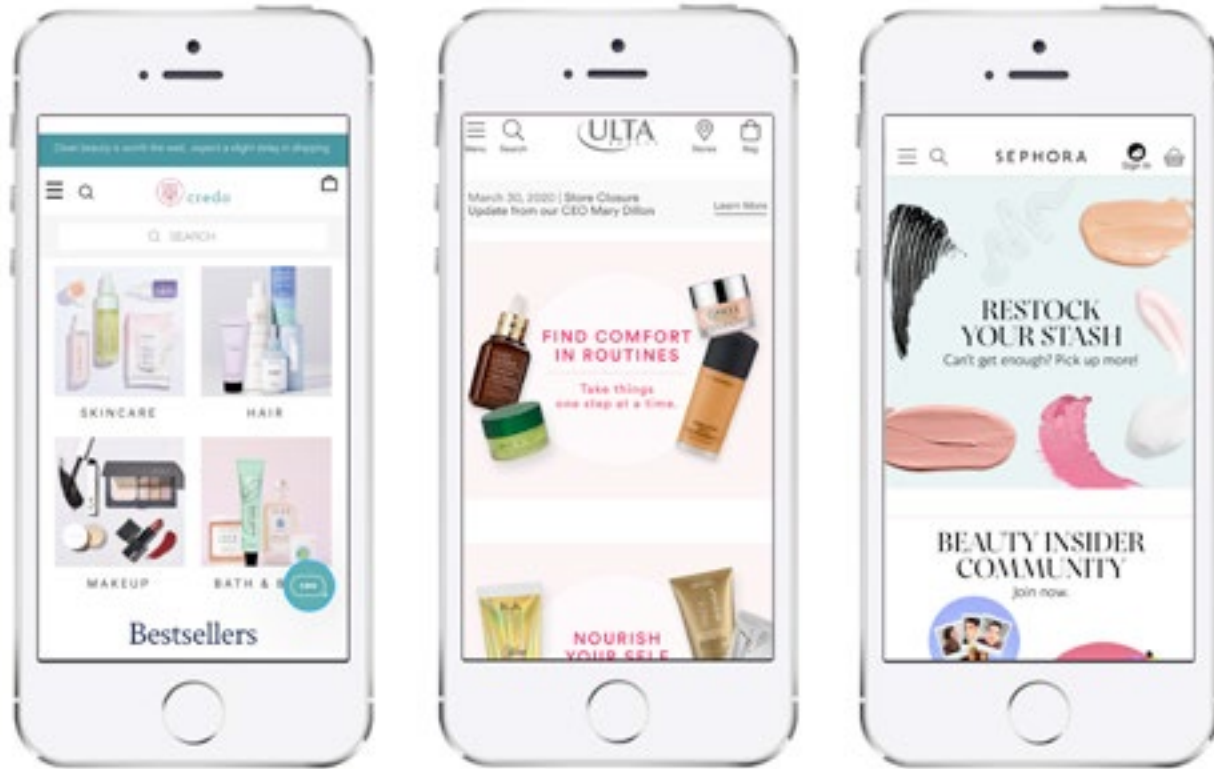


Can Beauty E-commerce Sales Make Up for Store Closures?

Beauty brands are seeing sales increase online, but it's not enough to make up for drops from retail sales. BY ALLISON COLLINS



Online beauty sales are up, but they aren't expected to make up for the volumes lost to coronavirus-related retail closures.

NOW THAT U.S. SHOPPERS have stocked up on enough toilet paper to get them through the coronavirus pandemic, they're starting to think about buying beauty products.

While essential purchases, like cleaning and health-care supplies continue to dominate consumer spending, online beauty sales are starting to trend upward. In the prestige beauty category, online sales — normally 20 percent of the U.S. business — went up by 47 percent the week of March 28, capturing about 90 percent of total beauty spend, according to the NPD Group.

While until recently, people have been preoccupied with stocking up on the basics and not buying beauty, “beauty fits into the next wave,” said Wendy Liebmann, chief executive officer of WSL Strategic Retail.

As retail store closures persist and overall beauty sales decline — they were down by 58 percent for the week of March 28 versus the prior year, according to NPD — online sales, both in the U.S. and abroad, will play an increasingly important role for beauty companies as cross-border commerce in China starts to return.

Data from Attentive Mobile shows that while beauty sales dropped off the week of March 9, as the seriousness of the COVID-19 pandemic started to hit U.S. shoppers, they have gained in the past few weeks. Beauty is accelerating, Attentive data shows, along with food, home, pets, electronics, health

and outdoor equipment. Auto, sports and certain apparel categories are down, according to the company.

Online beauty sales were up 10 percent in March versus February, Attentive data shows, and are pacing to be up 13.5 percent in April versus March, with high-growth categories including home hair color, hair care and skin care. Sales dipped 17.5 percent for the week ended April 6 because of promotions that had run the prior week that boosted numbers, according to Attentive. Fragrance and makeup sales are down, the company said. “It's not a big surprise there, you can't smell people on Zoom,” said Brian Long, cofounder and ceo of the text marketing business.

Data from Spate shows that Google searches for beauty categories like hair, skin and makeup declined week-over-week between Feb. 23 and March 15, but have since picked up. Searches around skin care were up 75.7 percent week-over-week as of March 29, while makeup was up 73.6 percent and skin was up 48.2 percent, according to Spate data.

Many retailers are seeing the lift from that increased shopper interest. Sephora is said to have posted a more than 30 percent gain in its e-commerce business in March, for example, while smaller beauty retailers, like Cos Bar and Credo, are also experiencing upticks. Ulta Beauty declined to comment for this story.

Credo's online sales posted a triple-digit comp versus last year,

with upticks in self-care products, including bath salts, hair masks, face masks and peels, as well as basics, like body wash and shampoo and conditioner, according to cofounder and chief operating officer Annie Jackson. “Interesting, too, that we saw other shifts in the business

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as customers are staying in, such as from foundation into tinted moisturizer and from sunscreen into self-tanner,” Jackson said.

Cos Bar saw a 216 percent lift in online sales between March 18 and April 6, driven by Oribe Root Touchup, masks, exfoliators and hair bath and body products.

The Estée Lauder Cos. is seeing more

online engagement with shoppers, with 50 percent more new customers and a 60 percent increase in chat sessions over last year, according to Salima Popatia, senior vice president of global customer acquisition and retention at Lauder. The company is leveraging its field teams and beauty advisers as “virtual advisers” — something a handful of beauty companies are doing in order to keep employees on payroll and generate online sales.

But even with gains in online sales and engagement, most beauty firms are not expecting e-commerce to be able to fully compensate for the volumes lost from retail store closures. Kline is predicting the beauty market will decline further in 2020 than it did after the Great Recession.

“It is not business as usual,” said Oliver Garfield, Cos Bar copresident.

“I don't think that anybody is going to be able to make up for this,” said Kendra Butler, founder and ceo of Albyn Beauty. “We as a brand, instead of trying to drive sales and execute and make money, are like, 'Let's take this time and get ahead of the game.'” For Albyn, an indie skin-care brand sold with Sephora, Goop, Credo and Bluemercury, that means planning further in advance “so when we're ready to go ahead, we're just pushing buttons and everything's done,” Butler said.

Sans marketing, which Albyn has cut back on during the COVID-19 pandemic, the brand has still seen lifts in sales both on its own dot-com and through retail partners, Butler said.

“About [four] weeks ago we saw e-commerce sales completely fall off a cliff,” Butler said. “Over the past [few] weeks, however, we've seen a slow and steady increase that things are starting to come back.”

“People are starting to understand that this may be the new normal for a little while, and now they need to figure out what supplies they need in their home to make themselves happy,” Butler said. “If mentally you're feeling unbalanced, what can you control? You can control your beauty ritual.”

Many brands have said they're seeing online sales surges from retail partners too, but that logistics can sometimes pose a problem.

“Can [retailers] replace the two-thirds [of sales] that are done in stores online? That's a lot, and it's not that they couldn't, but most of them aren't in the logistical, operational position to do it,” Liebmann said.

Liebmann said that retailers with established online channels should look to capture sales as consumers start to “hunker down.”

“That's the next move here — people are stocked up on all the basics,” Liebmann said, and will look to shop for beauty. “If you don't have an online presence [and] a successful or efficient way to deliver your beauty products, you won't recoup for some considerable time.”