VantageNorth News

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Tariffs and Trade Remain a Top Challenge for U.S. Cosmetic and Personal Care Companies Heading into 2026

Rapid shifts in tariffs and trade policy continue to complicate budgeting, product pricing, and supply chain planning for cosmetic and personal care brands across the U.S. Many company owners report delays in new product launches, hesitation around capital investments, and growing uncertainty from retail and distribution partners.

Rising Confidence in the Beauty Market — But Tariff Pressures Are Growing

When the U.S. announced sweeping new tariffs earlier this year - including a 10% baseline on nearly all imports and higher "reciprocal" rates targeted at major trading partners - leaders across the beauty industry were forced to reassess their cost structures and planning assumptions. These changes affected everything from packaging components and finished goods to specialty ingredients sourced globally.

Cosmetic and personal care company owners have spent much of 2025 navigating inconsistent announcements, implementation delays, and shifting duty rates. While business confidence improved slightly as the year progressed, the impact of tariffs has intensified.

Real Tariff Impacts on Cosmetic and Personal Care Brands

Recent industry data shows that **71% of business leaders now report negative impacts from tariffs**, with effects felt both directly and indirectly across operations.

1. Rising Costs and Margin Compression

Many cosmetic and personal care brands rely on imported packaging (e.g., glass, plastics, pumps, sprayers), specialty ingredients, and contract manufacturing partners. As a result:

- **62% report higher operational costs**, driven by duties on inputs.
- **46% are experiencing reduced profitability.**
- Shifts in consumer demand and retailer caution are contributing to **declining sales and tighter margins.**

While increased tariff revenue may benefit the federal government, the financial burden is falling heavily on cosmetic and personal care manufacturers, indie brands, and private label suppliers.

2. Operational Adjustments in Response to Cost Increases

Among brands facing higher costs:

- Nearly **two-thirds (64%)** report cost increases of 4%–10%.
- **10%** are seeing increases of 10% or more.

Owners are taking decisive action:

- **43% have already increased prices** to offset tariff effects.
- **51% plan further price adjustments** within the next three months.

Other cost-management steps include:

- **23% cutting or delaying capital investments**
- **16% slowing or freezing hiring**
- **15% reducing marketing and promotional spending**

For cosmetic and personal care brands already navigating tight retailer margins and rising customer acquisition costs, these cuts present additional challenges.

3. Shifts in Supply Chain and Manufacturing Strategy

Cosmetic and personal care companies that depend on imported packaging and ingredients are reevaluating sourcing and production footprints. Many are:

- Increasing **domestic and near shore sourcing** where possible.
- Taking advantage of the **strong US dollar** against other foreign currencies.
- Shifting certain production steps to countries with lower tariff exposure, such as **Canada.**
- Renegotiating supplier and manufacturing agreements and **leveraging Purchasing Power Parity** to secure more predictable pricing.

Recognizing potential business advantages by shifting production strategy can help stabilize long-term planning and reduce exposure to future policy shifts. At the same time, US-based cosmetic and personal care companies faced with increased costs in packaging and offshore contract manufacturing may gain new **advantages by looking to Canada** as overseas imports become more expensive.

A New Reality: Tariffs as a Long-Term Operating Condition

The most recent tariff announcement in late September introduced new duties including:

- **25% on imported heavy trucks**
- **30% on upholstered furniture**
- **50% on kitchen cabinets and bathroom vanities**
- **Up to 100% on branded or patented pharmaceuticals not made in the U.S.**

While these industries differ from the beauty industry, the announcement reinforces a pattern: tariff policy is becoming more frequent, more aggressive, and less predictable. Cosmetic and personal care companies should expect tariffs to remain a structural factor in planning - not a temporary disruption.

In this environment, shorter planning cycles, frequent cost reviews, and flexible supply chain strategies are becoming essential for protecting margins and sustaining business.

Economist's Perspective

Lauren Saidel-Baker, Sr. Economist at ITR Economics, notes:

> *"Input costs - including wages, energy, commodities, and tariffs - continue to rise. [Cosmetic and personal care companies] must work to avoid 'profitless prosperity,' where revenue grows but margins erode. Tariff effects will appear in consumer pricing slowly, but businesses are already feeling pressure. As companies plan for 2026, the focus should be on fundamentals: filtering headlines, protecting margins, and building resilience."*

Worse than Tariffs: International Reaction to the "Made in the USA" Brand

In today's global beauty industry landscape, U.S.-made cosmetics and personal care products face mounting resistance in key international markets as consumer-driven boycotts and political backlash to tariffs continue to intensify. Across Europe, shoppers are deliberately avoiding U.S. goods, with **retailers outright removing American products from shelves.** National movements such as France's "Buy French and European" campaign and Sweden's "Bojkotta varor från USA" boycott are encouraging consumers to substitute American brands with locally trusted alternatives. With **64% of Europeans expressing a preference to avoid U.S. products** whenever possible, the trend suggests a broad erosion of confidence in the American brand abroad. Meanwhile, Canada, our closest neighbor, has seen a surge in "Buy Canadian" messaging domestically and is successfully promoting that message around the world as a global supplier.

Bottomline - stronger national identity campaigns, and overwhelming consumer willingness to **replace American imports is driving a rapid realignment in consumer purchasing patterns.** For US-based cosmetic and personal care companies, this shift signals a significant opening for a new global strategy: **Canadian-made beauty products may benefit from a growing perception of authenticity, reliability, and political neutrality, positioning "Made in Canada" as an increasingly attractive label in markets where U.S. goods are now viewed with skepticism or outright rejection.**

Key Takeaways for US-based Cosmetic and Personal Care Companies

- **Companies must take strategic action even when policy direction is uncertain – there are available options to create stability and predictability through the "Made in Canada" brand.**
- **Planning requires reliable economic data, not headlines. The reality: "Made in the U.S.A." goods are losing international retail shelf space, consumer trust, and price competitiveness.**
- **Country-of-Origin is becoming a critical differentiator in cosmetics and personal care - geopolitical tensions are now translating into real, retail consequences.**
- **Companies must protect margins and not focus on growth alone.**
- **Companies cannot afford to be indecisive on addressing tariff-related impacts on ingredients, packaging, and logistics.**
- **The data is mounting - the US-based cosmetic and personal care industry, highly sensitive to brand perception, is being financially impacted as tariffs inflate input costs, international consumers reject U.S.-made goods, and global retailers increasingly reduce shelf space for American-produced products.**

VantageNorth Solutions LLC. - OUR FOCUS

Empowering American-based cosmetic and personal care businesses to grow their international reach through the "Made in Canada" brand.

At VantageNorth Solutions LLC, we help American-based cosmetic and personal care businesses access Canadian custom manufacturers to enable their international growth strategy by capitalizing on the credibility and stability of the "Made in Canada" brand. Canadian products are welcomed around the world under preferred trade status through 15 honored international free trade agreements (FTAs).

Our network of trusted Canadian manufacturers can help provide your company with access to 51 countries representing over 61% of the world's GDP and over 1.5 billion consumers worldwide.

Ready for your VantageNorth Solution?
Let's have a conversation.

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