

RESEARCH

Luxury legacy key to long-term longevity in beauty industry: study

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By TRICIA CARR

Storyed beauty brands including Estée Lauder, Christian Dior and Chanel remain leaders in the industry most likely through an association with a high-fashion label or a time-measured status, according to the new Top 50 cosmetics brands study by Brand Finance.

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High-end cosmetic brand Estée Lauder saw the largest increase in brand value with a 22 percent increase year over year while luxury cosmetic brands associated with labels such as Dior, Chanel and Yves Saint Laurent also earned high rankings on the list. It seems that iconic brands have developed a strong following by exploiting their history or high-fashion roots in multichannel campaigns.

“The main trend we have seen is that consumers remain increasingly loyal to legacy brands as nine of the 50 brands are over 60 years old,” said Ioannis Lionis, cosmetics and beauty valuation consultant at [Brand Finance](#), London. “Fifteen of the brands are over 100 years old.

“Beauty and cosmetics are an inherently personal and trusted area of branding,” he said. “They are passed from mother to daughter and to further generations.

“It is no surprise that in this beauty industry consumers remain faithful to the brands they

have known since they were children.”

The Top 50 cosmetics brands study measured the success of the world’s 50 most popular beauty companies.

High-fashion makeup

Designer-made cosmetic lines by Dior, Chanel and Yves Saint Laurent returned to the list this year, which proves that branded makeup and fragrances could be a large revenue source for luxury marketers.

These cosmetic lines could also be highly-marketable as seen in these brands' multichannel campaigns.

Dior landed at number 14 on the Top 50 list, earning the next highest spot for a luxury beauty brand under L'Oréal at 3 and Estée Lauder at 8.

Dior’s fragrance and the rest of its cosmetic products are perceived as one of the most successful brands in the industry, which has been reflected in the study this year, per Mr. Lionis.

The label's success could be the result of the brand’s Miss Dior Cherie fragrance campaign with actress Natalie Portman that is placed across print and digital channels.

Dior continued to promote its fragrance in 2011 with the launch of the Miss Dior Universe Facebook application and an interactive Web site that provides campaign pictures, an extended video and behind-the-scenes footage ([see story](#)).



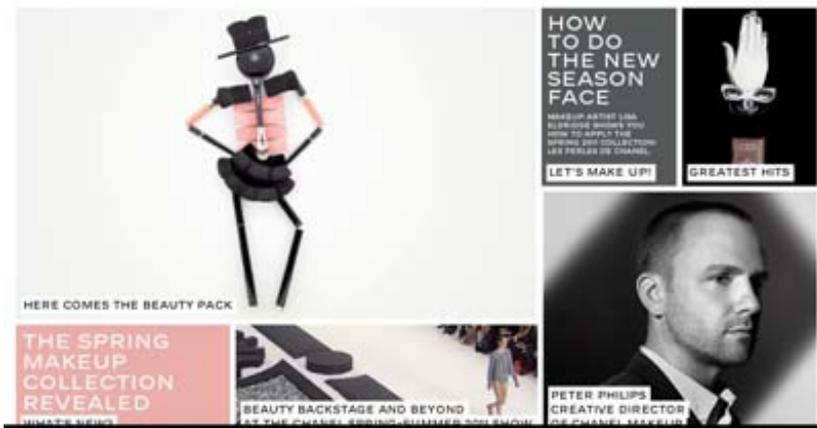
Miss Dior print ad

Meanwhile, Chanel dropped two spots to number 18 on the list, but still remained strong with a value marked as high as \$2.2 billion last year.

“Chanel is an impressive and established brand whose reputation and standing in the beauty industry is second to none,” Mr. Lionis said.

The brand revealed its spring makeup collection in early 2011 through an interactive Web site that relies heavily on the value of sight, sound and motion to stimulate conversation and interactivity to ultimately drive sales.

The video-packed site includes how-to's with makeup artist Lisa Eldridge, who shows viewers how to apply the spring 2011 collection called Les Perles De Chanel ([see story](#)).



CHANEL

Chanel Confidential makeup site

Chanel continued to push its beauty line this year via print and digital channels.

The L'Oréal portfolio of high-end cosmetic brands including Kiehl's, Ralph Lauren fragrances, YSL Beauté and Giorgio Armani reigned supreme in terms of year-over-year brand value at the number 3 ranking on the Top 50 list.

The value solely of the L'Oréal brand experienced an increase to \$7.7 billion.

Meanwhile, YSL Beauté went up from \$8.7 billion in brand value to \$9.1 billion.

Rising star

Estée Lauder saw the most significant increase in brand value year-over-year to approximately \$3.7 billion.

The ageless makeup brand employs consistent print and digital efforts, which could explain its status as one of the top 10 beauty brands in the study.

For example, Estée Lauder is well-known for its standard front-of-book ad placement in top luxury publications such as W.

In addition, the brand joined YouTube last year to present a series of makeup how-to videos to the masses.

The brand flaunted video appearances from ambassadors Hilary Rhoda, Constance Jablonski, Liu Wen, Joan Smalls, Carolyn Murphy and Elizabeth Hurley to attract consumers ([see story](#)).



Estée Lauder YouTube page

In fact, Estée Lauder entered into the top 20 of Think Tank's Digital Beauty IQ that analyzed branded digital strategies and social efforts in 2011 ([see story](#)).

The notable increase in Estée Lauder's brand value was mainly due to a strong financial performance this year, per Brand Finance.

The brand reported net sales of \$2.74 billion in the fourth quarter, which was up 10 percent year over year.

Estée Lauder seems to be leveraging its individual brands to reach luxury consumers.

For example, Tory Burch signed an exclusive agreement with Estée Lauder for a branded fragrance last year.

Also, Estée Lauder tapped fans of the "Man Men" TV series to market a mini makeup collection ([see story](#)).

“Estée Lauder has also followed the trend of the high-end luxury brands this year, which proved a successful and resilient way of doing business, expand into new markets and recover faster than the economic crisis,” Mr. Lionis said.

Luxury brands and retailers have been aggressively pushing their cosmetics and fragrance lines, mainly due to the state of the current economy. Research has shown that cosmetics sales spike in times of economic hardship since women may not want to spend money on expensive couture, but still want to pamper themselves ([see story](#)).

“As the recession continues, consumers have turned to these alpha-brands, the brands

they admire, know and trust, and are continuing to spend their money on these high-end luxury cosmetics,” Mr. Lionis said.

“This year, beauty brands have seen a growing predominance in emerging markets, especially in Asia,” he said. “However, consumers both at home and abroad are aware of the positive effects of marketing campaigns.”

Final Take

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