

FRAGRANCE AND PERSONAL CARE

Luxury cosmetics should be wary of Indie brands in digital space

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Dolce & Gabbana beauty, summer 2016

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Smaller independent brands are overtaking luxury cosmetics brands in the digital space now that their operations have expanded beyond social, according to the 2016 Beauty Index by L2.

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While indie cosmetics brands had social media covered last year, as the younger companies are more savvy on the newer platforms, they were lacking in terms of digital sales. But with growing teams and technology making it easy for smaller brands to sell digitally, larger cosmetics brands need to be careful of falling behind the times.

"Last year we saw the rise of a number of 'indie' brands that were only strong in one area, usually social media, for example Anastasia Beverly Hills," said Giulia Prati, lead researcher at L2. This year, these brands have rounded out their digital performance, building investments across their digital presence with site improvements and digital marketing efforts.

"Big enterprises need to watch out as these brands start to encroach on their space from both a digital competency and sales perspective," she said.

Cosmetics brand rankings

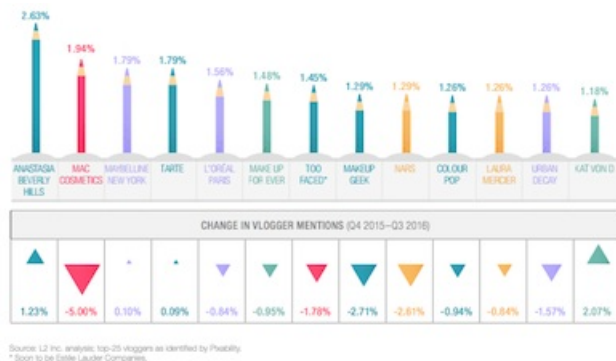
Estee Lauder, Chanel and Dior were all ranked below the top 10 slots for beauty brands in the digital space, judged by L2's report. Giorgio Armani, Yves Saint Laurent and Gucci saw even worse fates, being ranked below the top 30 positions.



L2's graph

Many fast beauty brands, such as e.l.f and NYX, that offer their products for a much cheaper price and are widely accessible at drugstores, are exceeding substantially in online merchandising, while also diving into bricks-and-mortar. But so are luxury brands.

Thanks to the success of the color cosmetics category, a number of luxury brands are beginning to update their beauty retail strategies to include standalone storefronts.



L2's graph

After fragrances, fashion brand's color cosmetic lines have the highest market penetration and have proven a dynamic category, with a 6.5 percent growth value and total sales of \$56.590 million in 2015, according to Euromonitor. With such explosive potential, brands have placed an emphasis on their beauty collections, whether it be dedicated social media accounts or increasingly, bricks-and-mortar boutiques carrying color cosmetics ([see more](#)).

Indie brands on social

While Anastasia Beverly Hills was previously only doing well on Instagram, its efforts have stretched to all forms of social media and ecommerce. Its discoverability and buzz surrounding the brand has increased dramatically, especially compared to other beauty brands.

The smaller brands have these social channels almost down pat and are quickly learning how to drive this engagement and quality content into sales. This has caught the attention of Estée Lauder, which has recently acquired multiple small beauty brands such as Becca Cosmetics and Too Faced.

Other luxury cosmetics brands are incorporating innovative social media strategies into their own strategies.

For instance, U.S. fashion brand Marc Jacobs retooled its "Cast Me Marc" casting call to find the brand's next beauty vlogger.

The Cast Me Marc effort relies on social media and Marc Jacobs community of followers to source the brand's ambassadors. In the past, Marc Jacobs hosted Cast Me Marc sessions for its fashion-related campaigns, but has relaunched its casting call for its Marc Jacobs Beauty line ([see more](#)).

"Anastasia Beverly Hills as the biggest winner in the Index year-over-year was the most surprising to me since last year they were really a one trick pony' - strong on Instagram but weak everywhere else," Ms. Prati said. "The brand has really ramped up investments across dimensions - on their brand site, which now has instant search and improved merchandising like texture swatches on PDPs.

"The brand has also gained significant visibility on search for brow and contouring terms signifying growing investments in SEO," she said.