

Amazon's premium beauty push may be a buffer against Trump's tariffs

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Reuters - By Arriana McLymore



A worker stacks a shipping trailer with boxed items for delivery at Amazon's distribution center in Phoenix, Arizona. REUTERS/Ralph D. Freso

Amazon's defense against tariffs for its coming Prime Day? Luxury goods.

President Donald Trump's tariffs have spurred some Amazon sellers who source products from China and other heavily tariffed countries to bow out of the company's Prime Day, one of its biggest sales events of the year, to protect their margins.

Amazon Prime Day is now a four-day shopping event exclusively for Amazon Prime members, taking place this year from July 8 to July 11.

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The Seattle-based e-commerce company is hoping that recent sales growth in high-margin cosmetics in its Amazon Premium Beauty category will cushion the impact of tariffs on Prime Day sales revenue and consumer sentiment.

"Beauty has become, in the past few years, more of an essential item in consumers' minds," even in hard financial times, said Anna Mayo, vice president of NielsenIQ's Beauty Vertical unit.

Amazon Premium Beauty was initially shunned by luxury cosmetic players who feared the platform would harm their image when it was launched in 2013. But those days are gone.

Now, the online retailer is promoting products from top beauty and haircare brands including Estee Lauder's Clinique, Olaplex and L'Oreal's Urban Decay.

During last year's Prime Day event, U.S. shoppers spent \$14.2 billion, up 11% year-over-year, according to Adobe Analytics.

Top cosmetics brands can charge high prices and often do not offer steep discounts on Prime Day compared with electronics, apparel and home goods.

This year, Adobe Analytics expects beauty product discounts to have "milder" discounts of 10% to 17%, whereas electronics deals are expected to range from 14% to 22% off, said Vivek Pandya, lead analyst at Adobe Digital Insights.

That, coupled with the ease of shipping small packages of most products, means that Amazon Premium Beauty merchandise has higher margins than other products sold on Prime Day.

Amazon "doesn't make a huge margin in most of the categories of stuff that it sells online," said Renee Parker, co-founder of consultancy firm Invinci and a former Amazon executive. "They are making a lot of money on premium beauty products because ... (they're) small and expensive, and you can ship a ton of them." Vitamins and supplements are successful for similar reasons.

Amazon Premium Beauty sales gathered steam after the e-commerce giant began clamping down on counterfeits and top beauty companies needed new ways to reach customers, said Alfonso Emanuele de Leon, a beauty industry veteran and partner at FA Hong Kong Consultancy.

Amazon was previously viewed as a pariah by luxury beauty brands because of the cheap merchandise on the website, but is no longer perceived that way, said Emanuele de Leon.

'HUGE ACCELERATION'

Sales at Amazon Premium Beauty rose by nearly 20% to \$15 billion between April 2024 and April 2025, outpacing the 14% growth for beauty products outside the specialized e-commerce store, according to NielsenIQ. It also outpaced the year-over-year growth of 5% for online store sales in the first quarter, NielsenIQ said.

L'Oreal Chief Executive Nicolas Hieronimus said during the company's annual meeting in April that having products on Amazon led to a "huge acceleration" in expanding its U.S. market share.

Estee Lauder has launched 11 brands on Amazon's U.S. site since March 2024. More than 75% of Estee's finished goods sold in the U.S. originate from the U.S. or Canada and are therefore protected by existing trade agreements, Roberto Canevari, Estee Lauder's global supply chain executive vice president, said at a conference in June.

Lauren Gordon, vice president of Amazon at Estee Lauder, said that Prime Day and Amazon's other "high-traffic shopping moments" give the company a chance to "attract both new and existing customers."

Melis del Rey, general manager for health and beauty for Amazon U.S. stores, said her team has been "very proactive" in working with premium brands to determine tariff impacts.

"At a high level, most of the premium brands' sourcing strategies are local, and therefore, the (tariff) impact is less imminent," del Rey said.

Amazon Premium Beauty is an invite-only program for brands shipped and sold by Amazon and third-party sellers. The department has grown to more than 10,000 products, and brands' eligibility is determined on a case-by-case basis. Brands like Dyson and Estee Lauder's Aveda pay an extra 15% commission to Amazon for every website sale, and the third-party seller approach allows major brands to control pricing and inventory.

Adding prestige brands including Unilever's Dermalogica has helped the company compete with beauty retailers Ulta Beauty and Sephora, which is owned by LVMH, and also attract older, higher-income shoppers at a time when TikTok Shop is scooping up younger customers.