

RESEARCH

## Beauty marketers spent 23pc more on digital in 2014: report

December 22, 2014



*Lancôme lipsticks*

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By SARAH JONES

Increasingly, beauty brands are making investments in digital, simultaneously retaining or reducing their spend in traditional print media, according to a new report by L2.

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**Luxury Daily**

From choosing a new spokesperson based on social media followers to launching a new line centered on a blogger, marketers are using digital to guide their decisions, recognizing the influence that these tastemakers have on their audience. Beauty brands are largely embracing social media themselves as a way to connect directly with consumers.

"Beauty is a fairly sophisticated sector when compared to other industries that we look at," said Jenny Shen, research lead at L2, New York.

"Most brands have the fundamentals in place, such as having a mobile site, being present on strategic social media platforms and having some kind of CRM program," she said.

"Paid search and display advertising spend are still growing and haven't stalled - in the last year, paid search was up 75 percent year over year.

"This next year, we expect the level of sophistication present in beauty to continue - more

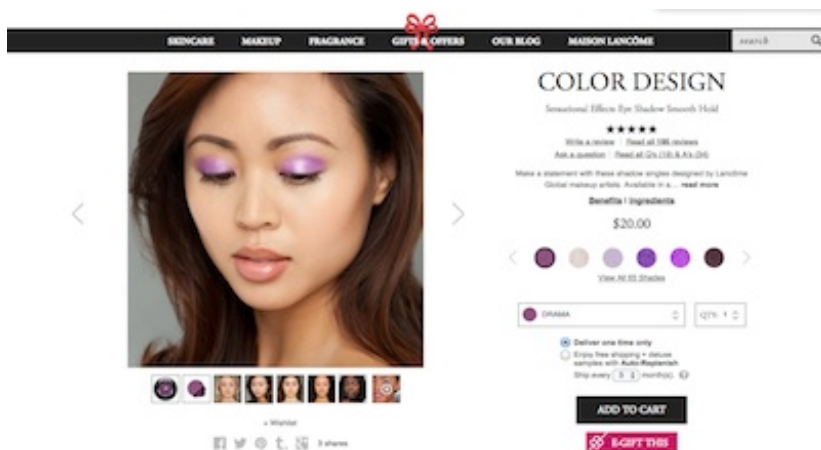
mobile investments, as searches are increasingly happening on the smaller screen, smarter segmentation and targeting and stronger partnerships with brick-and-click retailers."

L2's **Digital IQ Index: Beauty** report attempts to assign a digital IQ to 94 brands, looking at the brand's site and ecommerce, digital marketing, mobile and social media.

Digital prestige

Lancôme ranked second overall, coming in behind mass brand L'Oreal Paris and earning the classification genius. Over the course of the year, Lancôme rolled out a new loyalty program and added features to its ecommerce site to make the online buying experience less complicated.

Lancôme is using Sight Commerce's Infinite cloud-based visual commerce solution, which allows consumers to select a model that is the closest to their skin color and then see how any products they browse would look once applied ([see story](#)). Lancôme is also among the retailers using Loop Commerce's gifting tool this holiday season to let consumers send a thoughtful gift without worrying about specifics like size or color ([see story](#)).

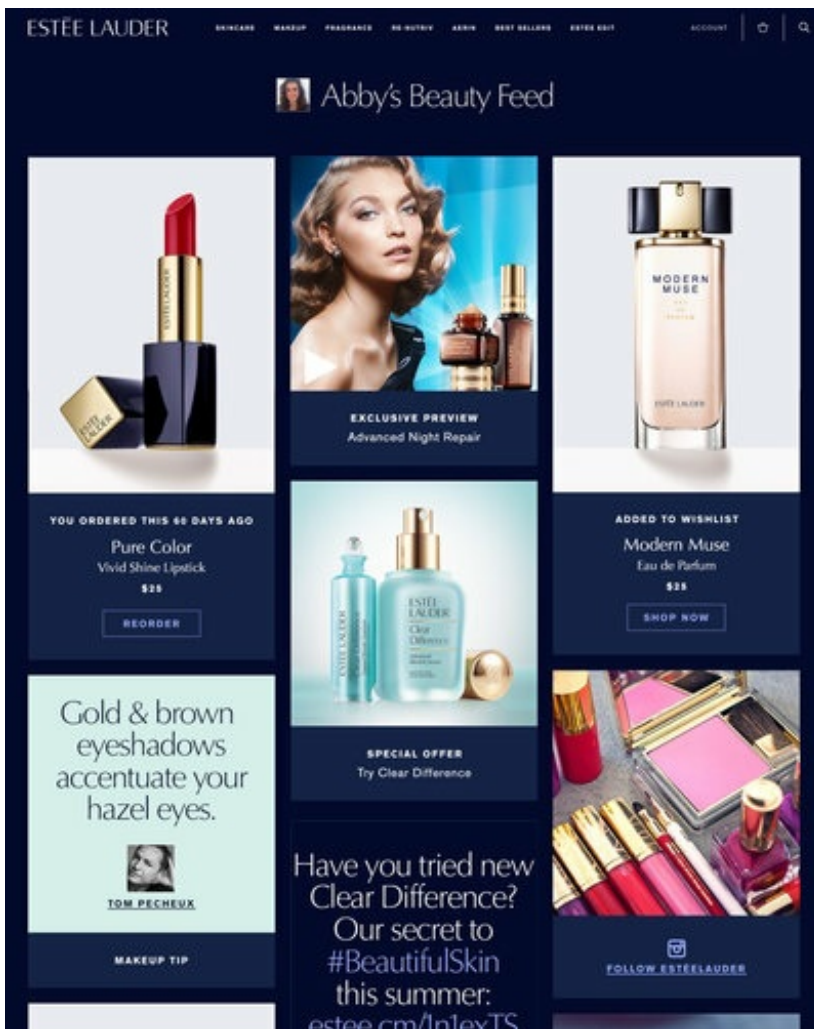


*Lancôme visualizer*

L2 also awarded the beauty brand for its use of social media to launch its Grandiôse mascara.

Estée Lauder came in fourth place, earning a score of 138 and a spot in the gifted category. Earlier this year, the brand increased the ways in which it communicates with its consumer base with a new Web site design that promotes products through technology.

Estée Lauder's newly renovated digital flagship builds a beauty community by seamlessly linking commerce, content, personalization and service ([see story](#)).



## Estée Lauder beauty feed

Chanel and Giorgio Armani also landed in the gifted category, mostly for their use of social. Chanel successfully launched its Instagram account tied to its campaign for Chanel N°5, gaining more followers in a month for the account than any other index brand ([see story](#)). Armani keeps separate beauty social accounts so fashion content does not interfere.

Fragrance brands tend to lag behind color cosmetics, scoring mostly challenged due to licensing agreements that limit the brands' control over creative.

Despite Gucci tying for first place in L2's recent fashion report ([see story](#)), its beauty mobile site brought Gucci perfumes down to a challenged score, due to lack of user reviews and poor store locator functionality.

## Investing

Ecommerce offers a tremendous opportunity for beauty brands as the fastest growing channel, but it still accounts for only 6 percent of the sector's total sales. Investment in brands' Web sites began to flatline in 2014.

Ecommerce-enabled brands are more likely to offer live chat, with 32 percent including the feature, compared to just 3 percent of those brands without a purchase function. However, no brands offer live chat 24/7, and only 14 percent have around-the-clock phone

assistance.

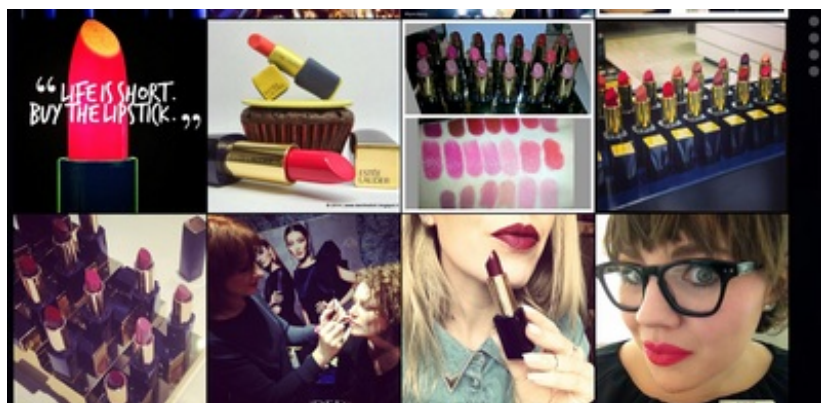
Sixty-three percent of brands enable user reviews, which boost the likelihood of conversion. However, the majority of those that do not allow for customer feedback are fashion brands.

Beauty brands also have an opportunity in site accounts, since most do not allow for customization of the user profile.

Auto-replenishment is another way to provide a service to the customer. However, only 23 percent of beauty brands in the index are currently investing in auto-replenishment, including YSL Beauté.

Guided selling is still popular with beauty brands online, which use tools in an attempt to replicate the in-store experience. While about half of brands offer an interactive tool or the ability to filter by concern, only 3 percent of beauty marketers show photographs of makeup on models with different skin tones.

User-generated content could help to fill in where brands neglect to share a variety of product images, but just 8 percent of brands incorporate consumer photos into their product pages.



*User-generated content on Estée Lauder's Web site*

"Traditionally beauty brand sites have relied on siloed or clunky diagnostic tools that navigate shoppers away from the direct path to purchase," Ms. Shen said.

"These tools, such as diagnostic quizzes and virtual makeovers, are often attempts to replicate in-store consultations," she said. "But there are more effective ways to guide shoppers toward the right products online and keep them oriented towards purchase.

"Brands such as Dermablend and Sally Hansen are incorporating relevant content - for example makeup shades on different skin tones, short questions to identify main concerns, etc. - directly on product pages, which is closer to the point of purchase."

One area where beauty brands are focusing is on mobile, with 98 percent now having a mobile-optimized site. Almost 40 percent of beauty search term volume occurs on mobile devices.

Compared to the adoption of mobile sites, only a quarter of index brands have a mobile

app.

Prestige beauty brands continue to be selective in their distribution, cleaning up any shady points of sale through legal intervention. For instance, Chanel brought its listings on Amazon from 400 in January to 20 in April.



### *Chanel nailpolish*

Luxury brands in general do not want to be seen on Amazon, for fear it will harm their brand image ([see story](#)).

### Direct messaging

Email continues to be a driving force for beauty ecommerce, contributing to 18 percent of online sales in 2014. Estée Lauder brands have the highest frequency of emails, with 3.6 messages sent per week on average.

Abandoned cart emails that specifically mention a product have a 25 percent higher rate of conversion. One-third of brands that offer an email signup send abandoned cart emails.

Also speaking directly to consumers, beauty brands have a near-universal adoption of Facebook, YouTube and Twitter, and Pinterest and Instagram are gaining in popularity. However, Web site traffic from social media decreased slightly from 2013 to 2014.





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### *Instagram post from Dior*

For brands with in-house beauty lines, such as Burberry and Chanel, 15.5 percent of total Facebook posts are beauty-related, compared to just 11.4 percent of total posts for licensed brands.

On YouTube, brands need to find ways to stand out amid the sea of vloggers. With 14.9 billion beauty videos, only 3 percent are included in brand-owned channels.

In addition, brands tend to be buried in search results, owning on average 8 percent of first page real estate. Burberry bucks the trend, owning 84 percent of the first page search results.

Almost 90 percent of beauty brands in the index are now on Instagram and are benefiting from high engagement rates. Some brands have found ways to make money on the platform.

U.S. fashion label Marc Jacobs is simplifying the path to purchase for its beauty collection with a new Instagram effort.

Brands have struggled to generate conversions through Instagram because the platform does not allow for active hyperlinks to be embedded in the captions of shared photos.

Marc Jacobs is looking to give consumers straightforward access to ecommerce through Instagram by linking its shared images to product emails for purchasing ease ([see story](#)).

Finding ways to use digital to guide consumers down the purchase funnel will be an opportunity for growth.

"This year, there were three geniuses in our beauty ranking, led by L'Oreal Paris, Lancôme and Clinique," Ms. Shen said. "These genius brands set themselves apart from the pack as they executed digital programs that were effective at driving brand awareness at scale or leveraging digital as a way to lubricate the purchase funnel.

"L'Oreal's Makeup Genius app, one of the strongest displays of innovation in the industry in the past year, has 1.4 times the number of ratings versus the index average, and has been downloaded 1.7 million times in the U.S. and France, according to L'Oréal," she said. "L'Oreal Paris also drove higher site traffic, three times the index average, from their display advertising investments.

"Lancôme and Clinique integrated guided selling tools into their brand sites that personalized users' experiences and ultimately drove higher conversion."

Final Take

*Sarah Jones, editorial assistant on Luxury Daily, New York*

Embedded Video: [//www.youtube.com/embed/XhcAxUe0oYQ](https://www.youtube.com/embed/XhcAxUe0oYQ)

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