



DIGITAL IQ INDEX:

Beauty & Skincare

SCOTT GALLOWAY
NYU Stern

NOVEMBER 23, 2010

L2 A THINK TANK
for DIGITAL INNOVATION

icrossing / :: /

INTRODUCTION

Aging

The \$330 billion global beauty industry spends hundreds of millions developing the latest wrinkle creams, eye shades, and organic skin-care solutions. However, for an industry built on the promise of youth and vitality, its marketing strategy is...well...aging.

While consumers devote just six percent of their media consumption time to reading magazines, the beauty industry spends a staggering 45 percent of its marketing budget on the glossy rags (\$2.5 billion). Inertia, pre-existing relationships, and a lack of understanding of the Internet have resulted in online budgets that are a whisper of the “commitment to digital” that beauty executives boast in conferences and analyst calls.

The Virtual Beauty Counter

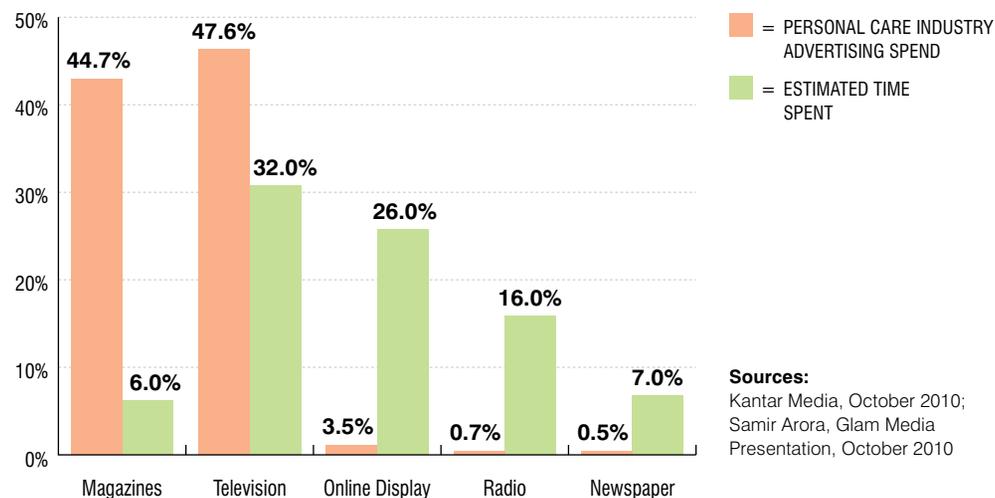
Although the industry has yet to shift meaningful marketing spend, some beauty brands are investing and innovating online in search of e-commerce revenue. Currently, nine percent¹ of all beauty and cosmetics purchases are made through the Internet and another 43 percent are influenced by digital channels.

Companies in the L2 Digital IQ Index® Genius and Gifted ranks have made significant investments in search, email marketing, and contextual retargeting and are building strong social media communities to drive online sales. Digitally deft brands such as Clinique and Estée Lauder have introduced user reviews, online chat, and social-sharing functionality to drive traffic and attract consumers.

1. “Internet Trends 2010,” Mary Meeker, April 2010.

MEDIA CONSUMPTION VS. MEDIA SPEND

(2009)



Sources:
 Kantar Media, October 2010;
 Samir Arora, Glam Media
 Presentation, October 2010

INTRODUCTION

Meet Your New Spokesperson

Seven of the top 10 most viewed "How-To" channels on YouTube belong to self-appointed beauty gurus. Moreover, 47 percent of female Internet users say they are likely to share information and opinions on cosmetics and personal care products², suggesting that the digital medium is a robust tool for connecting with customers and reducing traditional marketing spend. Power-house vlogger Michelle Phan has generated more than 22.5 million views for her Lady Gaga "Poker Face" video. In February, Michelle became the new video makeup artist for Lancôme, an agreement that could mimic the transformative effect that Michael Jordan had on Nike and marketing in the 1980s.

Digital IQ = Shareholder Value

Our thesis is that digital competence is inextricably linked to shareholder value in the beauty industry. Key to managing and developing a competence is an actionable metric. This study attempts to quantify the digital competence of 40 beauty brands. Our aim is to provide a robust tool to diagnose digital strengths and weaknesses and help brands achieve greater return on incremental investment.

Like the medium we are assessing, our methodology is dynamic, and we hope you will reach out to us with comments that improve our methodology, investigation, and findings. You can reach me at scott@stern.nyu.edu.

Sincerely,



SCOTT GALLOWAY

Clinical Associate Professor of Marketing, NYU Stern | Founder, L2

2. "Women and Word-of-Mouth," Harbinger, October 2010

DIGITAL IQ INDEX®

Methodology



Site - 40%:

Effectiveness of a brand's site. A quarter of the score is based on brand translation elements and the other 75 percent reflects user interface, technology incorporation, and transaction orientation.

- **Brand Translation:**
 - Aesthetics
 - Messaging & Interactivity
- **Functionality & Interface:**
 - Site Technology
 - Site Search & Navigation
 - Product Display & Content
 - E-commerce / Transaction Orientation
 - Customer Service
 - Innovation & Interactivity



Digital Marketing - 30%:

Search, display, and email marketing efforts.

- **Search:** Traffic, SEM, SEO, Web Authority
- **Email:** Opt-in Observations, Frequency, Content
- **Digital Marketing Innovation:** Display, Retargeting, Placement, Integration
- **Presence on Blogs:** Mentions, Sentiment



Social Media - 20%:

Brand presence, following, content and influence on major social media platforms.

- **Facebook:** Likes, Growth, Post Frequency, Programs
- **Twitter:** Followers, Follower Growth, Frequency, Use of Medium
- **YouTube:** Channel Presence, Views, Number of Uploads, Views of Most Viewed



Mobile - 10%:

Compatibility and marketing on smart phones and other mobile devices.

- **Mobile Site:** Compatibility, Commerce
- **Smartphone Applications:** Availability, Popularity, Commerce
- **iPad Integration:** Marketing, Applications



DIGITAL IQ INDEX:

Beauty & Skincare

Want to know more about your brand's ranking?

[CONTACT US](#)

DIGITAL IQ RANKING



Rank	Brand	Category	Ownership	Digital IQ	Class	Comments
1	CLINIQUE	Department Store	Estée Lauder	145	Genius	From the Foundation Finder to its regionally targeted Facebook page, Clinique cleans up online
2	M•A•C	Multi-Channel	Estée Lauder	143	Genius	Makeup Artist maven casts a spell with its potent campaign and more than 1.2 million Facebook fans
3	LANCÔME	Department Store	L'Oréal	134	Gifted	Four of the brand's multiple Michelle Phan videos have each received more than two million views
4	AVEDA	Multi-Channel	Estée Lauder	132	Gifted	Highly interactive site offers live chat and a bevy of beauty advisory features
5	L'ORÉAL PARIS	Drugstore	L'Oréal	129	Gifted	Innovative "Destination Beauty" YouTube channel features tips from gurus using L'Oréal and other brands
5	BARE ESCENTUALS	Multi-Channel	Shiseido	129	Gifted	Queen of QVC has devoted evangelists swirl-buff-tapping their way across its social media properties
7	PERRICONE MD	Department Store	N.V. Perricone, M.D. Cosmeceuticals	126	Gifted	Punching well above his weight-class, Dr. Perricone is one of the category's mobile leaders
8	BOBBI BROWN	Department Store	Estée Lauder	125	Gifted	"Pretty Powerful" campaign is just that, combining makeovers, how-to's, user-generated content and philanthropy on the web
8	AVON	Sales Force	Avon	125	Gifted	E-commerce-enabled Deal of the Day iPhone app brings new meaning to "Avon Calling"
8	BENEFIT	Department Store	LVMH	125	Gifted	"Bad Gal" brand translates seamlessly across all platforms; leads the industry in Twitter followers
11	ESTÉE LAUDER	Department Store	Estée Lauder	120	Gifted	Innovative digital marketing supports offline product launches, but more robust social media is needed to elevate brand from co-star to leading lady
12	COVERGIRL	Drugstore	Procter & Gamble	119	Gifted	CoverGirl gets personal, creating a beauty profile and offering customized product suggestions for users on the site
13	NARS	Department Store	Shiseido	113	Gifted	"Pure Matte: Infinite Reflections" video is the latest in a trend around artistic long-form beauty videos



DIGITAL IQ RANKING



Rank	Brand	Category	Ownership	Digital IQ	Class	Comments
14	L'OCCITANE	Multi-Channel	L'Occitane	112	Gifted	Provençal beauty brand attracts fans with contest for trip to old country
15	BURT'S BEES	Drugstore	Clorox	110	Gifted	Buzz for brand has followed from farmers' markets to Facebook
16	CHANEL	Department Store	Chanel	109	Average	Scorsese-directed <i>Bleu de Chanel</i> video earned nearly one million views; arms race on Facebook with fellow luxury elite has resulted in more than two million likes
17	SMASHBOX	Department Store	Estée Lauder	107	Average	Recent Estée Lauder acquisition boasts more than 85 videos from Smashbox Studios on YouTube
18	NEUTROGENA	Drugstore	Johnson & Johnson	106	Average	"Wave for Change" campaign sets the bar for philanthropy-driven social media campaigns; brand grew "like" base more than 200 percent in three months
19	MAYBELLINE NEW YORK	Drugstore	L'Oréal	105	Average	Sponsorship of <i>Allure</i> magazine's Best of Beauty iShopper app earns this brand points in innovation
19	PHILOSOPHY	Department Store	Private	105	Average	Brand's site is among the top ten, but its digital marketing is well below Average
21	MARY KAY	Sales Force	Mary Kay	103	Average	This brand's sales force is one to reckon with— evangelists take social media by storm, boasting the highest interaction rates on Facebook
21	KIEHL'S	Multi-Channel	L'Oréal	103	Average	Brand aesthetics are consistent across platforms, maintaining the feel of a neighborhood apothecary
23	CLARINS	Department Store	Clarins	100	Average	Crowd-sourced inspiration for Thierry Mugler scent Womanity via interactive website
24	YSL BEAUTÉ	Department Store	L'Oréal	97	Average	Recently launched Facebook page has YSL Beauté fans buzzing
25	REVLON	Drugstore	Revlon	95	Average	This mass brand was "Just Bitten" by social media bug, launching Twitter in early September
26	DOVE	Drugstore	Unilever	95	Average	Surprisingly weak digital and email marketing are a huge missed opportunity for this consumer packaged goods heavyweight
27	OLAY	Drugstore	Procter & Gamble	94	Average	"New Face of Olay" campaign with live streaming launch on Facebook produced a 10k bump in fans and a paid search campaign that directed customers to the page

DIGITAL IQ RANKING



Rank	Brand	Category	Ownership	Digital IQ	Class	Comments
28	ORIGINS	Multi-Channel	Estée Lauder	89	Average	Brand earns points for live chat, but misses other opportunities for interactivity
29	LAURA MERCIER	Department Store	Gurwitch Products	84	Average	Went from zero to 60 this summer with "What Is Flawless" cross-platform campaign
29	LA MER	Department Store	Estée Lauder	84	Average	Pioneered advertising on Facebook in 2008, but shut down its page on the platform this summer
31	AVEENO	Drugstore	Johnson & Johnson	81	Average	Interactive advertising in <i>Vanity Fair's</i> iPhone app shows that the brand is paying attention
31	RIMMEL	Drugstore	Coty	81	Average	Flashy site has good content, but is overwhelming and hinders navigation
33	ELIZABETH ARDEN	Multi-Channel	Elizabeth Arden	73	Challenged	Well-organized site lacks interactivity and increasingly important makeup tutorials
34	CHRISTIAN DIOR	Department Store	LVMH	67	Challenged	At time of print, this powerhouse of fashion's beauty site was down pending e-commerce launch
35	FRESH	Multi-Channel	LVMH	66	Challenged	<i>Eat, Pray, Love</i> partnership was a missed opportunity to integrate social media into campaigns
36	TRISH MCEVOY	Department Store	Private	62	Feeble	October 7th Twitter launch is a step in the right direction, but Trish is still playing catch-up
37	NIVEA	Drugstore	Beiersdorf	60	Feeble	iSunCare app tailored to location and weather is innovative but doesn't make up for missing social media presence
38	ALMAY	Drugstore	Revlon	54	Feeble	One of three brands without a Facebook page
39	SHISEIDO	Department Store	Shiseido	50	Feeble	Robust Facebook engagement but beloved brand does little else for customers online
40	POND'S	Drugstore	Unilever	42	Feeble	With no Facebook or Twitter accounts and a weak site, Pond's is dead in the water

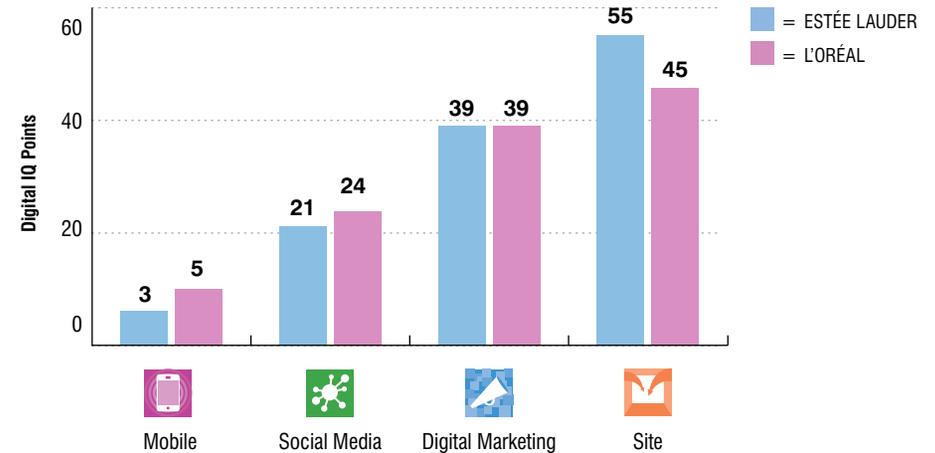
KEY FINDINGS

Digital IQ by Conglomerate

Estée Lauder leads all beauty conglomerates with an average Digital IQ® of 118 across its eight brands in the study. The data suggests that Estée Lauder has recognized economies of scale across its sites and e-commerce functionality, and boasts seven of the top 10 site scores in the study—arguably a legacy from investment in its multi-brand e-commerce platform, Gloss.com (ceased operations in June 2009).

L'Oréal is nipping at Estée Lauder's heels on the strength of substantial investments in social media, particularly with its L'Oréal Paris and Lancôme brands. The French cosmetics powerhouse's average social media score was almost four points higher than the industry average and three points higher than Estée Lauder's. Few of the seven conglomerates with more than one brand in the study appear to be leveraging and sharing best practices in digital across their organizations. There was an average IQ discrepancy of 47 points, with Shiseido (79 points) and LVMH (59 points) registering the largest Digital IQ® ranges.

DIGITAL IQ BY DIMENSION: ESTÉE LAUDER vs. L'ORÉAL
Conglomerate's Digital IQ Scores by Dimension:

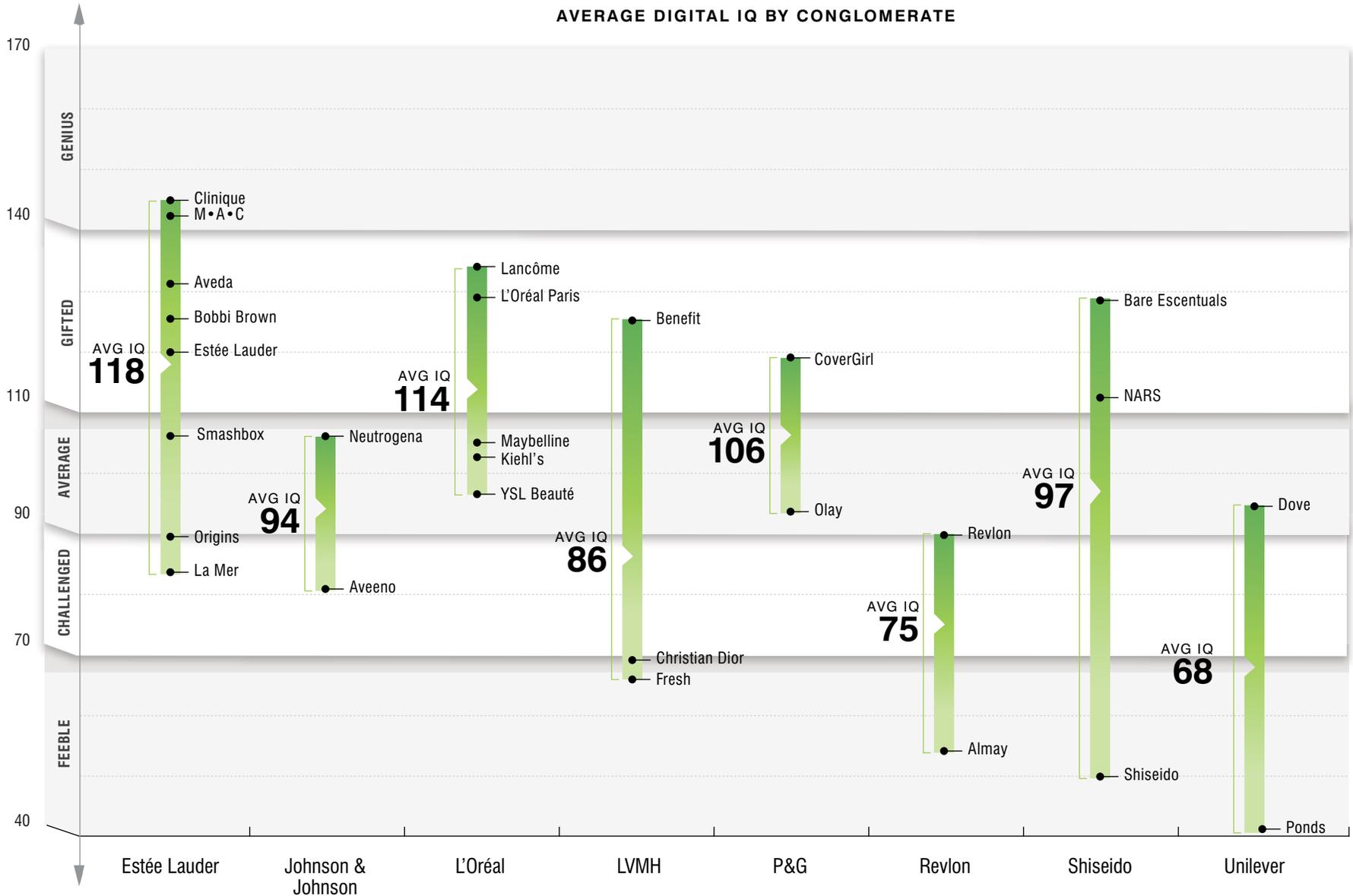


TOP 10 SITE SCORES: Beauty & Skincare Sites								
Rank	Brand	Site Technology	Navigation	Product Page	E-Commerce	Customer Service	Innovation	Total
1	CLINIQUE	4.5	4	3	3.5	4.5	5	24.5
2	AVEDA	3	3.5	3.5	4	5	4	23
3	BOBBI BROWN	4.5	3	3	3	5	4	22.5
4	PHILOSOPHY	3	3.5	4.5	3.5	3	4	21.5
5	BARE ESSENTUALS	3.5	4	2.5	4	3	4	21
5	ESTÉE LAUDER	3.5	3	3.5	3	4	4	21
7	SMASHBOX	3.5	3	3	3.5	4	3	20
8	BENEFIT	3	4	2.5	3	2.5	4	19
9	M•A•C	3	3	1	3.5	4	4	18.5
10	LA MER	3.5	2	3	2.5	4	2	17

■ = ESTÉE LAUDER BRAND ■ = SHISEIDO BRAND ■ = LVMH BRAND ■ = PRAVATE BRAND



KEY FINDINGS



KEY FINDINGS

Ding Dong

Direct sales brands Avon and Mary Kay prove they can leverage their powerful sales forces online, giving the Sales Force channel the highest average Digital IQ® of any category at 114. Both brands notch significant advantages in digital marketing and social media, suggesting that strong offline networks translate in the digital domain. Avon and Mary Kay are first and second in site traffic across Beauty and each boast large, highly interactive social media communities, particularly on Facebook.

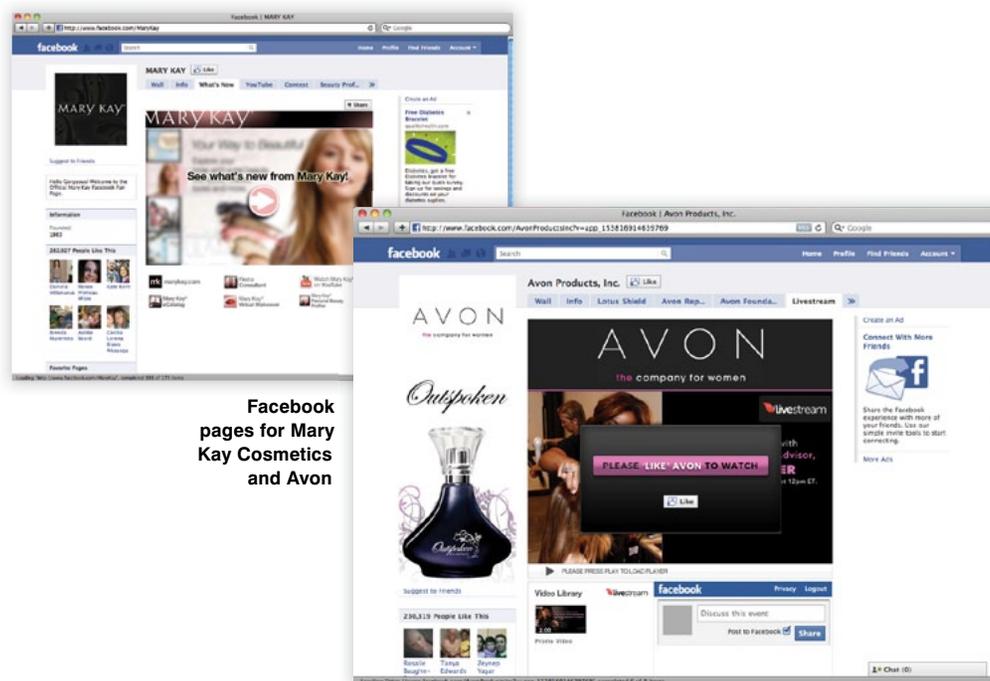
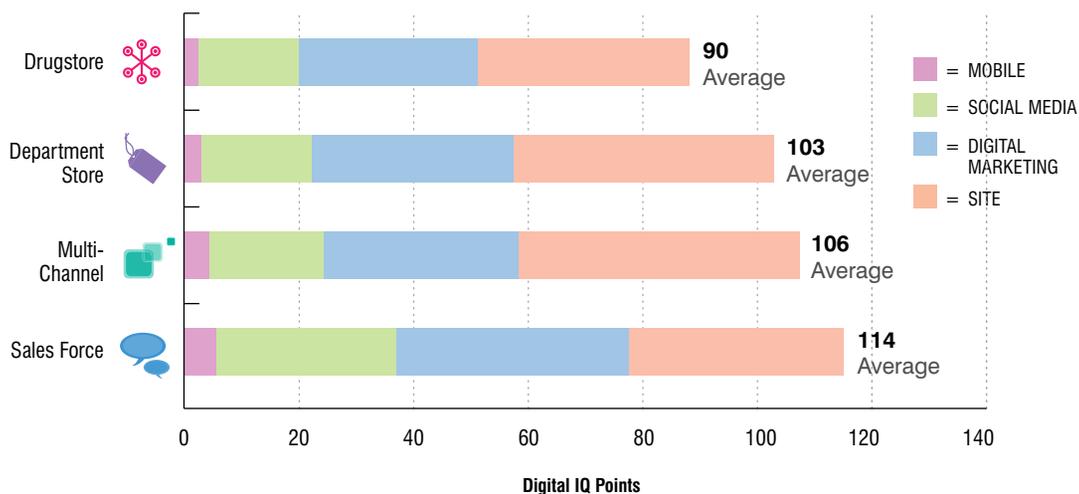
The Multi-Channel and Department Store categories register average Digital IQs of 106 and 103, respectively, and employ the strongest sites of any category as a result of their e-commerce legacy. The Drugstore channel faces the greatest challenges in selling directly to consumers on the web and registers some of the industry's weakest Digital IQs, posting an average of 90.



“Brands, media and consumers used to have distinct roles in the marketing relationship. Today those roles overlap, creating new opportunities and expectations. Brand equity is no longer built by media spend alone—constant, consistent engagement has trumped awareness as the key to marketing success.”

— Adam Lavelle
Chief Strategy Officer, iCrossing

AVERAGE DIGITAL IQ BY CHANNEL



Facebook pages for Mary Kay Cosmetics and Avon

KEY FINDINGS

Digital IQ = Site Engagement

An analysis of Digital IQ versus site engagement metrics Average Time on Site and Number of Site Visits suggests that digital competence pays dividends. Average Time on Site typically increases with improvement in useability and engaging brand content. Number of Site Visits is typically indicative of attracting repeat visitors and optimal use of digital marketing tactics to drive valuable customers back to the site.

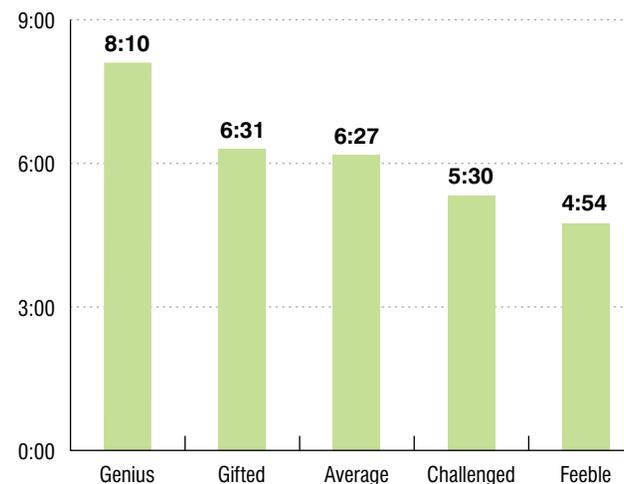
Visitors spend on average more than 1:40 minutes longer on the M•A•C and Clinique sites than they do on the sites of Gifted and Average brands and more than three minutes more time than on Feeble sites. Genius sites also average 4.3 visits per visitor, versus 3.7 for Gifted and Average brands.



“Audiences expect brands to support them throughout their purchasing journey—getting information and assistance in real-time. Marketers that don’t, are eroding brand equity.”

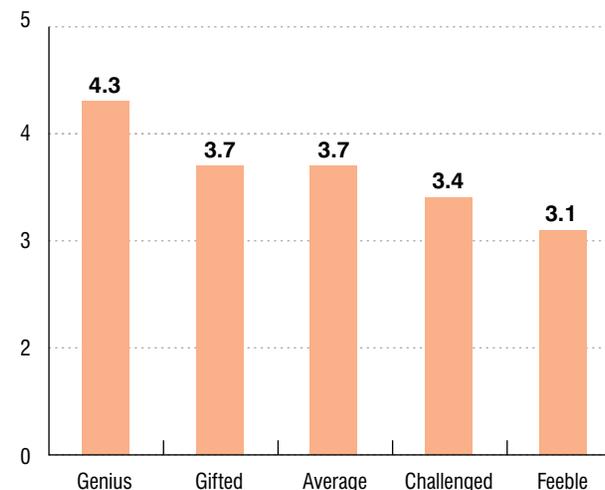
— Adam Lavelle
Chief Strategy Officer, iCrossing

AVERAGE TIME ON SITE



NUMBER OF SITE VISITS

Average per Unique Visitor

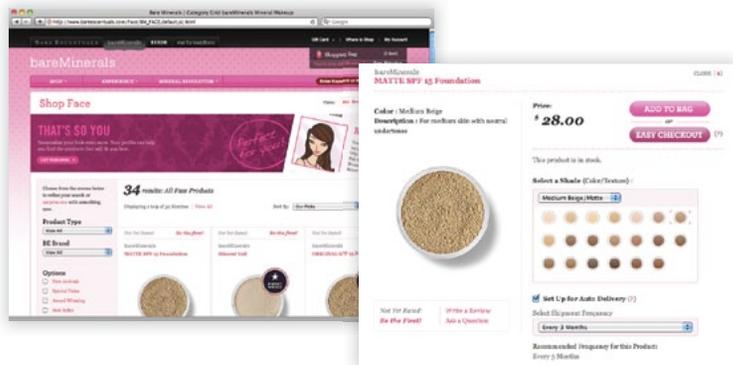


KEY FINDINGS

Low-Hanging Fruit

Ninety-two percent of Internet users say they read online customer reviews and 46 percent indicate that the presence of reviews positively influences purchase intent³. However, less than half of beauty brands host reviews on their sites. Best practices research indicates that user reviews boost e-commerce conversion and improve search engine visibility. The average time on site for brands with user reviews is 30 seconds longer than those without reviews.

The beauty industry has also demonstrated hesitancy around other popular 2.0 tools. Although 63 percent of brands host some social-sharing functionality on the product page, only four have incorporated the Facebook "like" API, a demonstrated vehicle for driving incremental traffic. Only 30 percent of brands hosted live chat customer service, including all eight of the Estée Lauder brands. Auto-replenishment, a service popularized by televised home shopping networks, is available on six of the brand sites: Chanel, Clinique, Mary Kay, La Mer, Perricone MD, and Bare Escentuals.

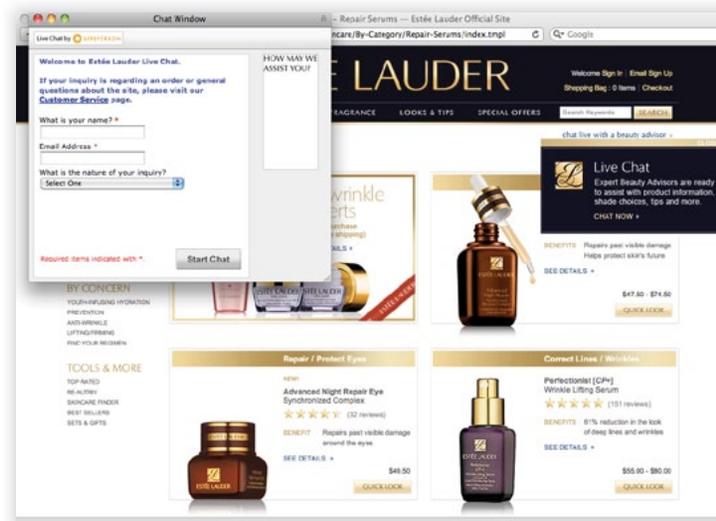
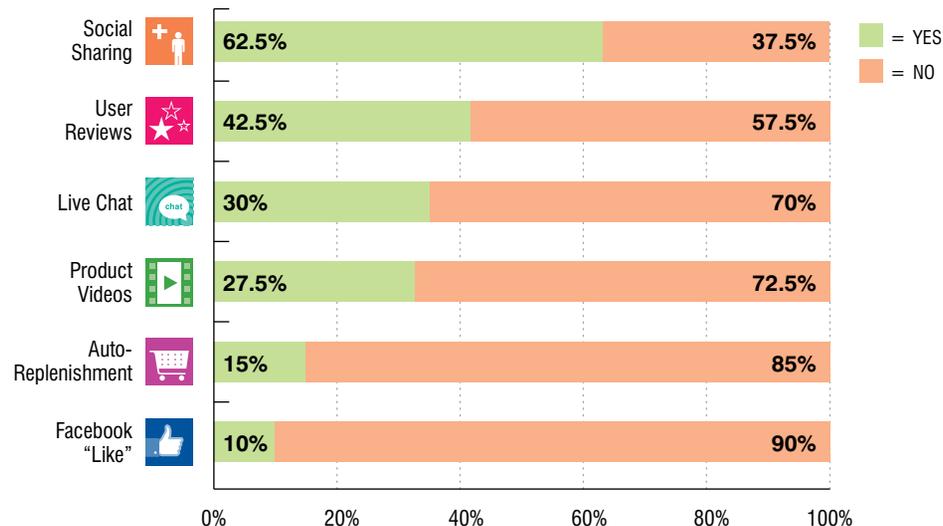


Bare Escentuals' auto-replenishment functionality

3. "Through the Eyes of the Consumer: 2010 Consumer Shopping Habits Survey," ChannelAdvisor, August 31, 2010.

2.0 SITE FEATURES: BEAUTY

% of Brand Sites With and Without the Following Tools:

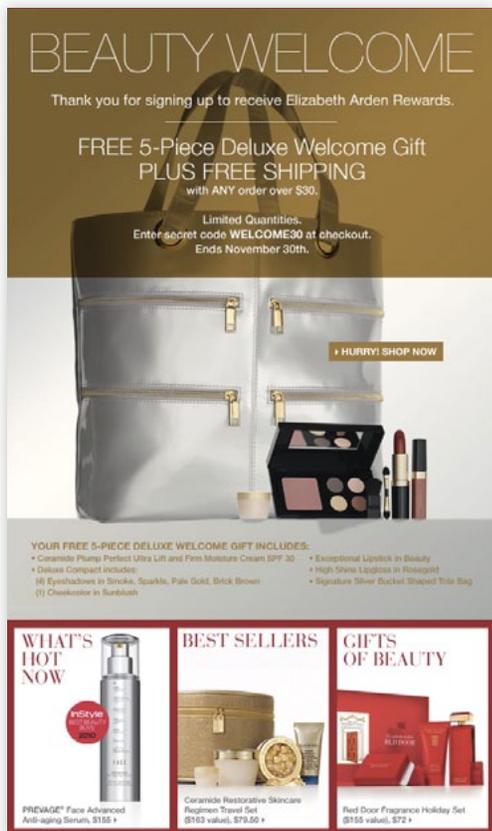


Live chat window on the Estée Lauder site

KEY FINDINGS

Flooded Inbox

Email remains the most important call-to-action marketing tool in the industry, and, not surprisingly, the 15 most prolific brands sell online. Elizabeth Arden sends nearly twice the number of weekly messages as the next highest brand. The messaging throughout the category is dominated by free shipping or samples offers rather than brand engagement.

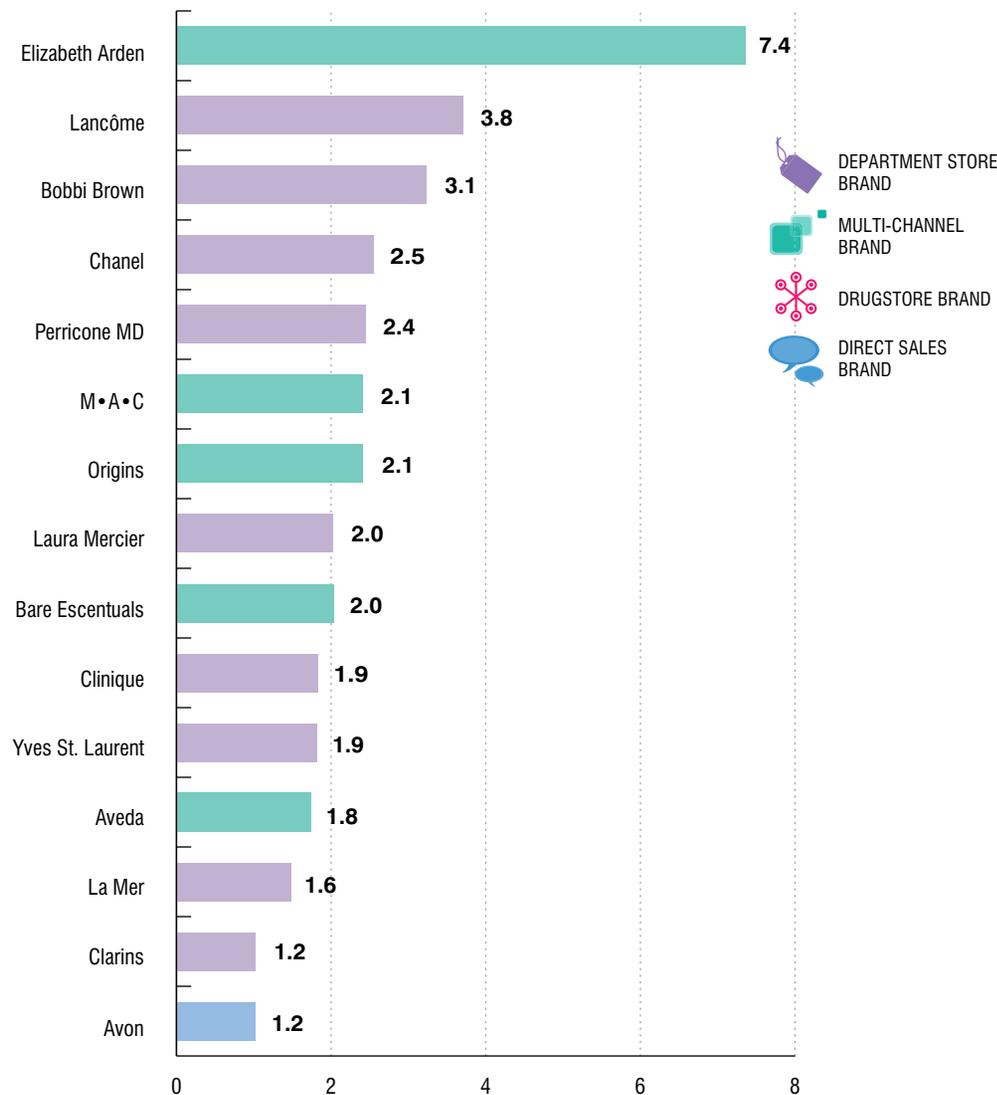


Email blast from Elizabeth Arden



AVERAGE EMAILS PER WEEK: TOP 15 BRANDS

(July - September 2010)



KEY FINDINGS

Gen Y: A Crystal Ball?

An analysis of the visitor demographics of brand sites reveals which brands are attracting the youngest and most affluent audiences online. Genius M•A•C tops all brands with more than 50 percent of its site visitors between the ages of 18 and 34, followed by NARS, Benefit, and Shiseido.

The uber-luxury brands blend youth and affluence, and both Chanel and Dior find themselves in the desirable upper right quadrant. They are joined by Estée Lauder leaders Aveda, Origins, and Clinique.

SITE VISITORS: GEN Y & AFFLUENCE



Source: Alexa

KEY FINDINGS

The Online Retailer Equation

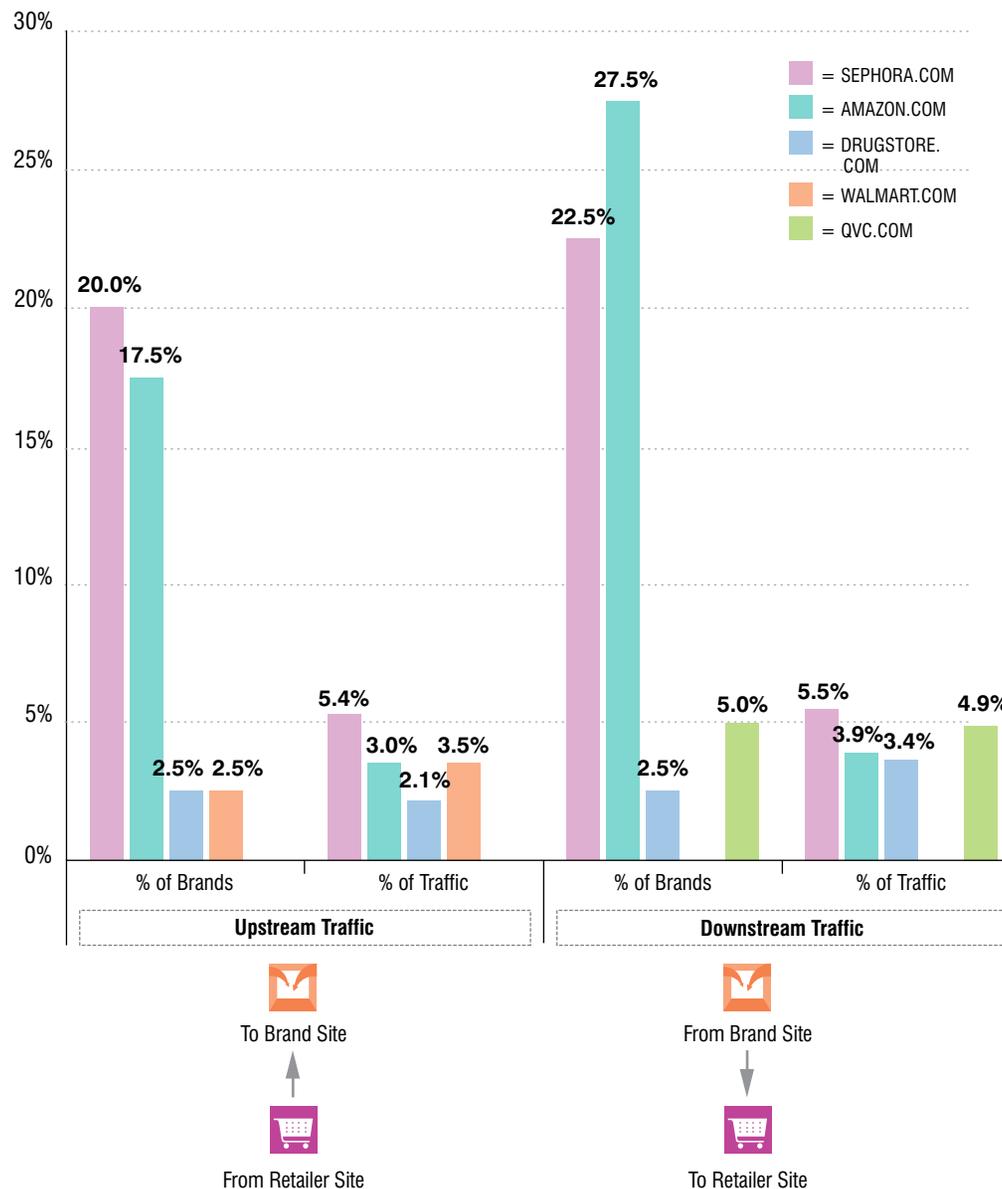
Most Drugstore brands do not sell directly from their sites, instead directing traffic to online retailers such as Drugstore.com and Walmart.com. An analysis of upstream and downstream traffic from brand sites suggests that these mass retailers have yet to materialize as a significant source or destination from the branded URL.

The Neutrogena site was the only brand that registered Drugstore.com as a top eight source of traffic, while Aveeno registered Walmart.com as a top eight source of traffic. Revlon was the only brand in which Drugstore.com was a significant destination site, registering more than three percent of downstream traffic.

Amazon and Sephora send and receive a great deal of traffic to and from other beauty retail sites. Brands that are e-commerce enabled send more traffic to third-party retailers, suggesting that selling online is a win-win for a brand and its retail partners.

RETAIL INTEGRATION

Upstream & Downstream Traffic To and From Brand Beauty Sites



KEY FINDINGS

Social Media Optimization

Popular social media platforms are becoming an increasingly important driver of traffic to brand sites. Facebook registered among the top eight sources of traffic for more than 75 percent of the brand sites. Furthermore, for six brands Facebook was the second most popular referral site after Google, and for another 12 brands it was third behind Google and Yahoo. YouTube and Twitter were also important sources of traffic, among the top eight for 25 percent and 10 percent of sites, respectively.

CoverGirl tops all brands in traffic from YouTube, generating more than 10 percent of its traffic from the video site, a tribute to Queen Latifah's *U.N.I.T.Y Reunited* webisode series. Benefit Cosmetics leads the industry in number of Twitter followers and in Twitter traffic percentage, driving more than five percent of its visitors from the platform.

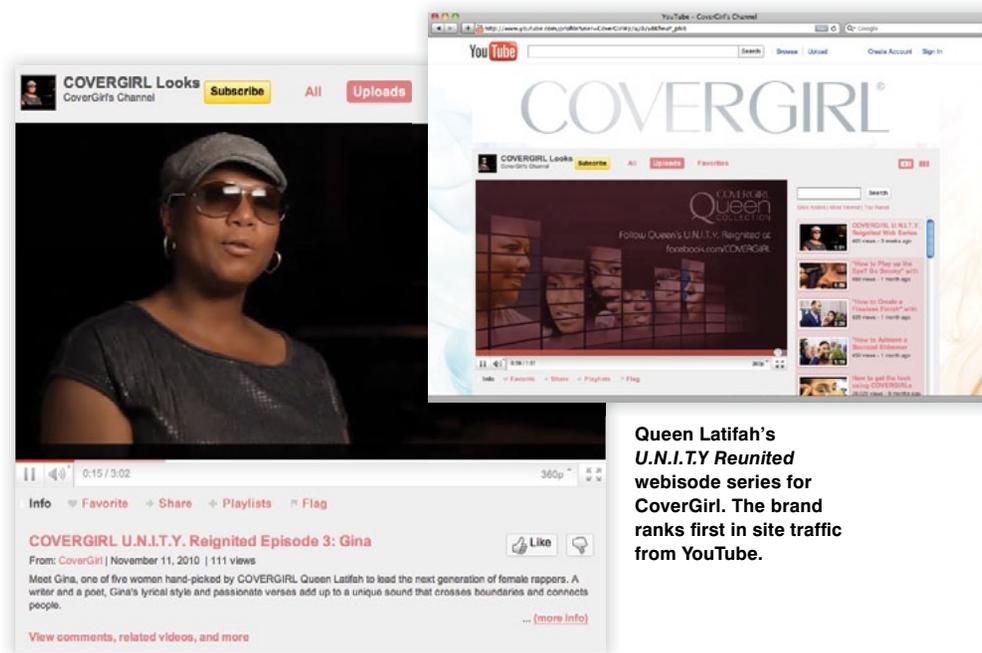
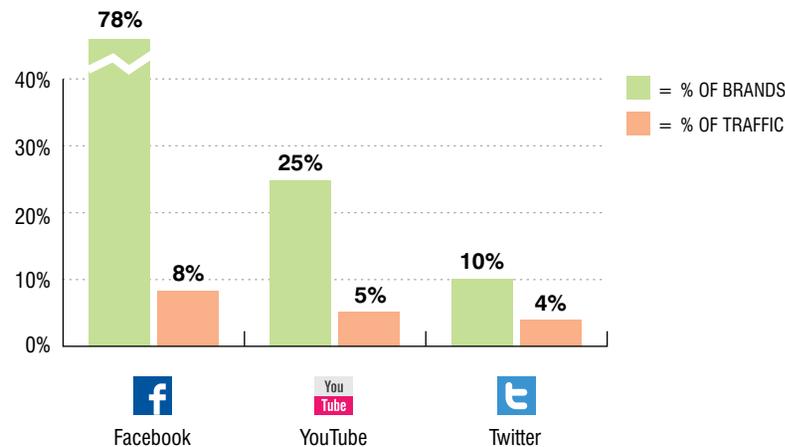


“The digital space has fundamentally dislodged traditional marketing channels. We are now living in a world in which content is evermore ubiquitous and continuous. Conversation and consumer activity, from tweets to Likes and Shares, are forms of marketing influence that must be considered, measured and embraced in a connected world.”

— Adam Lavelle
Chief Strategy Officer, iCrossing

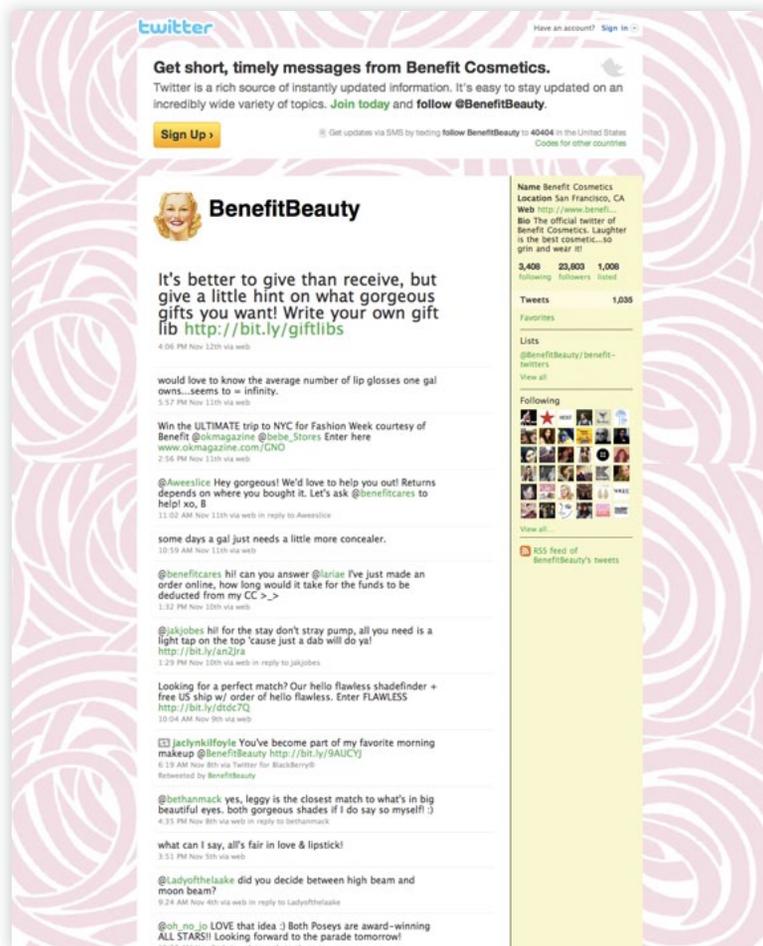
SOCIAL MEDIA OPTIMIZATION

% of Sites for Which Each Platform Is a Top Eight Source of Traffic (October 2010)



Queen Latifah's *U.N.I.T.Y Reunited* webisode series for CoverGirl. The brand ranks first in site traffic from YouTube.

KEY FINDINGS



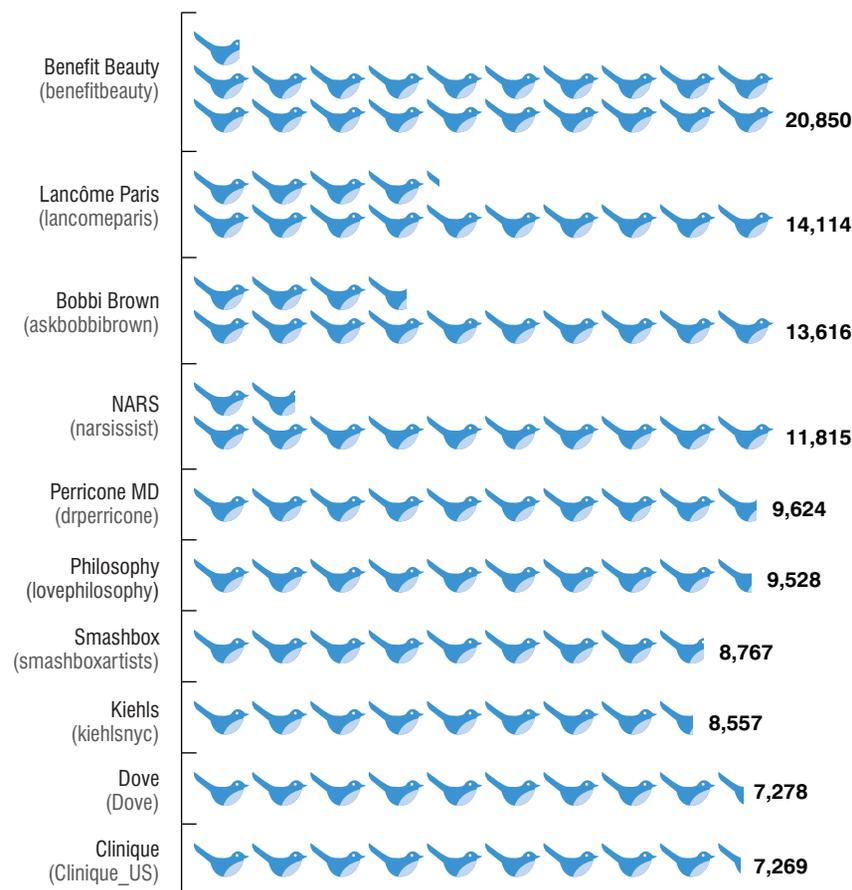
With more than 20,000 followers, BenefitBeauty tops all beauty and skincare brands on Twitter



TOP 10 ORGANIZATIONS: BEST IN TWEET

Beauty Brands with the Most Twitter Followers

(October 2010)



= 10,000 TWITTER FOLLOWERS

KEY FINDINGS

Facebook Is the New O.S.

Although e-commerce sales in beauty continue to grow, traffic to beauty sites was down 13.7 percent year-on-year. Our hypothesis is that while purchases continue to proliferate on the brand site, social media sites are increasingly the destination for brand engagement.

We registered a correlation of .39 between Digital IQ and percentage of traffic driven to the branded URL directly from Facebook. The correlation increases to .44 when isolating the relationship to the brand's social media IQ, and rises to .48 when looking just at Facebook scoring, suggesting that size of the Facebook audience, content, and brand programs are responsible for the majority of incremental traffic increases to brand URLs.



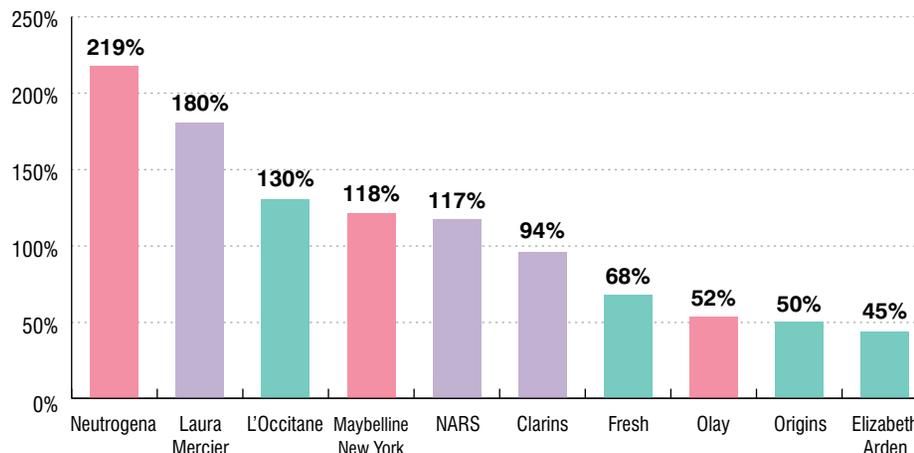
“For brands to be relevant today, they need to entrench themselves where people already spend time, across the ecosystem of digital channels. They must embrace a shift to real-time marketing, where they deliver relevant content that’s attuned to consumers’ current contexts, behaviors, and conversations.”

— Adam Lavelle
Chief Strategy Officer, iCrossing

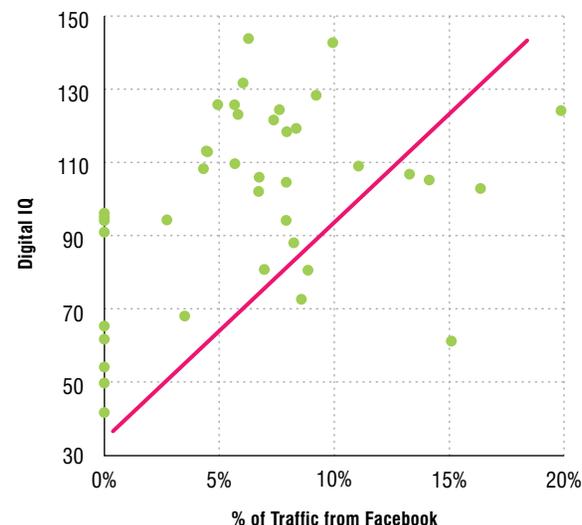


TOP 10: FASTEST-GROWING FACEBOOK FAN PAGES

(July - October 2010)



CORRELATION: DIGITAL IQ VS. TRAFFIC FROM FACEBOOK



KEY FINDINGS

Overachievers vs. Underachievers

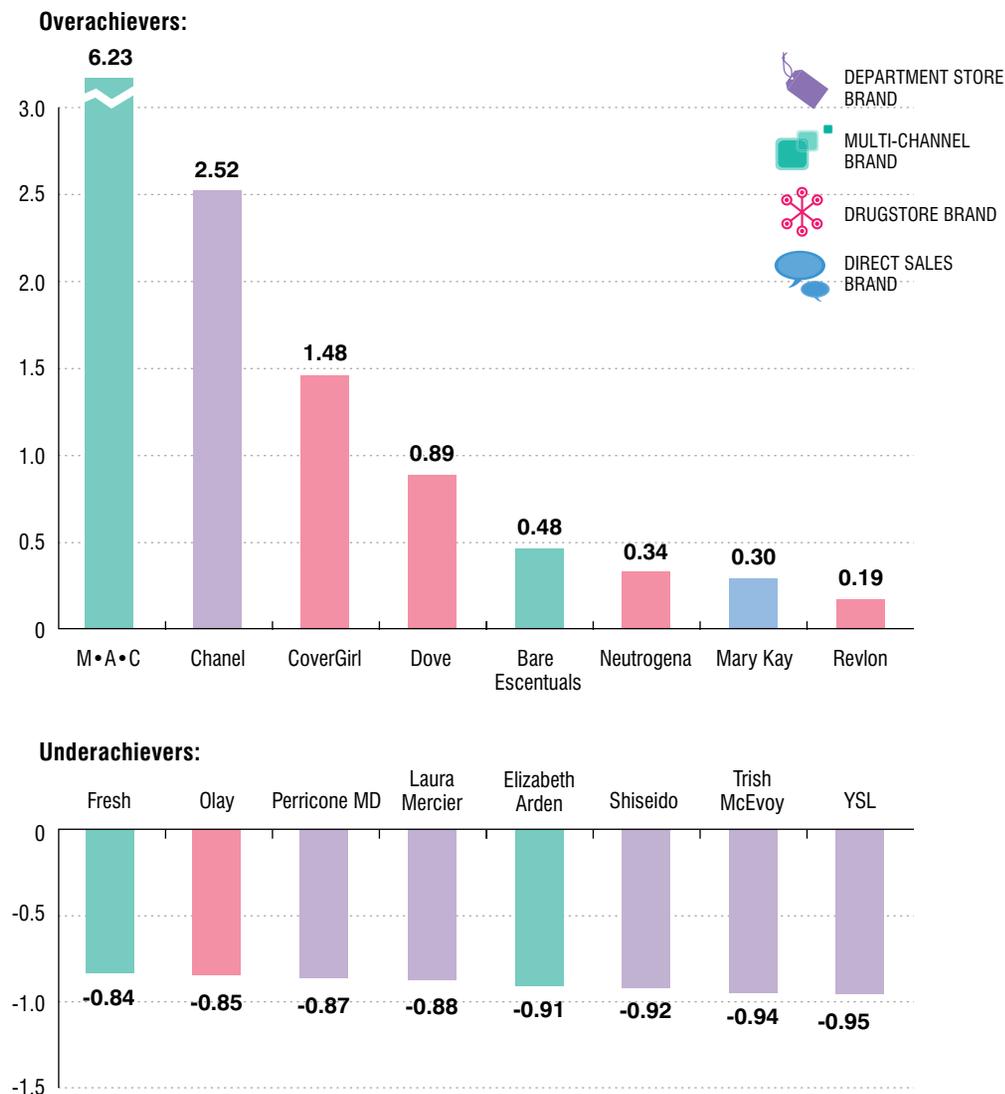
A closer look at a brand's number of Facebook "likes" versus the number of global monthly organic searches for its brand name on Google (proxy for brand equity online) provides a means to identify brands that are Facebook overachievers.

M•A•C once again demonstrates its command of the category, over-indexing by more than six times on Facebook. Chanel, another passion brand, is second, followed by Drugstore favorites CoverGirl and Dove, both of which invested in strong Facebook initiatives that complement their offline marketing. YSL Beauté, which just recently launched a page dedicated to its beauty line, leads the underachievers. Joining YSL are Shiseido and Trish McEvoy, luxury players that have yet to generate large Facebook fan bases.



FACEBOOK OVERACHIEVERS & UNDERACHIEVERS

Global Google Search Volume vs. Facebook Likes



KEY FINDINGS

BRAND PAGES FOR FACEBOOK OVERACHIEVERS:

M•A•C

Facebook | MAC Cosmetics

MAC Cosmetics

MAC Cosmetics • Others Just MAC Cosmetics Just Others

MAC Cosmetics

Me•A•C Me Over! www.youtube.com
Ready to be a star? You could be the new face of M-A-C Cosmetics' Fall 2011 Colour Collection. Tell us why today. Enter M-A-C Me Over! now at www.macmeover.com.

3 hours ago · Share

229 people like this.

View all 11 comments

Julie Tabuena I love there make up about an hour ago · Flag

Karen Susan Mqulirk Brocato You need to meet my daughter lauren she's your glamazon 3 48 minutes ago · Flag

MAC Cosmetics Your chance to become the face of M-A-C's Fall 2011 collection is now! Between today and December 20th, M-A-C is hosting a contest to choose six exceptional U.S. residents to fly to New York and be shot by an award-winning fashion photographer for a campaign to be visualized at all M-A-C stores and counters around the ...

See More

4 hours ago

355 people like this.

View all 43 comments

MAC Cosmetics The worlds of rock & royalty meet and fantasies come true in the debut iPad App from M-A-C. Featuring whimsical images by Tim Walker: <http://bit.ly/art97r>. We invite you to shake, turn & touch our fully interactive, holiday tale: Ships take flight, bats escape, chandeliers shimmy & twisted tattoos materialize before you...

See More

A Tartan Tale for iPad www.youtube.com
Do you hear bonny bagpipes on the moors, or a rock star's fiddle? M-A-C is selling a tantalizing Tartan Tale to celebrate Holiday 2010. It's posh, punk, noble, naughty & glorious. The worlds of rock & royalty meet and fantasies come true in the debut iPad App from M-A-C. Featuring whimsical images b

November 11 at 10:27am · Share

580 people like this.

View all 35 comments

MAC Cosmetics

MAC A Tartan Tale www.youtube.com
Celebrate Holiday with M-A-C A Tartan Tale, a fully animated and narrated video where the worlds of rock & royalty meet in a fantasy that's posh, punk, noble, naughty & glorious.

November 2 at 4:26pm · Share

1,379 people like this.

View all 93 comments

MAC Cosmetics Celebrate Holiday with M-A-C A Tartan Tale in a fully animated YouTube video that's fit for princesses, pixies and punks! Also, revel in the plaidelicious past of Scotland's sartorial signature in Jeffrey Banks and Doria de La Chapelle's, Tantalizing Tartan and learn how to create your very own Tartan Pompom. <http://on.fb.me/bp4ggr>

Chanel

facebook

CHANEL

BLEU DE CHANEL

CHANEL

facebook

CoverGirl

Queen COLLECTION

CoverGirl • Others Just CoverGirl Just Others

CoverGirl U.N.I.T.Y. Reunited Episode 5: Meet Christel, one of five women hand-picked by COVERGIRL Queen Latifah to lead the next generation of female rappers. Through rap, Christel found a positive outlet to express the struggles that were happening around here. Her goal - to sell out stadiums and have you passing out in the aisles.

Nov 18, 2010 9:30am
Length: 9:30

Yesterday at 9:30am · Share

3 people like this.

CoverGirl Fall Beauty Tip - As the weather cools down skin can get dry and damaged. Prep your skin with Simply Ageless Serum Primer for a boost of moisture. How do YOU fight winter dryness?

CoverGirl

facebook

Dove

The Dove Movement Go Fresh Bar/Body Doodrums Hair Men-Care

Please select your country and language
United States English

See the Beautiful Difference the Dove Self-Esteem Weekend Made
On October 22-24, our partners, grassroots organizations and thousands of women created over 500 self-esteem building activities. See the map.

Learn More

WHAT DO YOU

Dove

KEY FINDINGS

Everyone's Talking

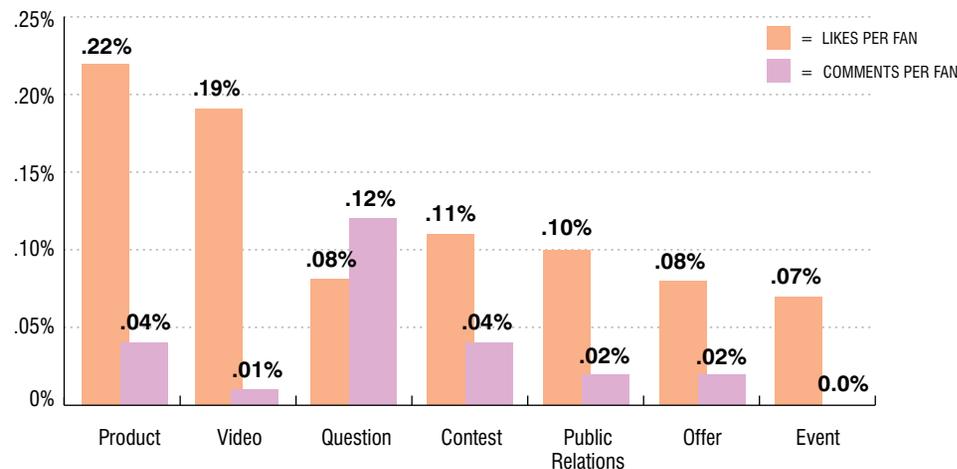
A closer look at brand posts across the 37 brand Facebook pages demonstrates that on average 0.09 percent of a brand's Facebook community reacted to a brand post by liking or commenting. Posts about products elicited the most fan support, followed by video posts, as measured by "likes." In terms of commenting, posts that asked a question garnered the highest response.

Direct sales giant Mary Kay and its more than two million beauty consultants worldwide dominated all brands in terms of Facebook interactivity with more than 0.56 percent of its fans reacting to each brand post. Another anomaly was the Lancôme Facebook page, which boasted an interaction rate between 0.5 percent and one percent for each post referencing video makeup artist Michelle Phan.



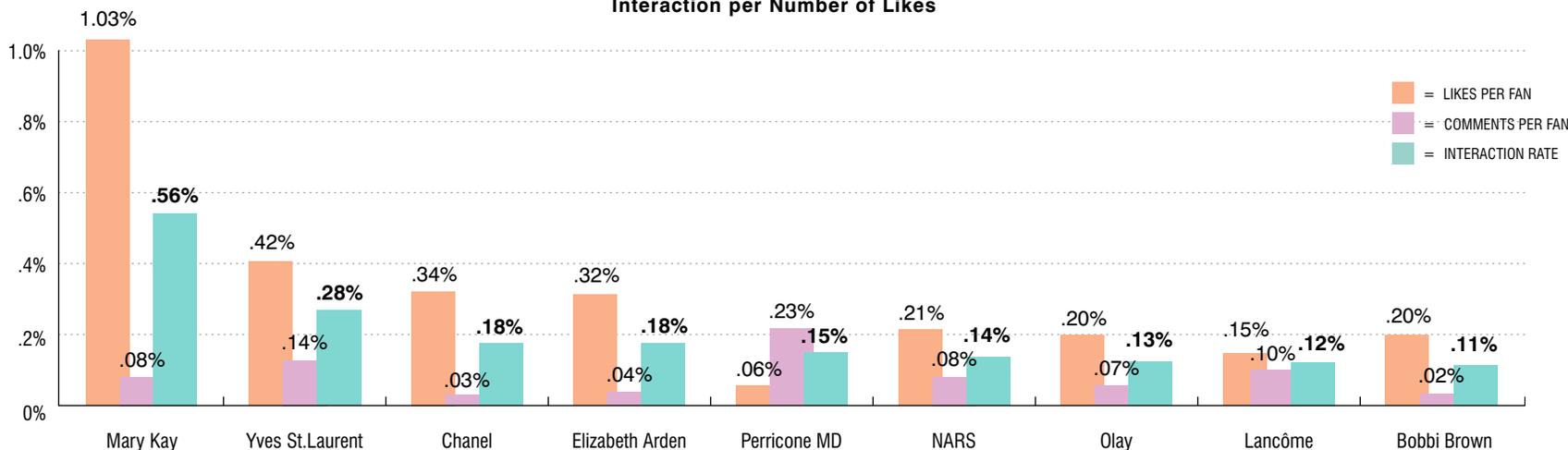
FACEBOOK INTERACTION: BY CONTENT TYPE

Interaction per Number of Likes



TOP 10 BEAUTY BRANDS: INTERACTION RATE

Interaction per Number of Likes



KEY FINDINGS

Mobile: Can't Hear You

By 2014, more people will be accessing the web from their mobile devices than from computers. However, only five brands boast dedicated mobile sites and just one third have developed a mobile application.

Lancôme is the only brand in the study that has developed an app for the iPad. Some brands are beginning to experiment with mobile advertising: Maybelline sponsored *Allure* magazine's iPhone application, and Estée Lauder debuted interactive mobile ads in conjunction with its Perfectionist launch. Saks Fifth Avenue teamed up with *InStyle* magazine, NARS, and emerging geo-local platform Foursquare, encouraging customers to check in to the New York store for styling tips and a complimentary NARS lipstick.



“People expect to interact with brands in a variety of ways, both online and off and even simultaneously through mobile devices. Brands must now be visible where it's customers are, and engaged with them in ways they want, to create lasting connections over time.”

— Adam Lavelle
Chief Strategy Officer, iCrossing



Lancôme
iPad app



Allure magazine
iPhone app



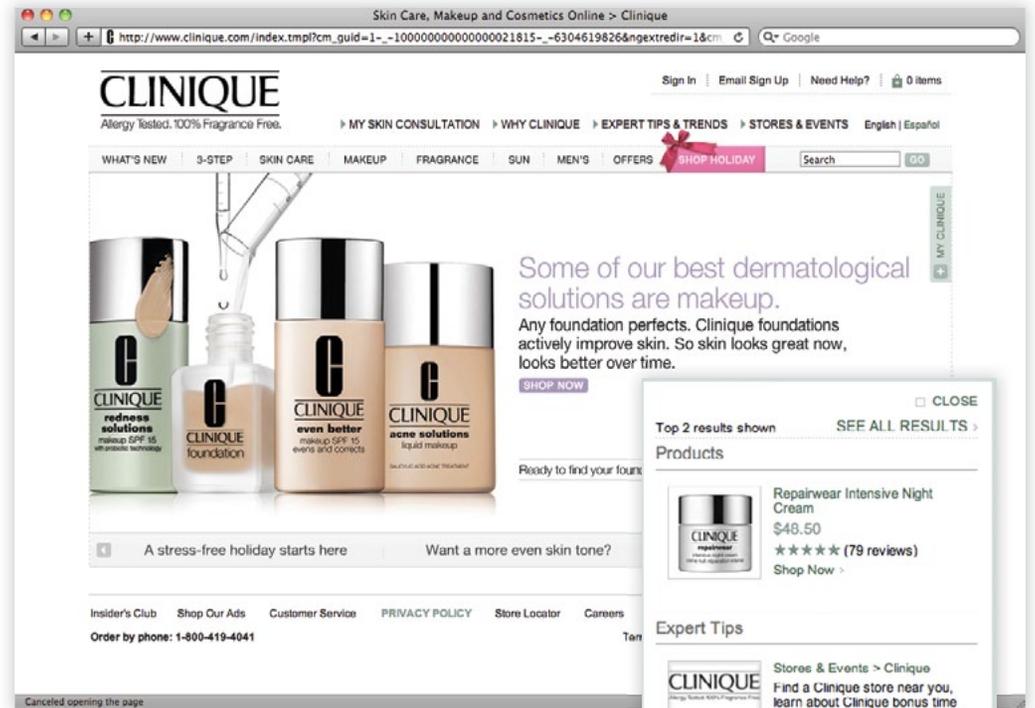
Estée Lauder interactive
mobile ads for
Perfectionist launch



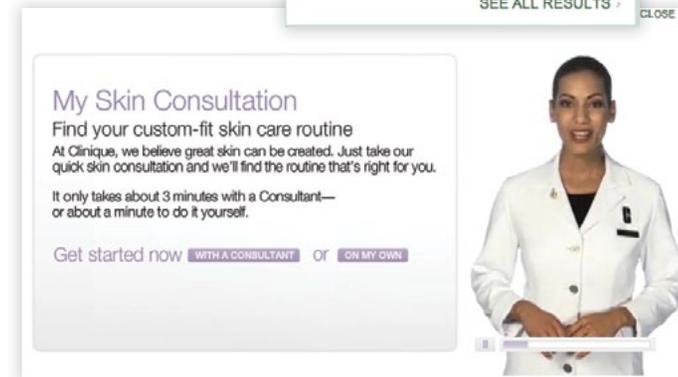
FLASH OF GENIUS

Clinique
SIMPLY GORGEOUS

One of the first beauty brands to include user reviews, Clinique continues to lead with auto-replenish for select products. The "My Skin Consultation" feature on its website brings the experience of the beauty counter to life, allowing users to identify customized skin-care solutions. In addition, the site scores with a search box that corrects spelling, auto-suggests terms, and shows images of the suggested products in a drop-down box with cost, star rating, and a "shop now" link. Clinique complements superior e-commerce capabilities with a strong social media presence and is the only brand in the category to boast a globally targeted Facebook page.



Clinique homepage and drop-down box with cost and star rating



The brand's "My Skin Consultation" feature

Clinique's "Around the World" guide to global programs

FLASH OF GENIUS

**NEUTROGENA
BEAUTY COMES FROM WITHIN**

This summer Neutrogena saw its Facebook fan count increase 219 percent on the heels of its month-long "Wave for Change" philanthropic campaign, which combined in-store purchases with Facebook interactivity. Neutrogena donated \$1 for each Wave Sonic Power-Cleaner and Oil-Free Acne Wash Pink Grapefruit Facial Cleanser sold. The brand polled Facebook fans to choose the charity that would receive proceeds from the campaign. Neutrogena bolsters its presence on Facebook with individual pages targeted to, among others, its Cosmetics, Men's, and skinID products.

Oil-Free Pink Grapefruit Facebook page

Join us on Facebook

Remember to like Neutrogena to:

- Gain access to promotions, special offers, discounts and news
- Be the first to see exclusive content
- Get expert tips to keep your skin and hair healthy all year long

What's New

Discover the gentle spin that cleans up to 50x better.

Special Offers

Find deals on your favorite products. Check out our sale section.

Enjoy our special offers with coupons to use online or in stores.

Minimize the signs of aging and save \$5 on Neutrogena Clinical™.

Save \$5 on the Neutrogena Rapid Clear® 7 Day Acne Intervention Kit.

It's official. You're going to look younger.

New Neutrogena Clinical Skincare

LEARN MORE >



Neutrogena hosts multiple Facebook pages for the brand's product lines

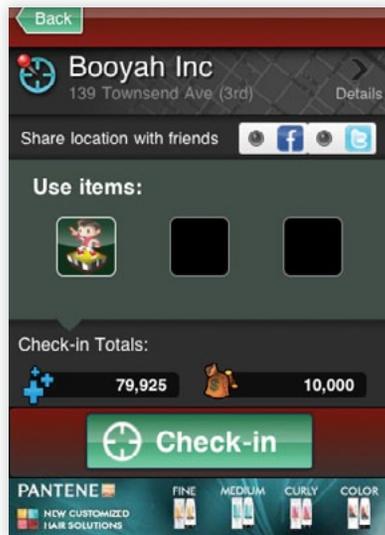


FLASH OF GENIUS

Olay

FACE OF INNOVATION

In June, Olay partnered with Booyah's "MyTown," a geo-location game, to offer beauty quizzes to users checking into pharmacies. After the quiz, users received a customized list of suggested skin-care products. This program reflects a shift in how Olay is interacting with its consumers, evident also by its paid search strategy, which for a limited time funneled users directly to Facebook. The Facebook push centered around the brand's announcement of Carrie Underwood as the North American "New Face of Olay." Echoing a trend in fashion runway shows, Olay streamed the event live on its Facebook page, generating a 52 percent increase in likes month-on-month.



Olay partnered with Booyah's "My Town"



Olay announced Carrie Underwood as the New Face of Olay live on its Facebook page



FLASH OF GENIUS

**Perricone MD
PAGING DR. INNOVATION**

Perricone MD emerged as the only Genius or Gifted brand not owned by a large public beauty conglomerate. Dr. Nicholas Perricone, the brand's figurehead, has become its face on social media. In addition to a content-rich Facebook page, Dr. Perricone has 107 videos on YouTube and posts daily on his blog.

The category where this brand really excels, however, is mobile. Perricone MD is one of only 13 percent of brands with a mobile-enabled website and one of 33 percent to boast a mobile application. Perricone's application stands out, offering real-time blog updates, videos, product information, and health and beauty tips.



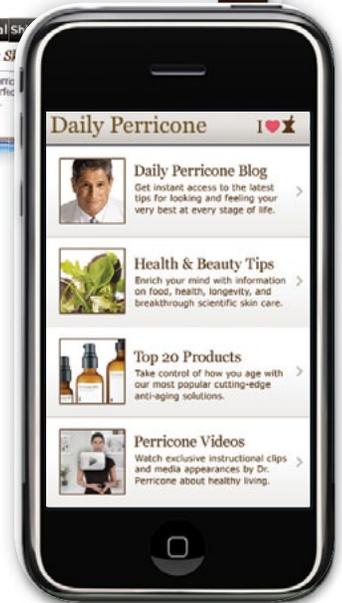
**Perricone MD
YouTube videos**



Perricone MD site



**Perricone MD
blog**



Perricone MD's mobile-enabled site is one of the strongest in the industry

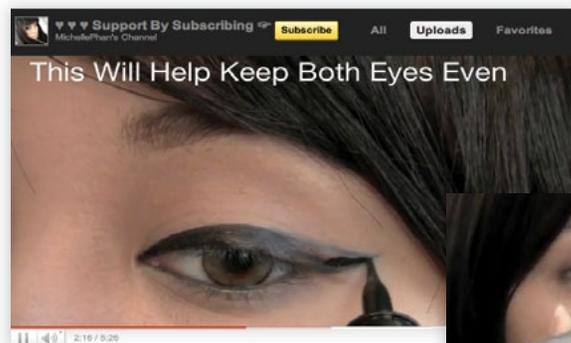
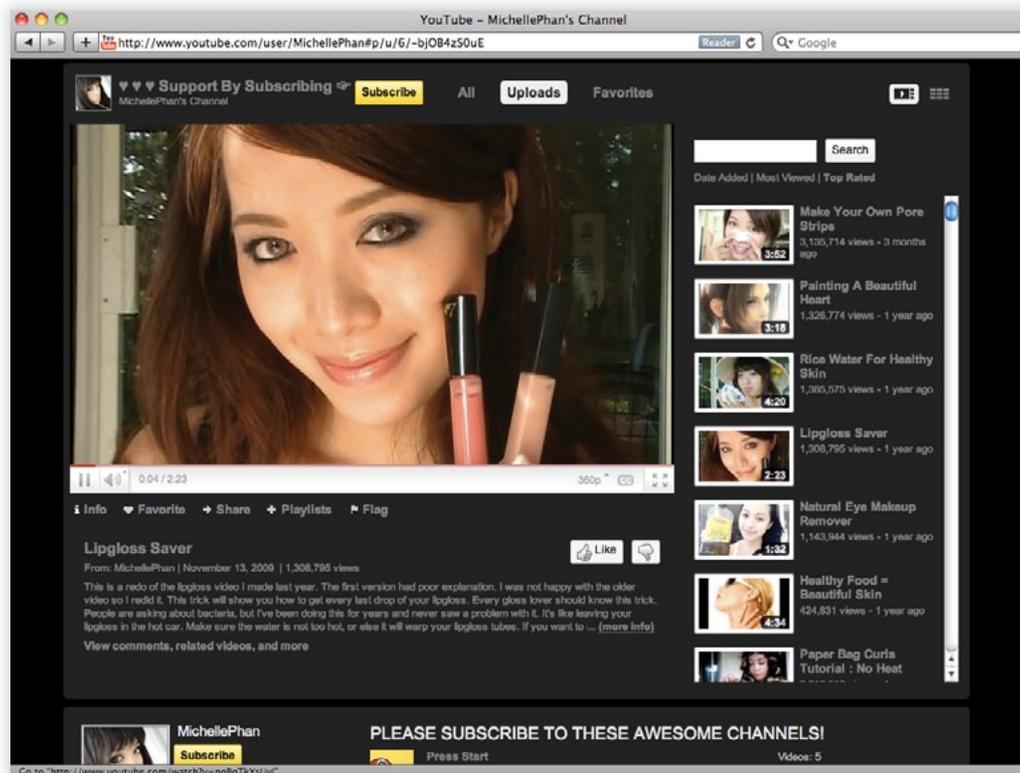
FLASH OF GENIUS

Lancôme

THE NEXT MICHAEL JORDAN

With nearly a million subscribers and 50 million upload views on her channel, Michelle Phan is the preeminent YouTube how-to guru. In February, Lancôme tapped the 23-year-old Vietnamese-American art student as its next Video Makeup Artist.

Michelle creates one (lightly) branded video for Lancôme each month. The videos have each earned 1.5 million to 2.5 million views, and the cross-platform partnership has led to a 263 percent Facebook fan increase for the brand since March. Michelle's weeklong trip to Paris in June featured a Facebook contest where fans could select the theme for her next video. The contest drove more than 4,000 fans per day to the Lancôme Facebook page.



Phan creates one video per month featuring the French beauty brand's products



Michelle Phan hosts Lancôme videos on her personal YouTube channel

Phan's week-long trip to Paris was highlighted in a video contest on Facebook

FLASH OF GENIUS

TOP 10: UPLOAD VIEWS

Views of Brand YouTube Videos

(November 2010)

1 **LANCÔME**
Michelle Phan Clubbing Tutorial



2,418,287 views
(as of 11.17.10) >

2 **LANCÔME**
Michelle Phan Romantic Valentine's Day Date



2,107,956 views
(as of 11.17.10) >

3 **LANCÔME**
Michelle Phan Pretty Prom



2,418,287 views
(as of 11.17.10) >

4 **LANCÔME**
Michelle Phan Natural Beauty



2,041,736 views
(as of 11.17.10) >

5 **LANCÔME**
Michelle Phan How To's for Perfume



1,371,764 views
(as of 11.17.10) >

All Top 5 Videos Are from Lancôme

6 **CHANEL**
Scorcese Bleu de Chanel



638,901 views
(as of 11.17.10) >

7 **COVERGIRL**
"Glamorous in the City" CoverGirlTV



391,864 views
(as of 11.17.10) >

8 **L'ORÉAL PARIS**
Beyoncé "Happy 100th L'Oreal"



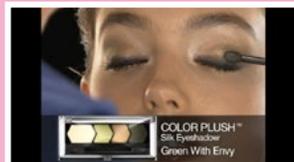
255,780 views
(as of 11.17.10) >

9 **AVON**
30 sec ad for Derma-Full, anti-aging product



188,839 views
(as of 11.17.10) >

10 **MAYBELLINE NEW YORK**
How to Eyes Video



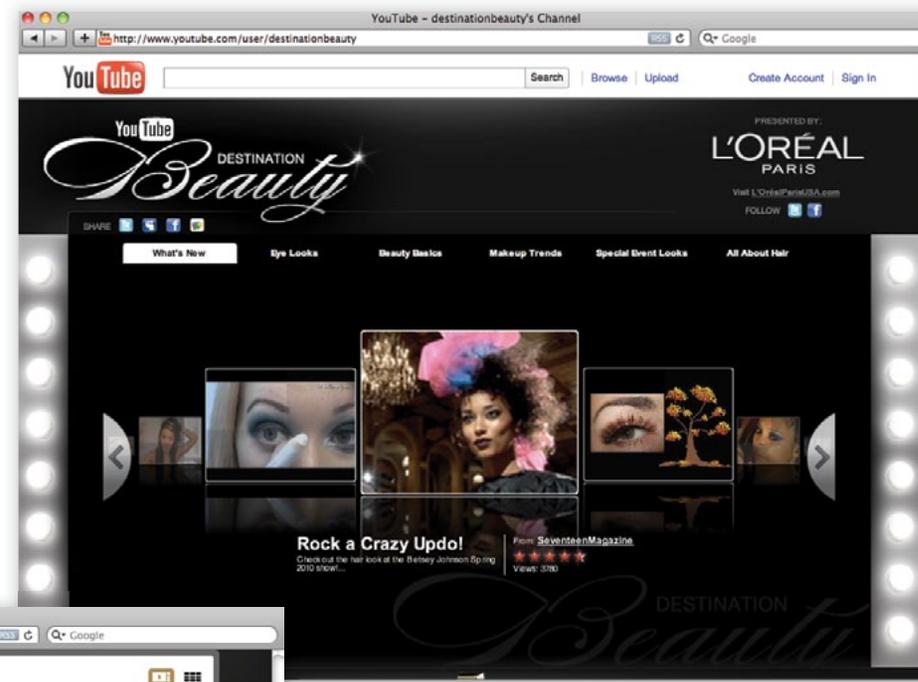
162,701 views
(as of 11.17.10) >



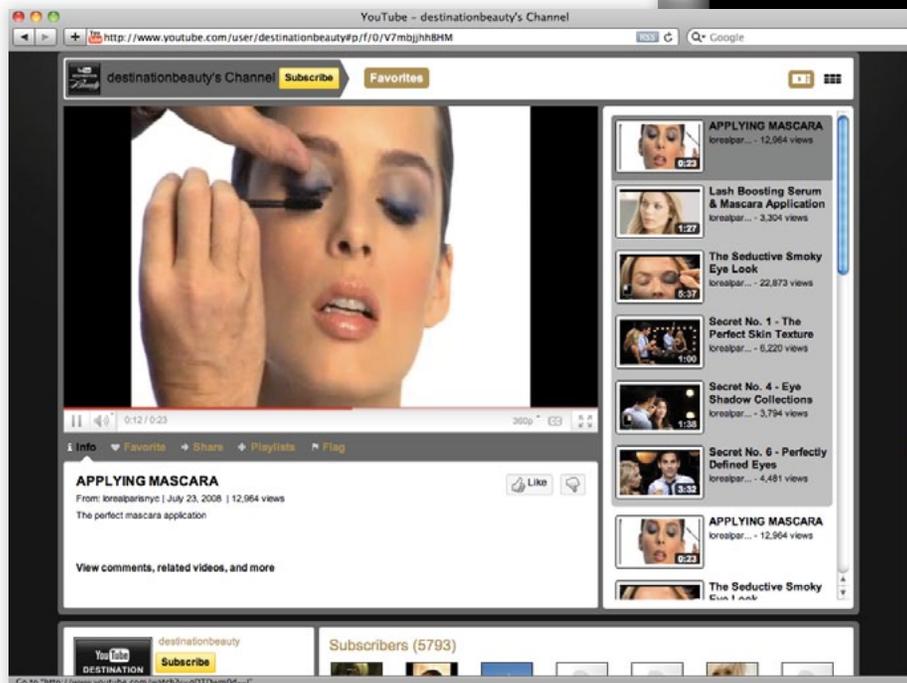
FLASH OF GENIUS

L'Oréal Paris
YOUTUBE? OUI!

This summer L'Oréal Paris and YouTube launched the *Destination Beauty* channel, hosting some of YouTube's top beauty do-it-yourself advisors. The channel features unbranded videos on the top of the page and L'Oréal Paris videos below the fold. Although the launch generated buzz, the page has yet to become a destination. The top contributors boast hundreds of thousands of subscribers, but only 5,000 users have signed up for the channel. Likewise, the most viewed L'Oréal video on the site has received about 20,000 views, 80,000 fewer than the most-viewed clip on the company's brand channel.



Destination Beauty channel featuring unbranded videos on top portion of the page



L'Oréal Paris videos below the fold feature different videos from brand makeup artists



KEY FINDINGS

YESTERDAY

TODAY

TOMORROW

L2's Roadmap for Navigating the Past, Present, and Future of Beauty & Skincare Brands Online

VIRTUAL BEAUTY COUNTER	DIOR: Beauty site was down for months as brand awaited e-commerce	ANY ESTÉE LAUDER SITE: Each of its eight brands in the ranking demonstrate impressive e-commerce chops	AVON: Next generation eRepresentatives provide online chat, virtual makeover tools, and even personalized delivery
CELEBRITY SPOKESPERSON	ESTÉE LAUDER: Elizabeth Hurley	M•A•C: Lady Gaga	LANCÔME: Michelle Phan
E-COMMERCE DRUGSTORE	POND'S: "Where To Buy" link is hidden below the fold and is limited to bricks-and-mortar retail	COVERGIRL: Shopping cart seamlessly integrates online retailer inventory	BURT'S BEES: Earth-friendly brand sells directly to consumers through its site
FACEBOOK COMMUNITY	ALMAY, LA MER, POND'S: Have yet to launch a Facebook page	REVLON: A newcomer to the Facebook game, brand has more than 200,000 likes through strong content & sweepstakes	MARY KAY: More than 0.5 percent of brand community reacts to every post
ONLINE VOICE	FRESH: Amassing Twitter followers without a single tweet	NARSISSIST: NARS Twitter handle is cheeky, personal, and prolific	M•A•C ARTIST TWEETS: Brand goes back to its roots with the 32 artists that have tweeted for it since 2008
GOOGLE FRIENDLINESS	SHISEIDO: Two separate sites with distinct URLs generate Google (and consumer) confusion	BARE ESCENTUALS: Brand owns the mineral makeup category and all related search terms on the web	OLAY: In early September all paid search was directed to the brand's Facebook page to promote "New Face of Olay" campaign
MOBILE ADVERTISING	NIVEA: 2009 "Beauty Is" campaign in the U.K. gave users mobile wallpaper in return for SMS contributions	ESTÉE LAUDER: Perfectionist campaign incorporated interactive mobile ads	DOVE FOR MEN: Unilever was one of the first to sign on to Apple's iAd platform AVEENO, CLINIQUE: Brand is experimenting with interactive apps on the iPad
IPAD INITIATIVES	EVERYONE ELSE: iPad...iWait.	LANCÔME: Makeover app is compatible with the iPhone and iPad, but where is commerce functionality? M.A.C: Tartan Tale iPad app provides an interactive holiday story	???: The iPad platform has been underexploited by brands and beauty publishers
BRAND BLOG	ELIZABETH ARDEN: Corporate blog hasn't been updated since 2008	SECRET LIFE OF A BENEFIT GAL: Benefit Cosmetics blog features tools, tricks, and tales from an assortment of Benefit beauties	MAKEUP.COM: Lightly branded L'Oréal initiative provides a content platform for its eight makeup brands
BRAND YOUTUBE VIDEO	NARS PURE MATTE: Infinite Reflections: Video featuring Heather Marks is high on artistry but low on views	BLEU DE CHANEL: Commercial directed by Martin Scorsese is generating earned media off-and online	MICHELLE PHAN CLUBBING TUTORIAL: One of the vlogger's first Lancôme videos has scored almost 2.5 million views
ONLINE SOCIAL RESPONSIBILITY INITIATIVE	NIVEA: "Live Right" tab on site directs users to a text-heavy "Sustainability at Beiersdorf" page that hasn't been updated since mid-2009	DOVE CAMPAIGN FOR REAL BEAUTY: Brand provides extension of reknowned campaign through Self-Esteem Weekend hosted on its Facebook page	NEUTROGENA WAVE FOR CHANGE: Facebook "likes" grew 219 percent when community was given an opportunity to vote on their charity of choice

TEAM

SCOTT GALLOWAY

Clinical Associate Professor of Marketing, NYU Stern; Founder L2

Scott is a Clinical Associate Professor at the NYU Stern School of Business where he teaches brand strategy and luxury marketing and is the founder of L2, a think tank for prestige brands. Scott is also the founder of Firebrand Partners, an operational activist firm that has invested more than \$1 billion in U.S. consumer and media companies. In 1997, he founded Red Envelope, an Internet-based branded consumer gift retailer (2007 revenues: \$100 million). In 1992, Scott founded Prophet, a brand strategy consultancy that employs more than 200 professionals in the United States, Europe, and Asia. Scott was elected to the World Economic Forum's "Global Leaders of Tomorrow," which recognizes 100 individuals under the age of 40 "whose accomplishments have had impact on a global level."

Scott has served on the boards of directors of Eddie Bauer (Nasdaq: EBHI), The New York Times Company (NYSE: NYT), Gateway Computer, eco-America, and UC Berkeley's Haas School of Business. He received a B.A. from UCLA and an M.B.A. from UC Berkeley.

MAUREEN MULLEN

L2

Maureen leads L2's Research and Advisory Practice where she helped develop the Digital IQ Index®. She has benchmarked digital marketing, e-commerce, and social media efforts of more than 300 brands across Pharma, Auto, Luxury, Specialty Retail, Beauty and the Public Sector. Maureen also has led digital strategy consulting engagements for a variety of Fortune 1000 clients. Before joining L2, Maureen was with Triage Consulting Group and led managed care payment review and payment benchmarking projects for hospitals, including UCLA Medical Center, UCSF, and HCA.

Maureen has a B.A. in human biology from Stanford University and an M.B.A. from NYU Stern.

KATE BARNETT

L2

Kate is an associate in L2's Research and Advisory practice. She started her career as a retail consultant, initially for the C.O.O. of Steve & Barry's and later as an associate at Lightship Partners, specializing in product development and supply chain optimization. Before joining L2, Kate worked with Marvin Traub, the former C.E.O. and chairman of Bloomingdale's, conducting research on prestige brands in emerging markets. Kate received her A.B. in government from Harvard University.

LING LIU

L2

Ling started her career at a start-up where she established and implemented product development and pricing strategies. She has subsequently engaged in consulting efforts in the beauty, retail and entertainment industries. Ling has an M.B.A. from NYU Stern and a BS in Engineering Management from Columbia University.

ADAM LAVELLE

Chief Strategy Officer, iCrossing, a Hearst Company

As Chief Strategy Officer, Lavelle delivers leadership, strategy, and innovative ideas to iCrossing teams, while driving the development and delivery of iCrossing's service and technology offerings to create comprehensive digital marketing programs for the company's Fortune 500 client-base. Adam has more than 15 years of interactive expertise helping clients succeed online, with senior positions at Agency.com, iXL/Scient, Digitas, and The Internet Group, where he led the first launch of Mapquest.com. Lavelle has a B.A. in Classical Studies and Creative Writing from the University of Pittsburgh.

CINDY GALLOP

Founder & CEO, IfWeRanTheWorld, Brand Translation Expert, L2 Digital IQ Index® for Beauty

Cindy Gallop's background is brand building, marketing and advertising. She started the U.S. office of ad agency Bartle Bogle Hegarty in New York in 1998 and in 2003 was named Advertising Woman of the Year. She is the founder and CEO of www.IfWeRanTheWorld.com, a radically simple web platform designed to help change the world one microaction at a time, which launched in beta with a demo at TED 2010, and of www.makelovenotporn.com, launched at TED 2009. She acts as board advisor to a number of tech startups and consults, describing her consultancy approach as "I like to blow shit up. I am the Michael Bay of business."

CHRISTINE PATTON

Creative Director, L2

Christine is a brand and marketing consultant with more than 15 years of experience creating brand identities and marketing communications for aspirational and luxury brands. She began her career at Cosí, where she developed the brand and oversaw its evolution from concept through growth to 100 restaurants. Since then she has provided creative direction for a wide array of clients, including the launches of Kidville and CosmoGIRL! magazine. Most recently, she led creative services at ELLE during the most successful years of the magazine's history, developing innovative integrated marketing programs for advertisers. Christine received a B.A. in economics and journalism from the University of Connecticut and an M.B.A from NYU Stern.



L2 is a think tank for digital innovation.

We are a membership organization that brings together thought leadership from academia and industry to drive digital marketing innovation.

Forums: Big-picture thinking and game-changing innovations meet education and entertainment. The largest gatherings of prestige executives in North America. *300+ attendees*

Clinics: Executive education in a classroom setting with a balance of theory, tactics, and case studies. *60–120 attendees*

Working Lunches: Members-only lunches led by digital thought leaders and academics. Topic immersion in a relaxed environment that encourages open discussion. *12–24 attendees*

MBA Mashups: Access and introduction to digital marketing talent from top MBA schools.

Digital IQ Index®: The definitive benchmark for online competence, Digital IQ Index® reports score brands against peers on more than 350 quantitative and qualitative data points, diagnosing their digital strengths and weaknesses.

Advisory Services: L2 works with brands to garner greater return on investment in digital initiatives. Advisory work includes Brand Digital Roadmaps, Social Media Strategy, and Site Optimization engagements.

For membership info and inquiries:
info@L2ThinkTank.com

iCrossing is a global digital marketing agency that combines talent and technology to help world-class brands find and connect with their customers.

The company blends best-in-class digital marketing services — including paid search, search engine optimization, Web development, social media, mobile, research and analytics — to create integrated digital marketing programs that engage consumers and drive ROI.

iCrossing's client base includes such recognized brands as Epson America, Toyota, Travelocity and 40 Fortune 500 companies, including The Coca-Cola Company and Office Depot. Headquartered in Scottsdale, Ariz., the company has 600 employees in 12 offices in the U.S. and Europe. iCrossing is a unit of Hearst Corporation, one of the nation's largest diversified media companies.

For more information, please visit: www.icrossing.com



UPCOMING EVENTS

01.14.11 L2 Clinic NYC

Tomorrow's Media Plan

2011 will be the year that brands fundamentally re-think their approach to paid and earned media. This clinic helps managers navigate seismic shifts in technology, media, and consumer behavior to build a robust media plan that is both dynamic and ROI accountable.

02.25.11 L2 Workshop NYC

Fostering a Culture of Innovation

Brands that signal innovation as a point of differentiation will ultimately drive long-term shareholder value. This full-day workshop brings together the world's preeminent thinkers and scholars on innovation for a series of real-time exercises and case studies meant to unlock creative thinking in the way you approach marketing and your business.

03.18.11 L2 Clinic NYC

Facebook, In-Depth

With over 500 million active users, Facebook has become the new operating system of the Internet. This clinic is an in-depth look at the value consumers derive from the platform and how some of the most innovative brands are using Facebook to build relationships, drive commerce, and reduce costs.

UPCOMING RESEARCH *Digital IQ Index® Reports*

- | | |
|--------------------------------|-------------------------|
| Travel | Universities |
| Automobiles | Specialty Retail |
| Hospitals | Luxury |
| Pharmaceuticals | |
| Consumer Packaged Goods | |



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