

H2 2025 Beauty Retail Outlook

FROM PREDICTION TO PERFORMANCE

RECALIBRATING YOUR STRATEGY FOR

H2 2025

The first half of 2025 confirmed what savvy beauty brands already knew: agility and cross-channel strategies aren't optional – they're essential. Economic headwinds, cautious spending, and Apple's iOS 18 updates forced fast pivots as the landscape shifted.

Now's the time to go from reactive to revenue-driving. Beauty growth may have eased – from 7% to a projected 5% YOY – but momentum is far from lost. It's moving online. Digital is surging and set to capture a third of beauty sales this year, up from 25% in 2024, as drugstore closures push beauty shoppers towards seamless, personalized digital experiences.

In this follow-up to Listrak's 2025 Strategy Outlook, our digital experts reveal what played out in H1 and share client survey insights, live platform data, and actionable strategies to help beauty marketers win the second half.



H1 2025 Recap

LOOKING BACK TO LOOK FORWARD

What we saw in H1 2025

Behavior shifted towards immediacy, personalization, and mobile-first experiences.

Email struggled with deliverability and visibility, while SMS surged as consumers sought direct, frictionless communication.



Email Engagement Declined

Growing inbox fatigue and new privacy updates have made it harder to break through:



Nearly 50% of marketers' promotional lists were affected by changes to Apple Mail



29% drop in CTR and RPS, yet CVR rose +7%, showing strong intent with those who remained engaged



Recurring Automated Campaigns worked for product discovery, delivering a +85% lift in CVR and +140% increase in RPS



SMS Showed Strength

As email growth slowed, SMS surged ahead with scale and immediacy:



SMS efficiency improved YOY, sends were up 15% and revenue increased by 30%



Post-purchase CTR jumped 44% as beauty brands personalized the end experience



Browse abandonment surged with sends up 124% and revenue up 367% as brands added product and page-level touchpoints



RCS (Rich Communication Services) is emerging as the next frontier in owned marketing channels

Listrak is leading the charge, launching the first in-market RCS campaign with Dooney & Bourke in late 2024 and expanding carrier-partnered testing with hand-selected clients in 2025.

[Learn More](#)



WHAT WE HEARD:

Insights from the Listrak Client Community

We kicked off the year by asking clients what they expected.
Then we checked back midyear to see how reality measured up.



As brands shift from reactive to revenue-driving strategies in H2, and with holiday in the mix, retailers are optimistic that H2 will help them reach their full-year goals.

Start of 2025

44%

LISTRAK CLIENTS
FORECASTED FLAT YOY
PERFORMANCE

41%

ANTICIPATED MODEST
GROWTH

Mid-Year 2025

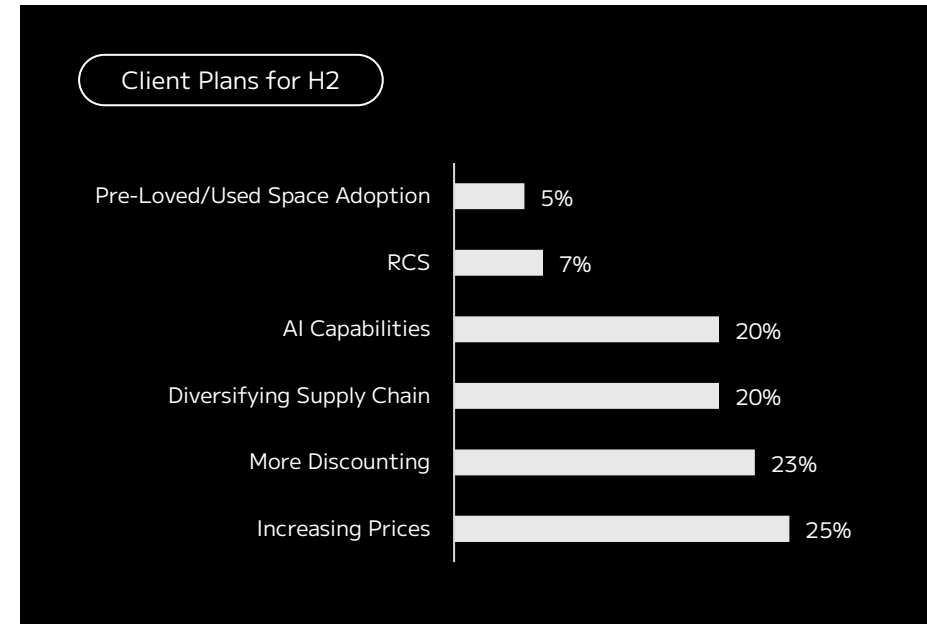
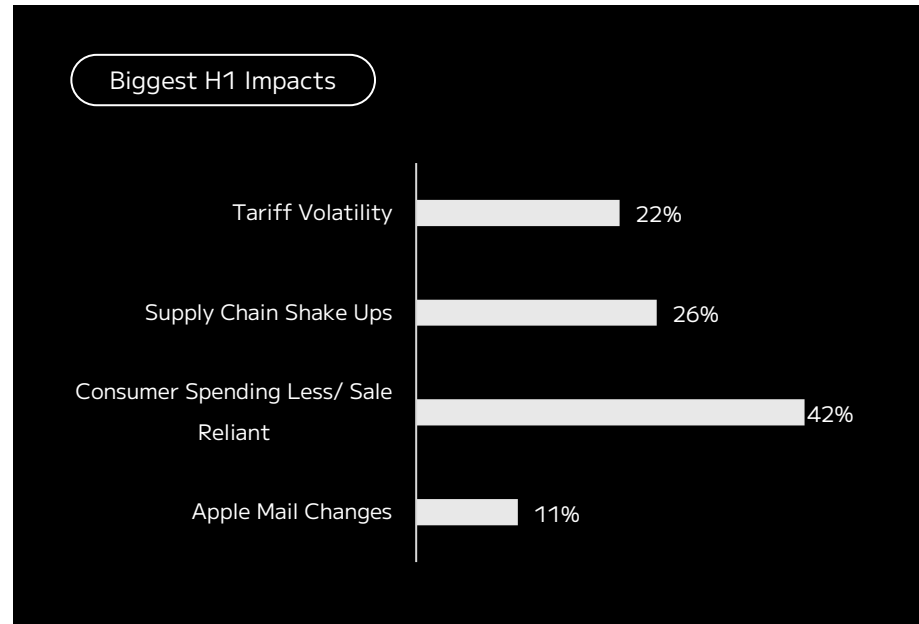
60%

OF CLIENTS PREDICT THEY
WILL MEET OR BEAT 2024
PERFORMANCE BY EOY

WHAT WE HEARD:

Insights from the Listrak Client Community

You told us the key factors playing a role this year.



Consumer spending pullback drove H1 softness, and while tariff-driven price increases are expected in H2, a smart discounting strategy will be critical to staying competitive.

Why Acquisition Strategy Matters More Than Ever

New customer acquisition is essential, but expensive. That's why brands are leaning into tools like Listrak's **Experience Builder** to maximize value from every visit and sign-up.

- Up to 70% YOY improvement in popup submission rates
- No-code, real-time personalization across key moments in the customer journey
- Supports both Email and SMS acquisition

[Learn More](#)



Listrak Beauty Growth Trends

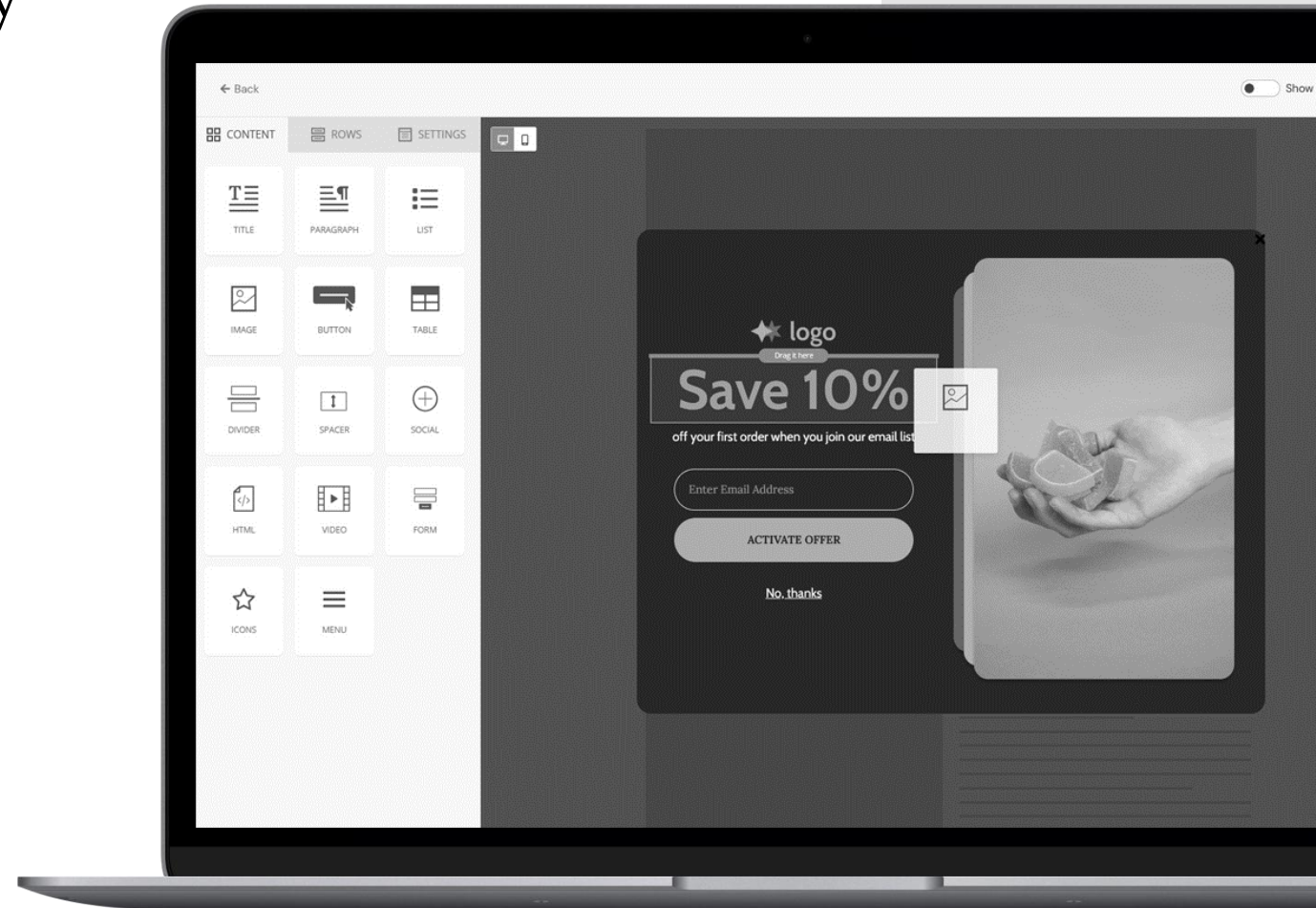
(JAN - MAY 2025)

+3.4%

EMAIL LIST GROWTH

+6.0%

SMS LIST GROWTH



How Did our H1 Predictions Net Out?

COMPARING OUR 2025 OUTLOOK TO WHAT ACTUALLY HAPPENED

PREDICTION #1: “The Conscious Consumer”

✓ Confirmed: Consumers are stretching their dollars further

- Q1 consumer spending hit a two-year low
- Brand loyalty dipped as value took precedence
- Ethical and secondhand retail gained momentum, especially with younger shoppers
- Value retail players like TJX & Dollar General reporting strong results
- Major retailers like Target and Walmart are expanding their beauty footprint as they take share from drugstores and try to lean into convenience for consumers

PREDICTION #2: Loyalty Programs Will Evolve

✓ Confirmed: Experiences move to center stage

- Loyalty programs go beyond transactions, focusing on deeper engagement, personalization, and emotional connection
- Experience-first rewards over discounts as brands like Sephora offer exclusive events and first access to products
- VIP tiers with early access, limited drops, free shipping, and in-store perks
- Listrak clients increase H1 2025 Loyalty Email Campaigns: +21% in sends and +75% in revenue YOY

PREDICTION #3: Omnichannel Experiences

✓ Confirmed: Digital-first brands doubled down on physical retail

- Omnichannel strategies moved from concept to execution
- Jones Road opened a retail location in Austin, TX, viewing retail as key for product testing, local collabs, and exclusive in-store drops
- Luxury brands added café concepts and exclusive in-store perks to elevate physical touchpoints
- Stores are also becoming fulfillment centers and are reducing friction of returns



H2 2025 Outlook

WHERE WE'RE HEADED & HOW TO WIN



MACRO TREND ALERT:

Beauty's Expanding Footprint

The beauty category is expanding beyond traditional cosmetics, with brands moving into wellness, personal care, and aesthetic treatments. This shift reflects changing consumer priorities around self-care and holistic beauty. Global beauty executives expect India and the Middle East to lead growth due to geographic wealth.

Three Micro Trends

THAT WILL DEFINE H2 2025

1

PRICE PRESSURE &
VALUE-DRIVEN BEHAVIOR

2

INVENTORY VOLATILITY
& OPERATIONAL AGILITY

3

THE EMERGENCE OF
AI-POWERED SHOPPING
ASSISTANTS

Price will Continue to Matter Most

Beauty CEOs anticipate increased consumer scrutiny of perceived value for the remainder of 2025 as 37% of shoppers plan to cut non-essential spending heading into summer and holiday. To succeed, brands need to rethink pricing strategies, finding the right balance to appeal both to aspirational shoppers and those increasingly price-conscious consumers.

Market Signals:

- “Dupes” are a trend that is sticking around into 2025, forcing brands to defend their quality as cheaper price points enter the space. Search trends peak for this term around holiday time
- Private labels (Target, Trader Joe’s, Costco) continue to scale with a lower price point and copycat innovation
- Closure of Shein's and Temu's tariff loopholes helped boost affordable competitors

Listrak Tactics to Drive Value-Driven Engagement

- ☐ Trigger Price Drop Alerts via Email, SMS and App Push
- ☐ Automate campaigns for sale- and discount-engaged audiences
- ☐ Add strikethrough pricing in Product Recommendations
- ☐ Highlight clearance and pre-loved categories in email navigation/footers
- ☐ A/B Test:
 - Above-the-fold CTAs
 - Unused coupon targeting
 - Loyalty point visibility
 - Personalized subcategory offers

Supply Chain Shifts Will Drive Stock Uncertainty Through Year-End

As retailers diversify away from China, inventory flow is becoming harder to predict. Imports from China dropped 65% YOY, and order cancellations are up 60% compared to 2020. These disruptions are already impacting availability and will likely continue into the holiday season.

Market Signals:

- Supply diversification is increasing complexity
- Slow restocks are creating new urgency and unpredictability
- Low Inventory SMS Alerts drove a 42% YOY revenue lift, despite flat sends – proof that scarcity sells

Listrak Tactics to Strengthen Inventory Messaging

- ☐ Audit inventory triggers: Align thresholds with today's fulfillment speed.
- ☐ Raise low Inventory thresholds to reflect faster sell-through
- ☐ Extend recency windows for Back in Stock alerts due to longer restock timelines
- ☐ Leverage implicit behavior (e.g. browse, abandon) to audit-trigger more timely inventory touchpoints

AI is a Go-To Shopping Tool

In 2025, 53% of consumers plan to use AI to support purchase decisions, and Listrak anticipates a growing shift from traditional search engines to AI assistants like ChatGPT during the holiday season.

Retailers are adapting fast, investing in on-site AI tools that streamline product discovery, enhance personalization, and shorten the path to purchase.

Market Signals:

- ChatGPT now surfaces reviews and Product Recommendations inside their tool to help customers discern what and where to shop
- Only 10% of beauty retailers are using AI regularly, but 60% say they are in exploratory phase
- 43% of retailers have already deployed chatbots on their site to help answer customer questions and reduce shopping friction
- +155% increase in traffic from AI tools to ecommerce sites YOY as consumers are starting their shopping journey there

Listrak Tactics to Harness AI Power

- ☐ Personalize popups based on traffic source to highlight AI-driven features for AI-referred users
- ☐ Activate Channel Affinity in segmentation and journey splits to reach the customer in their most engaged channel first
- ☐ Leverage Listrak AI Product Recommendations in emails and onsite to personalize with each message open and each page navigated
- ☐ Utilize Replenishment to reach out to the customer at their next predicted restock point to ensure they repeat purchase

[Listrak Intelligence](#)



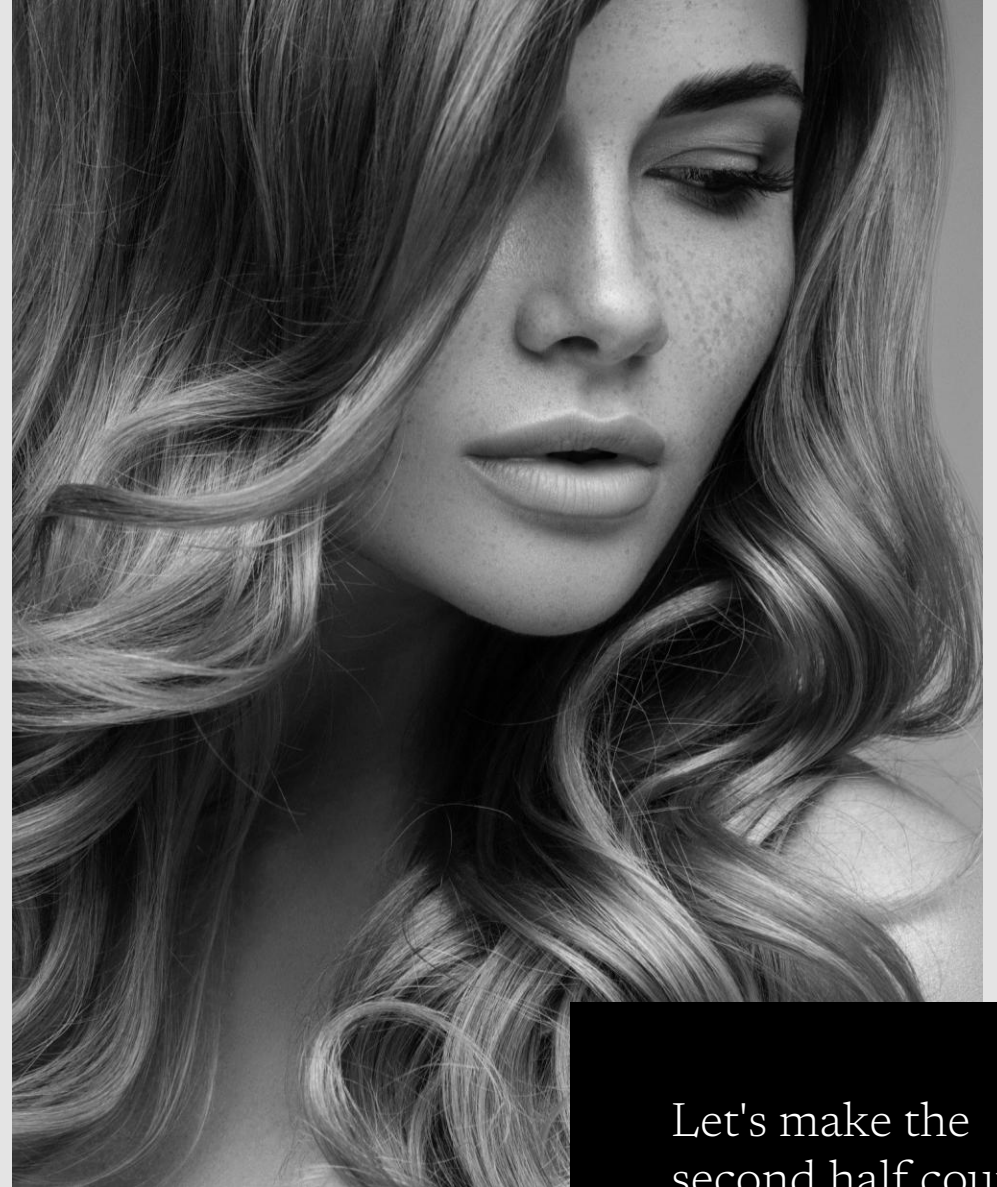
READY FOR

What's Next

The first half of 2025 reminded us that retail success isn't about predicting the future – it's about being ready for it.

Consumer expectations are shifting, channels are evolving, and disruption is constant. But beauty brands that stay agile, data-driven, and focused on the customer experience are turning change into competitive advantage.

At Listrak, we're helping our beauty clients not just react to change, but lead through it. Whether it's optimizing for price sensitivity, managing inventory volatility, or tapping into the next wave of AI-powered commerce, we're here to help you execute with speed and precision.



Let's make the
second half count.

About Listrak

Listrak is the person-first marketing automation platform that seamlessly integrates data, identity, and cross-channel messaging to power hyper-personalized customer experiences. Built for leading retailers and brands, Listrak's email, mobile marketing, push, and web solutions drive growth, maximize efficiency, and deliver exceptional revenue results.

Ready to build your H2 2025 strategy? Contact us at info@listrak.com.

Existing clients, connect with your Account Manager or reach out to support@listrak.com.

Sources

- **Listrak Intelligence** – Primary source of data and analysis throughout this report.
- Reuters – [US Consumer Spending](#)
- eMarketer – [Tariff Fallout](#), [Private Label](#), [Clothing Rental](#), [Gen AI & Shopping](#)
- Bloomberg – [Tariff Supply Shock](#)
- McKinsey – [State of Fashion](#)

