

FRAGRANCE AND PERSONAL CARE

Este Lauder embraces digital-first mentality across organization

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Este Lauder's new chatbot uses AR to project makeup colors. Image credit: Este Lauder

By STAFF REPORTS

Beauty group Este Lauder Cos. is responding to consumers' changing buying habits as a result of social media, bolstering its brands' social media presences and increasing its affiliations with influencers.

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As it becomes easier for competitors to enter the space due to social media and ecommerce, the company is leaning on a mix of investing its best-sellers, developing new products and services and adopting a strategy led by digital to remain a leader in the beauty market. The conglomerate's annual report for fiscal 2017, released on Sept. 28, outlines the organization's efforts to engage the beauty customer of today.

Beauty buyers

Social media is catalyzing growth in the \$237 billion beauty sector by fueling consumers' interest in their appearance and their desire for self-expression, according to a report from Fashionbi.

Makeup, which saw a record growth of 8.4 percent in 2016, has been the main source of the cosmetic industry's rise over the last five years. Fashionbi's "[The Art of Selling Beauty](#)" notes that aside from makeup, digital is driving the sector's acceleration, as more beauty products are purchased online ([see story](#)).

Since prestige beauty customers look at product first and brand second, Este Lauder has been focusing on its "hero" products as a means to drive loyalty. For its flagship Este Lauder label, this has meant pushing its Advanced Night Repair serum and its Double Wear foundation, both of which have the potential to draw new customers to the brand and keep them shopping with Este Lauder.

Part of the Este Lauder brand's digital outreach also included the appointment of vlogger Violette as its new beauty director ([see story](#)).

Embracing digital in the important travel retail channel, Este Lauder created 55 new ecommerce sites for its duty-free points of sale, resulting in a 100 percent growth in pre-order sales.

Tom Ford Beauty, a licensed brand of Este Lauder, ran a Chinese influencer campaign that resulted in its store at Shanghai's Pudong Airport becoming its number one boutique.



Tom Ford Beauty. Image credit: Tom Ford

Beauty conglomerate Este Lauder Cos. expects its momentum to continue in 2018, after reporting full-year net sales that increased by 5 percent in fiscal year 2017.

Este Lauder also ended the fourth quarter on a high note with net sales increasing by 9 percent, for the period ending June 30. During the fourth quarter of 2017, Este Lauder reported net sales of \$2.89 billion, compared to \$2.65 billion from the year-ago quarter ([see story](#)).

The company partly attributed its sales growth for the year to its acquisitions of the labels Too Faced and Becca, in line with its strategy of adding to its portfolio while building the brands within its stable.

In its annual report, the group projects that its sales over the next three years will increase from 6 to 8 percent on a constant currency basis.

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