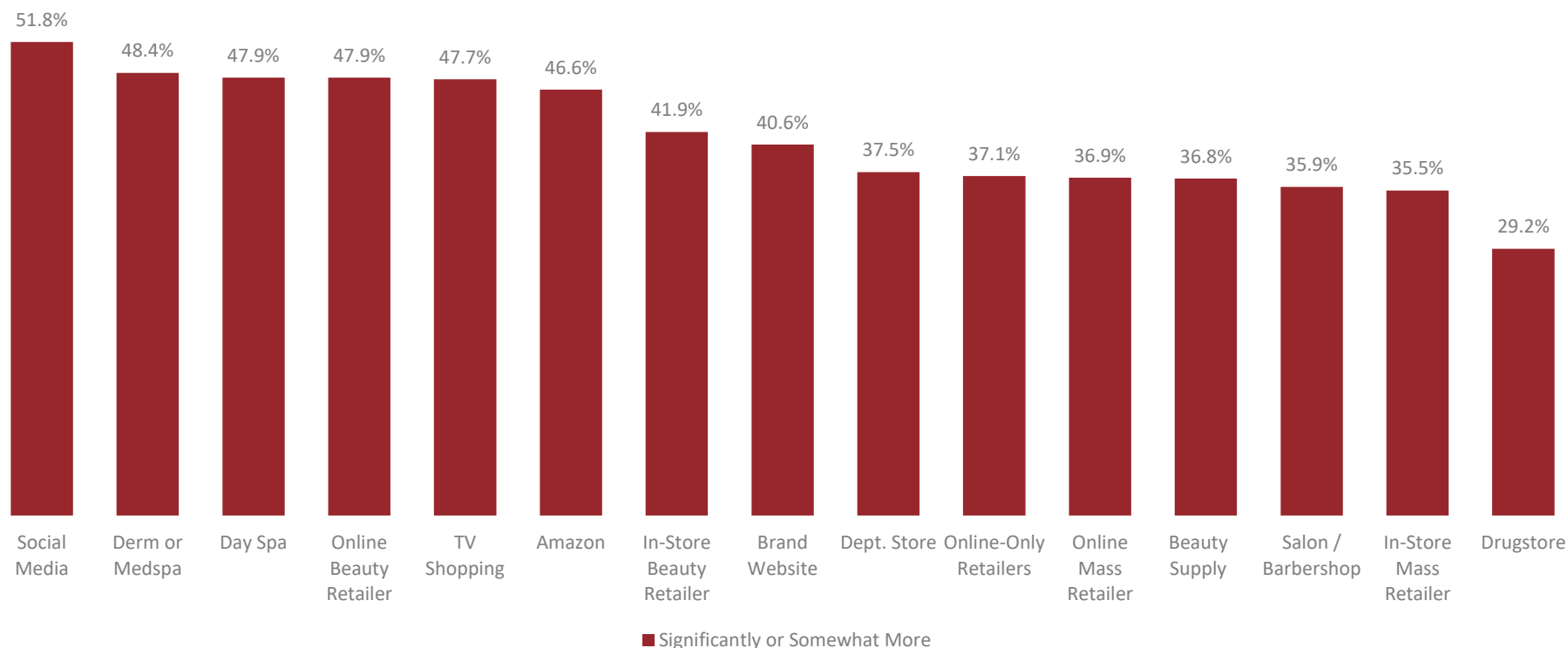


Future Shopping Channel Intent

- Social media topped the list of channels from which consumers expect to shop more in the future, followed by aesthetic beauty services locations and online outlets such as beauty specialists, TV, and Amazon.

Experience with Shopping Channels

You selected the following channels. How much do you expect to spend on beauty and personal care products over the next year through each channel?

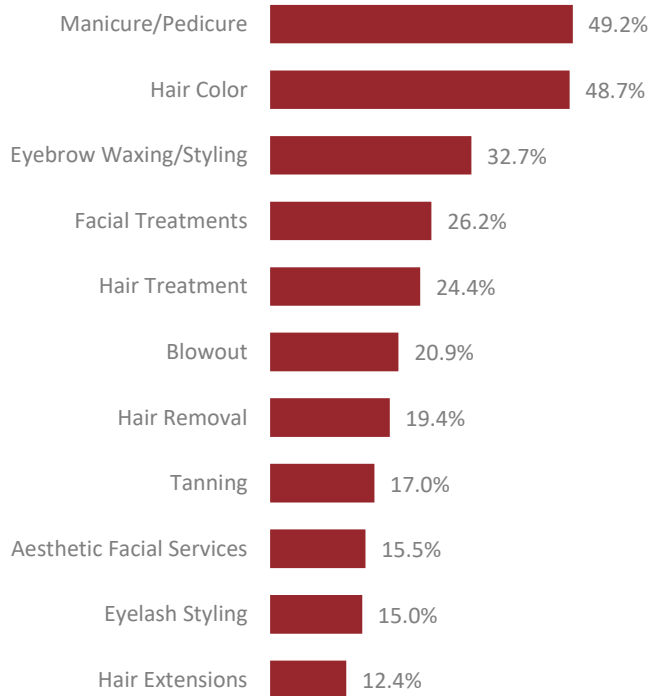


Beauty & Personal Care Services

- The most frequently consumed professional services include nails, hair color, and eyebrows. In the future, consumers expect to hire professionals most often for aesthetic services, eyelash styling, eyebrows, and extensions.
- Tanning ranks last for use of a professional, consistent with strong demand for self-tanners.

Regular Professional Services

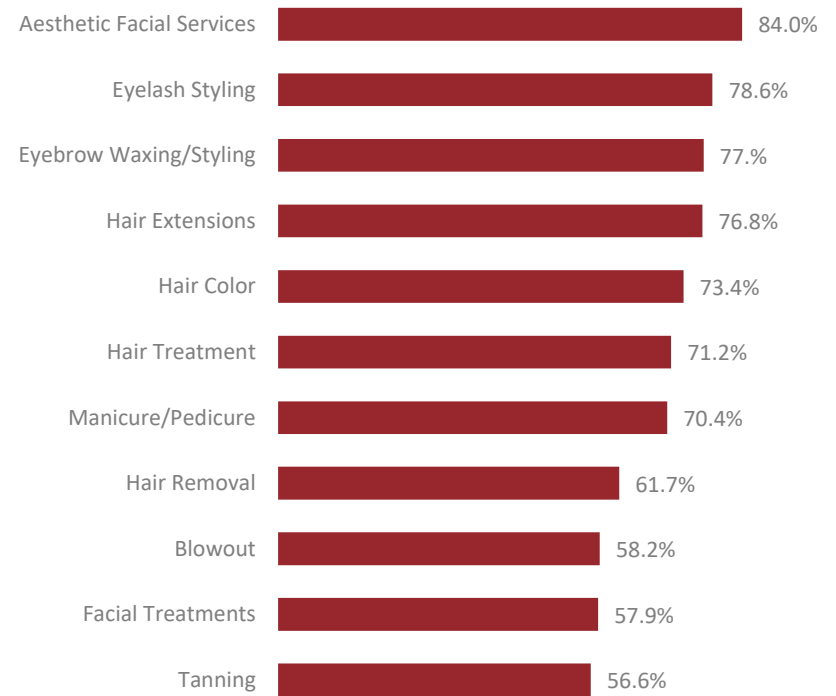
Which, if any, of the following services do you currently receive, or have you regularly received, from a professional? Please select all that apply.



■ Significantly or Somewhat More

Future Use of Professional Services

How often, if at all, do you expect to use each of these services over the next year?



■ Will Always or Often Go to a Professional

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absolute collagen

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Kelly McPhilliamy

Managing Director,
Health & Beauty Lead

kmcphilliamy@harriswilliams.com

(804) 915-0114



Ed Arkus

Managing Director,
Co-Head of Consumer

earkus@harriswilliams.com

+44 20 7518 8905



Konstantin Molinari

Director,
Consumer Group

kmolinari@harriswilliams.com

+49 69 3650 638 25

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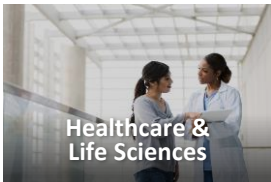
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