



KAREN YOUNG

Founder, The Young Group

We're definitely experiencing two different points of view where these questions are concerned. Brands are being pummeled from all angles: supply chain challenges, tariffs, layoffs, brick-and-mortar retail weaknesses, category saturation, sinking consumer confidence, increasing consumer debt and increasing costs for everything (consumer acquisition costs, advertising, marketing, packaging). Many brands have closed, filed Chapter 11 and switched out their senior executives.

Consumers are stressed for obvious reasons and shopping more prudently than in recent years. However, they are still shopping, and I believe they will continue to do so, even if they're trading down. We can thank dupes for being part of that.

I believe growth, perhaps only in single digits, will continue. TikTok Shop is projecting \$20 billion in sales this year, although this is no guarantee of profits for the brands selling on the platform as costs continue to rise.

This "healthy" growth will happen for several reasons. Beauty has become part of a much broader category: wellness. Consumers are buying into the concept with health patches, ingestibles, wearable health tracking devices, anti-stress therapy, LED light therapy and sleep aid accessories. The list is long. Many of these purchases will take away from the purchase of more traditional beauty products, but we have trained the consumer to believe they are all part of the same family.

Social media has convinced the consumer that beauty products, under whatever guise, are indispensable for their mental and physical well-being. Five generations of consumers believe these products are must-haves because they feel better and believe they look better because of them. These products are available almost everywhere, 24/7 and, compared to other consumer categories such as food, fashion, tech, travel and home furnishings, are very affordable.

Mass-market offerings are very high quality and, again, dupes have changed our way of thinking about product value. A little self-indulgence feels good in this chaotic world. Social media reminds us the category is hip and cool, and it's a great escape. And don't forget about all the celebrities who constantly remind us of these qualities.

Conclusion: Pricing will continue to be an issue. Prove your brand's value. Pare back. Run a tight ship. Trim the assortment and reduce your SKUs if they aren't profitable. Listen to the consumer. She's driving the bus.