

Are Rising Costs In The Supply Chain Translating To Beauty Product Price Increases For Consumers?

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September 19, 2021

In this edition of Beauty Independent's ongoing series posing questions relevant to indie beauty, we ask 26 entrepreneurs and executives at beauty companies: Given rising costs throughout the beauty industry supply chain and inflationary pressures more broadly, have you changed or are you going to change your prices? Why or why not?

Ellen Marmur Founder and Dermatologist, MMSkincare

At Marmur Medical, we haven't raised our prices on Botox, Dysport, or Xeomin for over 10 years, but the cost of 100% of the procedures we offer have increased especially after the first wave of COVID. Many companies had frozen their cost increases in the kind spirit to allow doctors to reopen, but those sales pressures have rebounded again, and we all feel the burn. Other costs are due to the extra safety measures in place in the doctors' offices. Ultimately, the small increase in price for super safe procedures in a meticulous environment is well worth it.

Amber Woods Founder, Pink Light

When I rebranded 4 years ago and priced my current products, I made sure to leave some room for inflation and the unexpected costs of doing business (there are so many) so that I wouldn't need to raise them again for a while. In recent times, we have definitely experienced an increase in price in everything we use, from bottles to ingredients to printing of packaging and shipping, and it's certainly been a cash-flow challenge. I haven't and don't plan to raise our prices anytime soon because the margins are still working out OK with the bit of wiggle room we gave. However, creating indie luxury skin care is an expensive business to be in, and we may need to raise prices at some point, and I absolutely respect any company that makes the choice to raise their prices, especially as costs are rising.

Shrankhla Holecek Founder and CEO, Uma Oils

We have not changed our pricing recently and currently don't anticipate changing them as we don't yet have enough evidence to believe these changes are secular. What we are

doing, however, is requesting our customers and retail partners for greater understanding in logistics matters beyond our control such as shipping speeds and guarantees that are simply

not being upheld by carriers in these unique times. We are indeed paying more for the same service levels such as 2- or 3-day shipping, but finding that service guarantees are not being honored by carriers, leading to frictional situations and (understandably) upset customers.

In most cases, we have found that honest, transparent dialogue helps us navigate these sticky situations. We feel fortunate to have business' and customers' support in these tricky times and hope to be able to ride out the cost pressures without needing to pass them on to our customers.

Makeba Lloyd Founder, Butter By Keba

We slowly increased pricing over several years because we knew we would have to eventually, particularly with our 12-oz. body butters, which we produce in small batches. We did this in \$1 to \$4 increments so it wasn't a sticker shock for our longstanding customers.

To balance out the costs for the customer—because they are our No. 1 priority—we offer periodic flash discounts, savings on shipping, and opportunities to earn points and commissions when they shop more often and refer new customers. This means that some may wait for a promotion to purchase, but, when they do, they buy several of their favorite products. Others sign up for auto-ship or pay a monthly fee for bigger savings all year, and we're OK with that.

Tina Hedges Founder, LOLI Beauty

We've definitely seen increases in pricing across our supply chain, most especially for boxes and transportation (shipping). At the moment, we've decided to keep our current pricing and not pass these along to our customers or partners. We believe that these price increases are a temporary, not permanent, reaction to shortages and capacity issues (for example, the lack of containers out of China), but the market will readjust. For a brand, though, there is no temporary price adjustment. Once you increase your MSRP, it is a defining moment.

Kendra Kolb Butler Founder, Alpyn Beauty

It's the Wild Wild West out there (no pun intended) right now in terms of inflationary pressures. Suppliers are fluctuating, which, in turn, is causing paradigm shifts within the entire manufacturing chain. As a new brand, we are constantly evaluating our price points. We have not raised our pricing to date and, if and when we need to, we will make sure we provide full transparency to our community as to why we are doing so. Our goal is and has always been to deliver efficacious skincare formulas using our wild plants harvested in Jackson Hole, Wyo., at the best prices possible.

Dawn Fitch Founder, Pooka Pure & Simple

We're living in crazy times and, although we didn't feel the pinch during 2020, we are now feeling shortages in everything, from raw supplies, packaging to cleaning supplies. The supply chain shortage is real. We've had to send notes to customers explaining that, although the jar or top may have changed, they are still receiving our high-quality products. Customers and supporters gave so much support during 2020 quarantine that I believe they understand small businesses are still faced with struggles. In order to be a business of integrity and keep our high quality, we had to increase our pricing slightly. Customers understood because they saw an increase in spending in many aspects of their lives as well. The same wonderful people that supported and cheered for us as a small business will not abandon us because we raise prices due to no fault of our own. We've increased all products by 5% to cover the increased supply chain costs.

Kari Gran Founder, Kari Gran

We are not planning on changing our prices. We source materials and produce our products ourselves. This allows us to better absorb price fluctuations in the market, keeping our pricing consistent. If we reformulate like we did with our hydrating tonics this spring, we

reevaluate pricing based on the ingredients being used.

Carlos Timiraos GM, Surface Deep

Surface Deep Anti-Odorant brand has resisted taking price increases for over a year, and we are definitely seeing the margin challenges cascading from our suppliers who are increasing their prices, mostly because of labor shortage and increased freight costs. To relieve some of the margin pressures on things Surface Deep can control, we are taking steps on the product packaging side to reduce complexity and cost. This will help, but the reality is the business will still need to take price increases, about 10%, and will wait until January/February 2022 to do so. We still feel our Dermatologist Developed Surface Deep Anti-Odorant brings great value and innovation to the deodorant category and expect our loyal customers will stay with us because our product helps them where other natural deodorants have failed.

Kevin Gould Founder and CEO, Kombo Ventures

I think all brands, including us, are certainly having to seriously think about it. Freight costs are up almost 10X YOY, and inflationary pressure is a real thing that we are seeing across the supply chain. I think brands will hold off as long as they can, but ultimately a lot of these costs for brands will end up being passed back partially to consumers.

Yannis Rodocanachi CEO, BH Cosmetics

The actual challenges in the supply chain is a never-seen-before situation. At BH, the cost of importation had been raised by at least four times. Despite this inflation, we have decided not to increase our prices nor compromise on the high quality of our products. Giving to consumers the best products at the same affordable price has been and will always be part of BH mission.

Gregory Macdonald Founder and CEO, Bathorium

Bathorium sources global raw ingredients such as vegan coconut milk from the Philippines, eucalyptus essential oil from Australia and raw dead sea salt from Israel. In the aftermath of the pandemic and the impact this has had on our supply chain, we have had to make more strategic partnership choices when looking at who purchases Bathorium products for resale and promotion.

Larger retail chains and subscription models require us to supply our product at a fraction of the cost as traditional retail and e-commerce sales. In a conscious effort to keep our prices obtainable, we are declining these opportunities and focusing on retail partners who understand the global supply chain inflation and can mutually respect our pricing and have lead time flexibility.

Katherine Ramos Co-Founder, Rituel de Fille

Though we have experienced the same rising costs in our supply chain as the rest of the industry, as a vertically integrated brand that owns our own lab and manufacturing facility, we have been looking internally to offset those increases and minimize price changes. We have been able to find new efficiencies in our own production processes even for small-batch releases, which has so far meant being able to keep our loyal customers happy with consistent product pricing while maintaining our margins.

Kasey Boone Founder, Glow Skincare

Here at Glow Skincare we typically raise our prices about once a year to keep up with inflation and maintain product integrity. We also base our product prices due to supply and demand, but, typically, if we are raising the prices, it's because we continue to upgrade the quality of our customer experience as well as improve the quality of the products being

made. On average we are raising prices 5% to 10% annually, and we are very lucky to have had no reaction to price increase. We have a loyal, niche following, and our customers know and trust they are getting the best product on the market.

Daisy Jing Founder, Banish

We have not increased our prices since we started Banish. However, the costs of our materials, labor and shipping have all increased. There's a lot of new regulation with taxes such as state sales tax and taxes shipping from international vendors and to international customers. As much as possible, we'd like to avoid increasing our prices and find creative ways to cut costs without compromising on the integrity of our products and ingredients.

Mary Schulman Co-Founder and CEO, PYT Beauty

Historically, clean beauty has been for the elite. It is our mission to change this norm by offering clean makeup that is sustainable packaged at prices that won't break the bank. Staying true to our mission, although we have experienced price increases and supply chain issues, was not raising our prices. In fact, we just lowered many of our prices. For example, our Upcycle Eyeshadow Palette went from \$32 to \$28 in April of this year.

Rochelle Jacobs Co-Founder, Naturally Serious

Naturally Serious is committed to making our clean and effective skin care accessible to everyone. No one should have to think twice about what they're putting on their skin. This is why we have not increased our prices and, in fact, have actually decreased our prices during the COVID-19 pandemic. During these difficult times, we want our products to be easily available to those wanting to enter the clean beauty space.

We own and operate our own manufacturing, research and development facility, which helps us to reduce our production costs and provide our products to consumers at more affordable prices. Having a private in-house facility also gives us 100% control over our innovation and quality, which is very important when developing our clinically clean products. It is our hope that, despite increasing inflationary pressures, our sales strategy allows us to continue at this pace.

Amanda McIntosh Founder, Take My Face Off

Our costs haven't gone up much because we manufacture in-house in the U.S. Almost every other cloth beauty product is made in China. While this is much more expensive, we chose this route because it felt less risky. We don't have to worry (much) about shipping delays and exchange rates.

Considering the quality of our product, we feel it's underpriced. We don't want to raise prices, but this might be the right time. We've been working on a plan to increase the price that drives down waste. We haven't launched yet, but customers would get a discount if they opt out of the packaging pouch. If the customer wants the packaging pouch, they have to pay a little more. Product only would be the same price. It's a win-win—less waste, and the customer has an option to reduce their cost.

Susanne Bennett Founder, Purigenex Cosmeceuticals

We are not raising our prices as we feel that our prices are fair for the high quality and exclusivity of our products. We want as many people as possible to experience the amazing results from Purigenex products, so we don't plan to increase our prices now or in the future.

Cindy Barshop Founder, Vspot

For Vspot, the pandemic has created rising costs, delays and havoc for us as it relates to our private range of at-home formulations. Delays and the inability to specifically fulfill our OH - Corrective Serum and Good S*x - The Anti Aging Intimate Moisturizer orders have resulted in decreased revenue and lost sales. Vspot is weathering the storm and for now is not changing retail pricing for its clients.

Rachel James Founder and CEO, Pear Nova

We have not changed our prices since we went from a 7-free nail polish formula to a 10-free nail polish formula, and we don't plan to change them anytime soon. Our goal is to make an affordable, luxury product. So, we will get creative and alter budgets before being forced into another price change.

Rene de la Garza Founder, BrowDownStudio

Annual increases are pretty standard across every industry, including the beauty industry. California faced one of the strictest lockdowns for salons and spas, which is why an appropriate increase was needed. Thankfully, clients are happy to pay the increases after not receiving essential services for so long.

She'Neil Johnson Spence Co-Founder and CEO, Base Butter

Yes, we will be increasing our prices. Unfortunately, several market factors, including the COVID-19 pandemic, have increased our costs significantly. The rising costs of raw materials, vendor and carrier fees, and expenses associated with daily operations have impacted many small businesses, including Base Butter. Therefore, to remain committed to our core value—providing the best possible experience for our customers—we have no choice other than to adjust the pricing of Radiate Face Jelly, Sustainable Makeup Remover and Pre-Cleansing Cloths, and THE SET beginning Monday, Oct. 4.

Our price increases are as follows: Radiate Face Jelly [will be] \$29. Sustainable Makeup Remover and Pre-Cleansing Cloths [will be] \$15. THE SET [will be] \$40. We have already communicated this to our customers in an honest and transparent way. The response was great! Some of our customers left feedback such as: “I just received the email about the upcoming price increase. While I love paying \$21 for my face jelly, I know that price is on the lower end for quality products. I just wanted to say I will still be buying the face jelly and continue supporting Base Butter!”

“Base Butter is the definition of exquisite customer service. In case you don't hear this enough, I appreciate all of your efforts. I love the constant updates, the surveys, the giveaways and of course the products! Please continue this momentum and I will continue to support! Them prices ain't stopping me, hun! You got a customer for life!”

Shirley Menard Founder, Beurre

Prior to the pandemic, we were very comfortable with our pricing. We had decent margins and also wanted to keep our prices reasonable for our loyal customers. As we tried to fill growing orders during the pandemic, we were confronted with supply shortages—oils, jars, bottles. We regularly stock up on shea butter, so that wasn't a problem. There were several delays, discontinued items, and we had to seek out other suppliers, throwing off our pricing, but not by much.

We realized that we needed to load up on supplies for fear of not being able to have access and also that prices will start to go up. I didn't realize how this decision would affect us, but, thankfully, it was exactly what we needed to do to keep things going as the pandemic went from a few months to over a year. Though we slightly increased our prices to balance things out, we're proud to still be able to keep our products accessible for our customers. The decision to raise the price on our body butter was based on an increase in size from a 6-oz. to a 7.8-oz. jar.

Krystal Vaquerano Co-Founder and CCO, Sheabrand

We are a customer-centric brand, and we'll never stop trying to find new ways to serve our communities. So, for that reason, we try to achieve reasonable price points that fit our customers' needs. Our prices have been on the lower end for the CBD wellness and beauty industry since we started before the CBD craze.

We chose lower price points because accessibility is extremely important to us. It is hard to predict the future and what that may look like regarding inflation and other factors outside of our control, but we do know we will try our best to cut costs in other areas of our business before adding that burden onto our customers.

Lisa Brill Founder and CEO, Qēt Botanicals

Even though every aspect of our business' costs has increased, from the droppers to the glass to our labels to the botanicals, oils and raw materials, to the shipping and more, we're one of the few companies who have not increased our prices in our industry. Since day one, we have always been about helping those that want to make cleaner and healthier choices in their personal care products do exactly that.

With the hardships and changes that have fallen all around us in the last 18-plus months, we're sensitive to it. At the present moment, we're not comfortable increasing our prices. As a business, it probably would be in our best interest to have a general price increase. However, as women behind the scenes pouring our passion and care into every bottle that we formulate and share, we want to keep things as even and routine as possible right now for our friends and customers.

If you have a question you'd like Beauty Independent to ask beauty entrepreneurs and executives, please send it to editor@beautyindependent.com.