L2
DIGITAL IQ INDEX®

# BEAUTY

December 18, 2014

Watch the Video

# EXPLOSION

Digital spend in the U.S. Beauty industry has exploded, up 23 percent year over year, while traditional media spend is flat to declining.[1] Paid search has captured the lion's share of growth — up a staggering 75 percent[2] as behemoths P&G and Unilever weigh in. Mobile search volume for Beauty category terms grew from 36 to 45 percent of all searches through 2014 as consumers opt for smaller screens. In addition, the performance of social channels is beginning to match the promise. In 2014, Facebook will capture $12.4 bn in revenue, threatening Beauty's perennial dance partner: print.

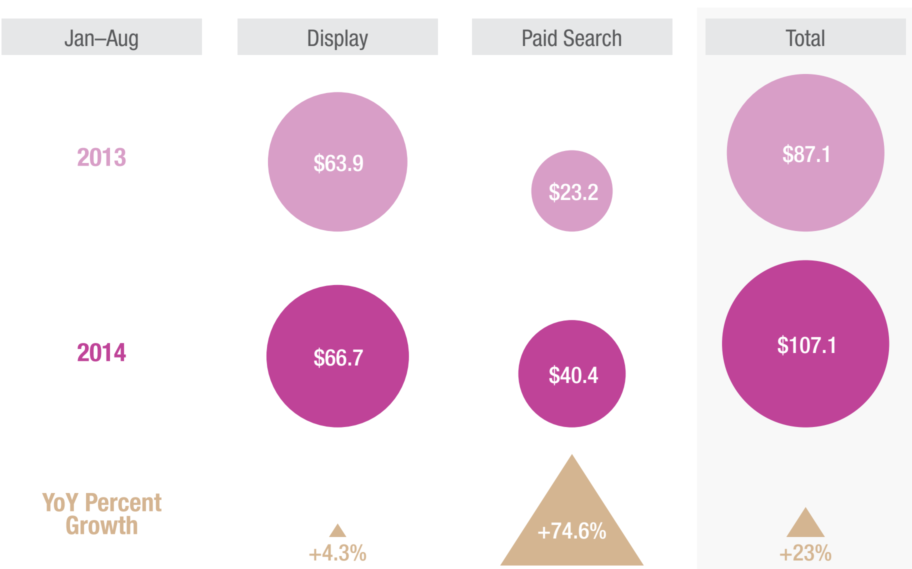
1. Kantar Media Ad Intelligence, as cited by eMarketer, October 10, 2014.
2. *Ibid.*

## Arbiter

Digital is the new arbiter of influence across the sector, guiding investments in emerging brands and spokespeople. On the heels of L'Oréal's 2013 launch of em Cosmetics, blogger Emily Weiss of *Into the Gloss* raised $10 million to launch the Glossier brand. The jury is out on these new business models: em Cosmetics' branded search volume is down 55 percent year over year, and L'Oréal has been forced to offer deep discounts on the YouTube phenom's products. Over the same period, the French firm's recent acquisition, NYX, registered search volume increases of 83 percent. NYX has relied almost exclusively on vloggers and other influencers to build the brand. Its online buzz and fan following made the brand burn bright on L'Oréal's acquisition radar. Estée Lauder capped the digital year by announcing that the new face of its namesake brand would be Kendall Jenner, who brings 17 million Instagram followers to the table.

## U.S. Beauty Industry Digital Ad Spending by Format

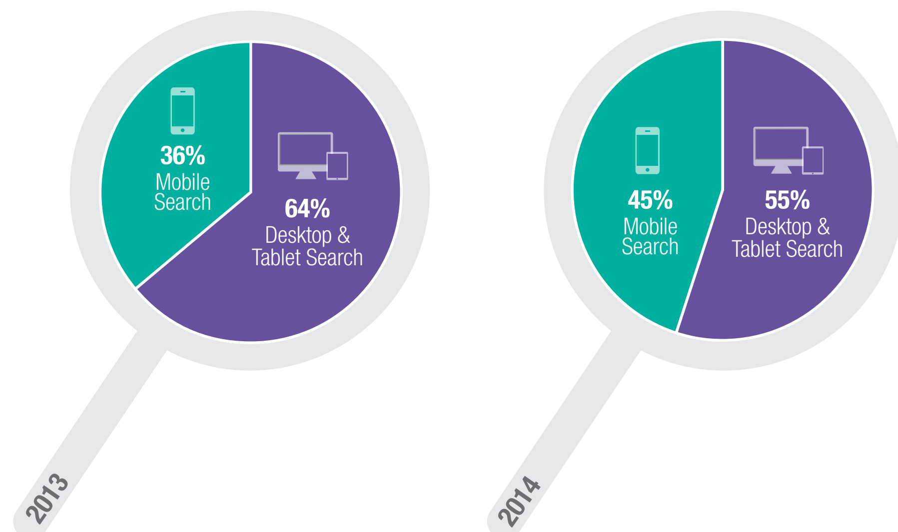
In Millions




Source: Kantar Media Ad Intelligence, as cited by eMarketer, October 10, 2014.

## Beauty: Percentage of Non-Branded Searches on Mobile

October 2014 vs. October 2013




Source: Google AdWords Keyword Planner.

## Tectonic Shift

For the first time, in 2014, a mass brand topped the L2 Digital IQ Index®: Beauty. L'Oréal Paris nabbed the top spot on the back of strong search and digital advertising. The French brand drives 3x the Index average in site traffic from display advertising, and its "Makeup Genius" app is likely the strongest technology launch in the industry. As Amazon and Walmart aggressively court online Beauty consumers, mass brands, like their prestige peers, see an opportunity to find new channels of growth and platforms to signal innovation. There is still substantial open field: e-commerce is the fastest-growing channel, but represents only six percent[3] of the sector's sales.

## Digital IQ = Shareholder Value

Our core thesis is that digital competence is linked to shareholder value. This study attempts to quantify the digital competence of 94 U.S. Beauty brands across three categories: Skin Care, Color Cosmetics, and Fragrance. Our aim is to provide a tool for identifying strengths and weaknesses, helping brands achieve greater return on incremental investment. In the 2014 Index, we deepened our assessments on e-tailers, as well as brands' online advertising efforts. Please reach out with questions and comments.

Regards,
**L2**

**Beauty: Highest and Lowest Changes in Branded Search Volume**
For Brands With >2,000 Average Monthly Searches
October 2014 vs. October 2013

| | | | |
|---|---|---|---|
| 83% | "Philosophy Skin Care" | -56% | "L'Oreal Paris" |
| 83% | "Chanel Perfume" | -55% | "em Cosmetics" |
| 83% | "NYX Cosmetics" | -33% | "CoverGirl" |
| 53% | "Sisley Paris" | -33% | "Avene" |

Source: Google AdWords Keyword Planner.

3. Euromonitor International.

# ABOUT THE RANKING

DIGITAL IQ INDEX® **BEAUTY**

## SITE & E-COMMERCE

35%

### EFFECTIVENESS OF BRAND SITE & E-TAILER INVESTMENTS

**Site Technology:**
Analytics, Load Time, Interactive Tool Sophistication & Integration, Videos

**Search & Navigation:**
Clicks to Product Page, Quick View, Product Search, Filters & Sorts, Fragrance in Nav (if applicable)

**Customer Service & Store Locator:**
Contact Information, Live Chat Availability, Store Locator Sophistication

**Product Page Content:**
Product Merchandising, User Reviews, Content Integration

**E-Commerce & Account Sophistication:**
Ease of Checkout/Third-Party Handoff, Sample Availability, Loyalty Programs, Account Personalization & Customization

**E-Tailers:**
Search Visibility, User Reviews, Branded Investments on Select E-Tailers

## DIGITAL MARKETING

30%

### SEARCH, DISPLAY, AND EMAIL MARKETING EFFORTS

**Search:**
Traffic, Web Authority, SEO & SEM (Branded + Non-branded)

**Advertising and Innovation:**
Display & Programmatic Buying, Other Brand Initiatives

**Blogs & Sentiment:**
Mentions, Sentiment, and Brand Activity on Industry-specific Outlets (+Makeup Alley, Total Beauty, Basenotes.net)

**E-mail:**
Ease of Sign-up, Frequency, Segmentation & Customization, Trigger Emails

## MOBILE

20%

### COMPATIBILITY, OPTIMIZATION, AND MARKETING ON MOBILE PLATFORMS

**Mobile Site:**
Compatibility & Functionality, Cart Consistency Across Devices, Store Locator & Geolocation

**Mobile Search:**
SEO & SEM

**Mobile Innovation:**
Tablet Experience, iOS & Android Apps, Mobile Advertising, Other Brand Initiatives

## SOCIAL MEDIA

15%

### BRAND PRESENCE AND MEDIA OPTIMIZATION

**Facebook:**
Community Size, Annual Growth, Programming, Relative & Absolute Engagement

**YouTube:**
Search Visibility, Channel Experience, Video Views, Virality of Content

**Twitter:**
Followers, Annual Growth, Frequency, Relative & Absolute Engagement

**Instagram:**
Followers, Growth, Engagement, Instagram Video, Relative & Absolute Engagement

**GENIUS** 140+

Digital competence is a point of competitive differentiation. Brands innovate with digital in mind; consistently high performance on e-tailer partners.

**GIFTED** 110–139

Brands are experimenting and innovating across site, mobile, and social platforms. Digital presence is consistent with brand image and larger marketing efforts.

**AVERAGE** 90–109

Digital presence is functional yet predictable. Efforts are often siloed across platforms, or brands innovate only within comfort zones.

**CHALLENGED** 70–89

E-commerce experience on-site is nonexistent or limited; licensed brands struggle in providing cohesive online experience.

**FEEBLE** <70

Investment does not match opportunity. Sites lack inspiration and utility.

# DIGITAL IQ RANKING

DIGITAL IQ INDEX® **BEAUTY**

**IN THE COMPANY OF GENIUS** **GIFTED**

| RANK | BRAND | DIGITAL IQ |
|---|---|---|
| 1 | L'ORÉAL PARIS<br>L'Oreal Group | 152 |
| 2 | LANCÔME PARIS<br>L'Oreal Group | 144 |
| 3 | CLINIQUE<br>The Estée Lauder Companies Inc. | 143 |
| 4 | ESTĒE LAUDER<br>The Estée Lauder Companies Inc. | 138 |
| 4 | MAYBELLINE NEW YORK<br>L'Oréal Group | 138 |
| 6 | benefit SAN FRANCISCO<br>LVMH Moët Hennessy Louis Vuitton SA | 136 |
| 6 | URBAN DECAY<br>L'Oréal Group | 136 |
| 8 | SINCE Kiehl's 1851<br>L'Oréal Group | 135 |
| 9 | BARE ESCENTUALS<br>Shiseido Co., Ltd. | 134 |
| 9 | MAC<br>The Estée Lauder Companies Inc. | 134 |
| 11 | OLAY<br>Procter & Gamble | 133 |
| 12 | AVON<br>Avon Products, Inc. | 131 |
| 13 | AVEDA<br>The Estée Lauder Companies Inc. | 129 |
| 13 | COVERGIRL<br>Procter & Gamble | 129 |
| 15 | BOBBI BROWN<br>The Estée Lauder Companies Inc. | 128 |
| 15 | smashbox COSMETICS<br>The Estée Lauder Companies Inc. | 128 |
| 17 | L'OCCITANE EN PROVENCE<br>L'OCCITANE en Provence | 127 |

**GENIUS**
L'Oréal Paris
Lancôme
Clinique

**GIFTED**
Estée Lauder
Maybelline New York
Benefit Cosmetics
Urban Decay
Kiehl's
Bare Escentuals
MAC Cosmetics
Olay
Avon
Aveda
CoverGirl
Bobbi Brown
Smashbox Cosmetics
L'OCCITANE en Provence
Essie
Mary Kay
Clarins
Victoria's Secret
Burt's Bees
NYX
NARS Cosmetics
Elizabeth Arden
Garnier
Make Up For Ever
Neutrogena
Chanel
Dermalogica
Dove
Giorgio Armani Beauty
Origins
Sally Hansen
em cosmetics
Jo Malone
La Roche-Posay
Philosophy
Proactiv

**AVERAGE**
Dermablend
Dior
Clarisonic
La Mer
Skinceuticals
Laura Mercier
Physicians Formula
Revlon
Murad
Shiseido
Yves Saint Laurent
Calvin Klein Fragrances
Fresh
Clean & Clear
Perricone MD
Simple
Ralph Lauren
Vichy
Michael Kors
Rimmel London
Aveeno
La Prairie
StriVectin
Burberry
Thierry Mugler

**CHALLENGED**
Dolce & Gabbana
OPI
Artistry
Marc Jacobs Beauty
Cetaphil
Gucci
Nivea
Bioré
Donna Karan
Marc Jacobs Fragrance
Trish McEvoy
Pond's
Almay
Hugo Boss
SK-II
Juicy Couture

**FEEBLE**
Guerlain
Eau Thermale Avène
New York Color
Lacoste
Wet n wild
Jean Paul Gaultier
Prada
Sisley
Jimmy Choo
Nina Ricci
James Bond
Puma
Viktor & Rolf
Vera Wang

December 18, 2014

# DIGITAL IQ RANKING

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## GIFTED

| RANK | BRAND | | DIGITAL IQ |
|---|---|---|---|
| 18 | essie | L'Oréal Group | 124 |
| 18 | MARY KAY | Mary Kay | 124 |
| 20 | CLARINS | Clarins S.A. | 123 |
| 21 | VICTORIA'S SECRET | Limited Brands | 121 |
| 22 | BURT'S BEES® | The Clorox Company | 119 |
| 22 | NYX | L'Oréal Group | 119 |
| 24 | NARS | Shiseido Co., Ltd. | 118 |
| 25 | Elizabeth Arden | Elizabeth Arden Inc. | 115 |
| 25 | GARNIER | L'Oréal Group | 115 |
| 25 | MAKE UP FOR EVER PROFESSIONAL PARIS | LVMH Moët Hennessy Louis Vuitton SA | 115 |
| 25 | Neutrogena® | Johnson & Johnson, Inc. | 115 |
| 29 | CHANEL | Chanel S.A. | 114 |
| 29 | dermalogica® | Dermalogica, Inc. | 114 |
| 29 | Dove® | Unilever | 114 |
| 29 | GIORGIO ARMANI beauty | L'Oréal Group | 114 |
| 29 | ORIGINS | The Estée Lauder Companies Inc. | 114 |
| 34 | Sally Hansen® | Coty Inc. | 113 |
| 35 | em michelle phan | L'Oréal Group | 112 |
| 35 | Jo Malone London | The Estée Lauder | 112 |
| 35 | LA ROCHE-POSAY LABORATOIRE DERMATOLOGIQUE | Companies Inc. | 112 |
| 35 | philosophy® | Coty, Inc | 112 |

**GENIUS**
L'Oréal Paris
Lancôme
Clinique
**GIFTED**
Estée Lauder
Maybelline New York
Benefit Cosmetics
Urban Decay
Kiehl's
Bare Escentuals
MAC Cosmetics
Olay
Avon
Aveda
CoverGirl
Bobbi Brown
Smashbox Cosmetics
L'OCCITANE en Provence
Essie
Mary Kay
Clarins
Victoria's Secret
Burt's Bees
NYX
NARS Cosmetics
Elizabeth Arden
Garnier
Make Up For Ever
Neutrogena
Chanel
Dermalogica
Dove
Giorgio Armani Beauty
Origins
Sally Hansen
em cosmetics
Jo Malone
La Roche-Posay
Philosophy
Proactiv
**AVERAGE**
Dermablend
Dior
Clarisonic
La Mer
Skinceuticals
Laura Mercier
Physicians Formula
Revlon
Murad
Shiseido
Yves Saint Laurent
Calvin Klein Fragrances
Fresh
Clean & Clear
Perricone MD
Simple
Ralph Lauren
Vichy
Michael Kors
Rimmel London
Aveeno
La Prairie
StriVectin
Burberry
Thierry Mugler
**CHALLENGED**
Dolce & Gabbana
OPI
Artistry
Marc Jacobs Beauty
Cetaphil
Gucci
Nivea
Bioré
Donna Karan
Marc Jacobs Fragrance
Trish McEvoy
Pond's
Almay
Hugo Boss
SK-II
Juicy Couture
**FEEBLE**
Guerlain
Eau Thermale Avène
New York Color
Lacoste
Wet n wild
Jean Paul Gaultier
Prada
Sisley
Jimmy Choo
Nina Ricci
James Bond
Puma
Viktor & Rolf
Vera Wang

# DIGITAL IQ RANKING

DIGITAL IQ INDEX® **BEAUTY**

## AVERAGE

| RANK | BRAND | DIGITAL IQ |
|---|---|---|
| 39 | proactiv. — Guthy-Renker, LLC | 111 |
| 40 | DERMABLEND PROFESSIONAL — L'Oréal Group | 109 |
| 40 | Dior — LVMH Moët Hennessy Louis Vuitton SA | 109 |
| 42 | clarisonic — L'Oréal Group | 108 |
| 43 | LA MER — The Estée Lauder Companies Inc. | 106 |
| 44 | SkinCeuticals — L'Oréal Group | 105 |
| 45 | laura mercier — Gurwitch Products, L.L.C. | 104 |
| 45 | PHYSICIANS FORMULA — Physicians Formula Holdings, Inc. | 104 |
| 45 | REVLON — Revlon | 104 |
| 48 | Murad. BETTER EVERY DAY — Murad Inc. | 103 |
| 48 | SHISEIDO — Shiseido Co., Ltd. | 103 |
| 48 | YVES SAINT LAURENT — L'Oréal Group | 103 |
| 51 | Calvin Klein — Coty Inc. | 102 |
| 52 | fresh — LVMH Moët Hennessy Louis Vuitton SA | 101 |
| 53 | Clean & Clear — Johnson & Johnson, Inc. | 100 |
| 53 | Perricone MD — N.V. Perricone, LLC | 100 |
| 55 | simple — Unilever | 99 |
| 56 | RALPH LAUREN — L'Oréal Group | 97 |
| 56 | VICHY LABORATOIRES — L'Oréal Group | 97 |
| 58 | MICHAEL KORS — The Estée Lauder Companies Inc. | 95 |
| 58 | RIMMEL — Coty Inc. | 95 |

# DIGITAL IQ RANKING

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AVERAGE | CHALLENGED

| RANK | BRAND | | DIGITAL IQ |
|---|---|---|---|
| 60 | Aveeno Active Naturals | Johnson & Johnson, Inc. | 93 |
| 60 | la prairie Switzerland | Beiersdorf | 93 |
| 62 | StriVectin | StriVectin Operating Company, Inc. | 92 |
| 63 | BURBERRY | Burberry Group plc | 91 |
| 64 | Thierry Mugler | Clarins S.A. | 90 |
| 65 | DOLCE & GABBANA | Procter & Gamble | 89 |
| 66 | O·P·I | Coty Inc. | 88 |
| 67 | ARTISTRY | Amway | 87 |
| 67 | MARC JACOBS BEAUTY | LVMH Moët Hennessy Louis Vuitton SA | 87 |
| 69 | Cetaphil | Galderma Laboratories, L.P. | 86 |
| 70 | GUCCI parfums | Procter & Gamble | 85 |
| 71 | NIVEA | Beiersdorf | 82 |
| 72 | Bioré | Kao Corp | 79 |
| 73 | DONNA KARAN NEW YORK | The Estée Lauder Companies Inc. | 78 |
| 73 | MARC JACOBS FRAGRANCES | Coty Inc. | 78 |
| 73 | Trish McEvoy | Trish McEvoy Ltd. | 78 |
| 76 | POND'S | Unilever | 76 |
| 77 | ALMAY | Revlon | 74 |
| 78 | BOSS HUGO BOSS | Procter & Gamble | 71 |
| 78 | SK-II | Procter & Gamble | 71 |
| 80 | Juicy Couture | Elizabeth Arden Inc. | 70 |

**GENIUS**
L'Oréal Paris
Lancôme
Clinique

**GIFTED**
Estée Lauder
Maybelline New York
Benefit Cosmetics
Urban Decay
Kiehl's
Bare Escentuals
MAC Cosmetics
Olay
Avon
Aveda
CoverGirl
Bobbi Brown
Smashbox Cosmetics
L'OCCITANE en Provence
Essie
Mary Kay
Clarins
Victoria's Secret
Burt's Bees
NYX
NARS Cosmetics
Elizabeth Arden
Garnier
Make Up For Ever
Neutrogena
Chanel
Dermalogica
Dove
Giorgio Armani Beauty
Origins
Sally Hansen
em cosmetics
Jo Malone
La Roche-Posay
Philosophy
Proactiv

**AVERAGE**
Dermablend
Dior
Clarisonic
La Mer
Skinceuticals
Laura Mercier
Physicians Formula
Revlon
Murad
Shiseido
Yves Saint Laurent
Calvin Klein Fragrances
Fresh
Clean & Clear
Perricone MD
Simple
Ralph Lauren
Vichy
Michael Kors
Rimmel London
Aveeno
La Prairie
StriVectin
Burberry
Thierry Mugler

**CHALLENGED**
Dolce & Gabbana
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Gucci
Nivea
Bioré
Donna Karan
Marc Jacobs Fragrance
Trish McEvoy
Pond's
Almay
Hugo Boss
SK-II
Juicy Couture

**FEEBLE**
Guerlain
Eau Thermale Avène
New York Color
Lacoste
Wet n wild
Jean Paul Gaultier
Prada
Sisley
Jimmy Choo
Nina Ricci
James Bond
Puma
Viktor & Rolf
Vera Wang

December 18, 2014

# DIGITAL IQ RANKING

DIGITAL IQ INDEX® **BEAUTY**

L2

## FEEBLE

| RANK | BRAND | DIGITAL IQ |
|---|---|---|
| 81 | GUERLAIN PARIS<br>LVMH Moët Hennessy Louis Vuitton SA | 68 |
| 82 | EAU THERMALE Avène<br>Pierre Fabre | 64 |
| 83 | NYC NEW YORK COLOR<br>Coty Inc. | 62 |
| 84 | LACOSTE<br>Procter & Gamble | 61 |
| 84 | wet n wild<br>Markwins Beauty Products, Inc. | 61 |
| 86 | Jean Paul GAULTIER<br>Shiseido Co., Ltd. | 58 |
| 86 | PRADA<br>Puig SL | 58 |

| RANK | BRAND | DIGITAL IQ |
|---|---|---|
| 88 | SISLEY<br>Sisley Cosmetics USA | 57 |
| 89 | JIMMY CHOO PARFUMS<br>Inter Parfums | 51 |
| 90 | NINA RICCI<br>Puig SL | 50 |
| 91 | 007<br>Procter & Gamble | 48 |
| 92 | PUMA FRAGRANCES<br>Procter & Gamble* | 47 |
| 92 | VIKTOR&ROLF<br>L'Oréal Group | 47 |
| 94 | VERA WANG<br>Coty Inc. | 43 |

* Fragrance license will move to L'Oréal January 1, 2015.

**GENIUS**
L'Oréal Paris
Lancôme
Clinique
**GIFTED**
Estée Lauder
Maybelline New York
Benefit Cosmetics
Urban Decay
Kiehl's
Bare Escentuals
MAC Cosmetics
Olay
Avon
Aveda
CoverGirl
Bobbi Brown
Smashbox Cosmetics
L'OCCITANE en Provence
Essie
Mary Kay
Clarins
Victoria's Secret
Burt's Bees
NYX
NARS Cosmetics
Elizabeth Arden
Garnier
Make Up For Ever
Neutrogena
Chanel
Dermalogica
Dove
Giorgio Armani Beauty
Origins
Sally Hansen
em cosmetics
Jo Malone
La Roche-Posay
Philosophy
Proactiv
**AVERAGE**
Dermablend
Dior
Clarisonic
La Mer
Skinceuticals
Laura Mercier
Physicians Formula
Revlon
Murad
Shiseido
Yves Saint Laurent
Calvin Klein Fragrances
Fresh
Clean & Clear
Perricone MD
Simple
Ralph Lauren
Vichy
Michael Kors
Rimmel London
Aveeno
La Prairie
StriVectin
Burberry
Thierry Mugler
**CHALLENGED**
Dolce & Gabbana
OPI
Artistry
Marc Jacobs Beauty
Cetaphil
Gucci
Nivea
Bioré
Donna Karan
Marc Jacobs Fragrance
Trish McEvoy
Pond's
Almay
Hugo Boss
SK-II
Juicy Couture
**FEEBLE**
Guerlain
Eau Thermale Avène
New York Color
Lacoste
Wet n wild
Jean Paul Gaultier
Prada
Sisley
Jimmy Choo
Nina Ricci
James Bond
Puma
Viktor & Rolf
Vera Wang

## Site Investments

In 2014, site investments across Beauty began to plateau. Nearly one-third of e-commerce-enabled brands offer live chat, compared to just three percent for non-e-commerce-enabled brands, increasing by a net three brands across the Index. Though 80 percent of brands offer a customer service phone number, only 14 percent have a 24/7 phone line, and no brands offer 24/7 live chat service.

There is strong correlation between user reviews and on-site conversion[4]; however, more than a third of Index sites do not provide reviews on site. Fashion brands are the furthest behind, as damaging brand equity remains a concern. Hugo Boss and Juicy Couture both removed user reviews from their site in 2014. Essie, James Bond, Pond's, and Thierry Mugler added reviews.

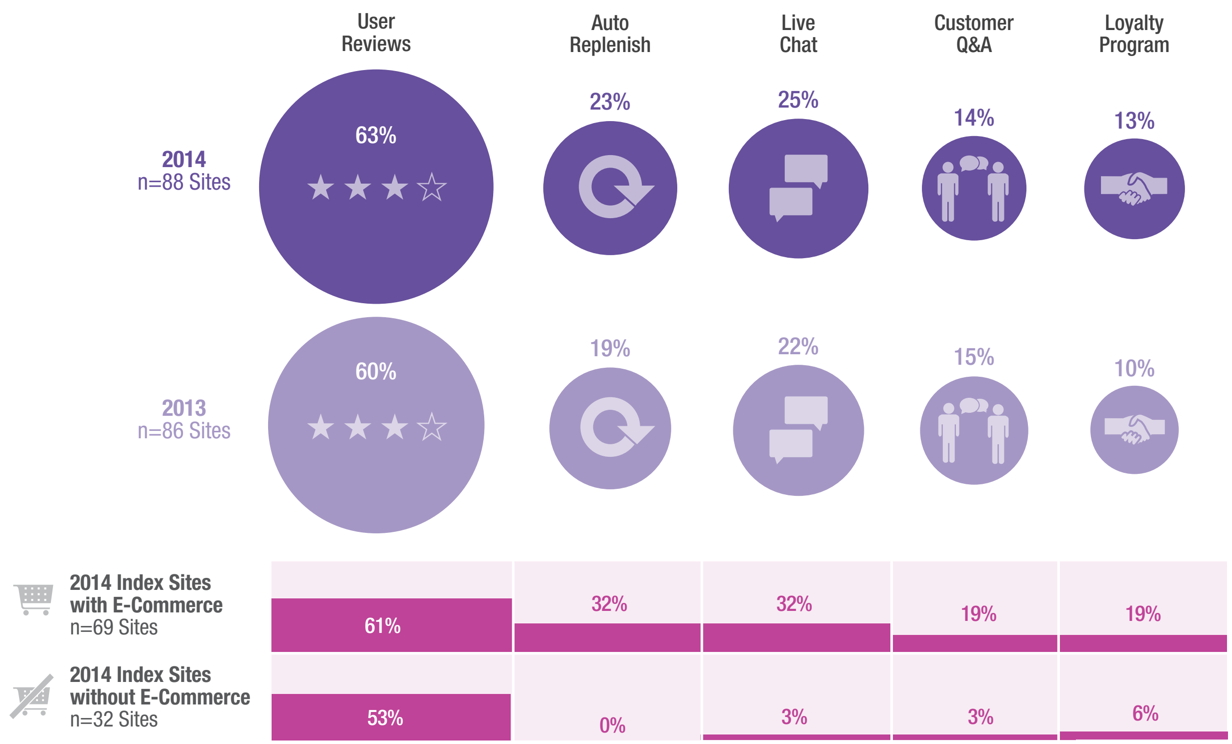
While 85 percent of brands offer account sign-up, sophistication is relatively low, as accounts are primarily used to track orders (62 percent of sites) rather than to customize the consumer experience (less than one-third allow users to customize their profile, and just one-fifth allow saving of site content).

In 2014 there has been incremental investment in auto-replenishment (NARS, YSL Beauty) and loyalty programs (Lancôme).

### Beauty: Year–On–Year Site Feature Adoption

Percentage of Index Brands Present in 2013 and 2014 Indices

2013–2014




*For Fashion brands, includes both main brand site and Beauty microsites, such as Beauty.gucci.com and Gucci.com.

4. "Ecommerce consumer reviews: why you need them and how to use them," Graham Charlton, Econsultancy, June 30, 2012.

## Email Content

In the one-month period between October and November 2014, 49 percent of email content for e-commerce-enabled brands highlighted specific products or collections.

Offer-based emails composed the second-largest share, constituting 39 percent of the average brand's content mix. As most prestige brands do not engage in discounting, promotional tactics were limited, with 46 percent of offer-based emails highlighting free shipping and 44 percent promoting Gift with Purchase. Just one email from Lancôme advertised an online flash sale.

On average, Clarins' brands sent the highest percentage of offer-based emails (56 percent), followed by L'Oréal brands (40 percent). LVMH brands sent no offer emails during October, instead focusing on product awareness, including emails encouraging readers to explore products, shop featured products, and shop gifts.

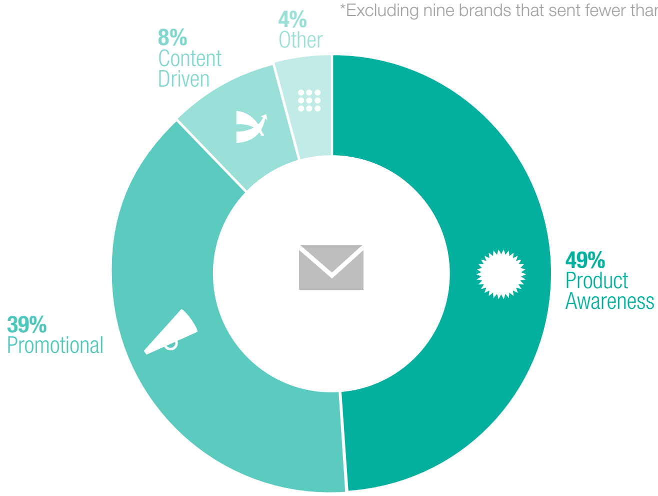
### Beauty: Percentage of Brand Emails Featuring Offers

October–November 2014, n=259 Emails Across 52 Brands


### Beauty: Email Content Mix for Direct-to-Consumer Brands with Email Programs

October–November 2014, n=663 Unique Emails Across 43 Brands*

*Excluding nine brands that sent fewer than five emails.

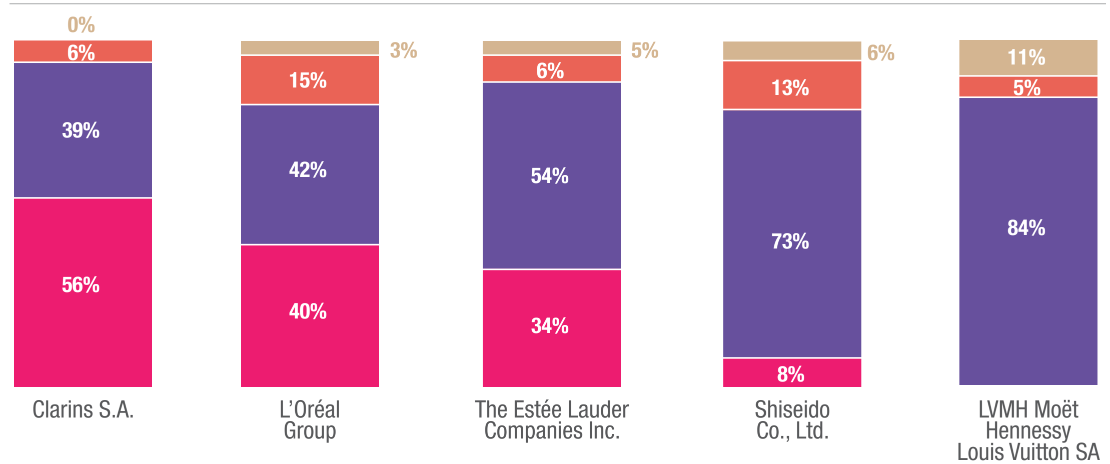



### Beauty: Email Content Mix by Enterprise

Organizations with More than Two Direct-to-Consumer Brands

October 2014, n=437 Unique Emails Across 27 Brands

Offer Content Product Other



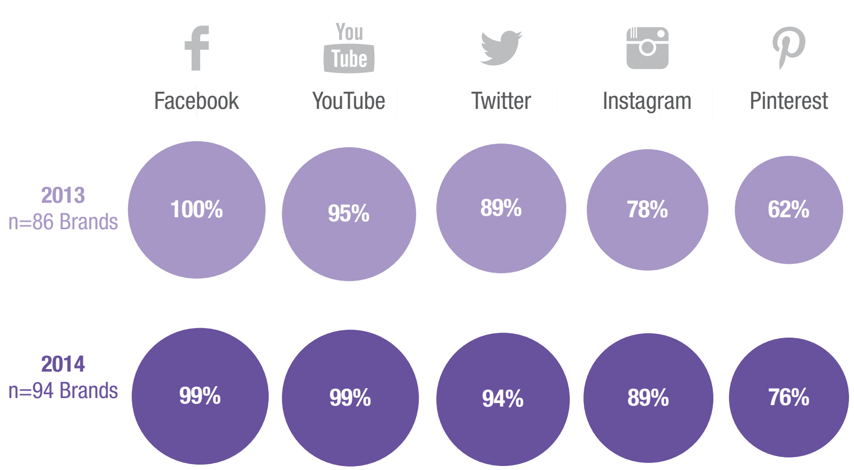
## Social Media

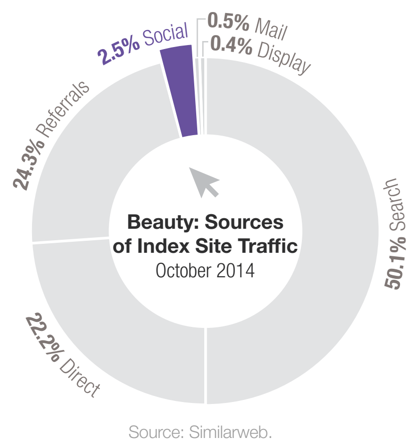
Beauty brand participation on Facebook, YouTube, and Twitter is approaching saturation with near-universal adoption. Meanwhile, Instagram and Pinterest continue to see increased participation year over year. Of note, Chanel launched an official account on Instagram in October in conjunction with its Chanel N°5 campaign.

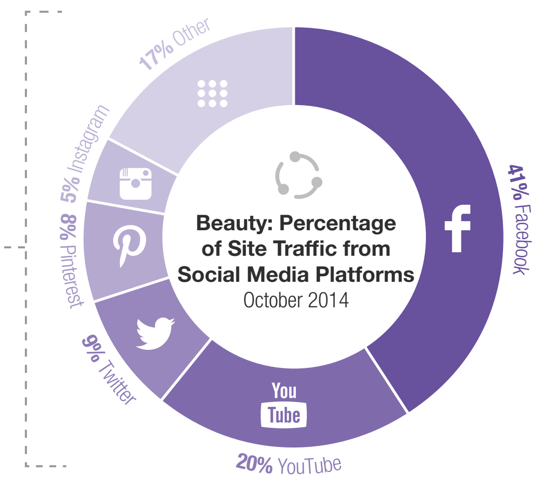
The percentage of site traffic from social media has decreased from 3.9 percent in 2013 to just 2.5 percent in 2014, even as platforms ramp up their advertising capabilities for marketers.

### Beauty: Percentage of Index Brands on Social Media Platforms

October 2013 vs. 2014



## Mobile Sites

Nearly 40 percent of total search volume for Beauty brand terms now occurs on a mobile device, up from 30 percent last year. In response, nearly all brand sites are now optimized for the mobile screen. Forty-three percent maintain a distinct mobile URL, while the majority use responsive design sites that adapt across screen sizes.

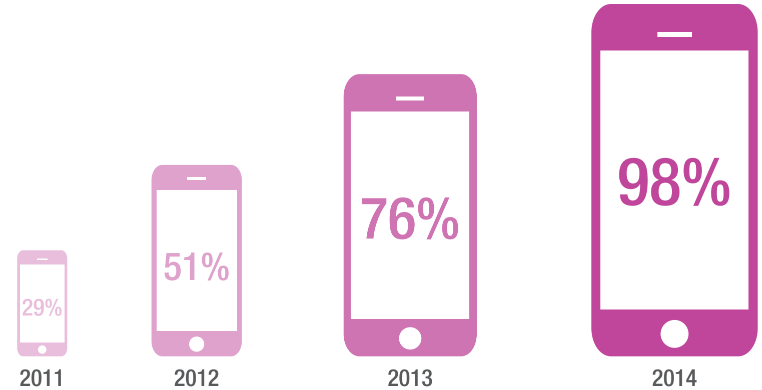
Four in five mobile sites now feature a store locator, up from 60 percent a year ago. Where 63 percent of brands employ user reviews on desktop sites, only 57 percent carry over this feature to their mobile experience. Similarly, 47 percent of desktop sites feature a diagnostic tool versus only 24 percent of mobile sites. Only a quarter of mobile sites leverage PayPal checkout, while 63 percent have direct-to-consumer e-commerce.

Smashbox Cosmetics and Origins, both in the Estée Lauder portfolio, feature in-store guides on the mobile home page. These guides are still basic in functionality, primarily showcasing offers and linking to product finders to guide purchase. Aveda offers no-minimum free shipping only on its mobile site to incentivize purchase.

**Beauty: Mobile Site Adoption**

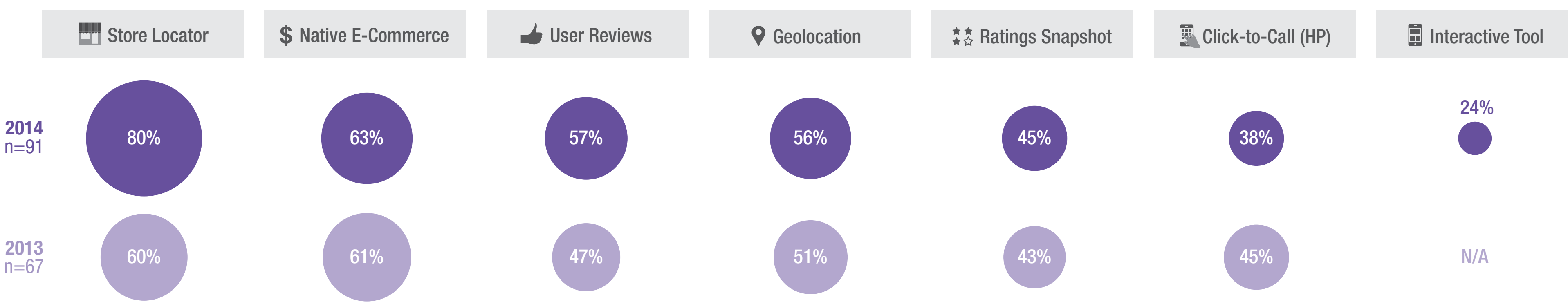
Percentage of Brands with Mobile-Optimized Sites

October 2014, n=49 Brands Present in 2011-2014 Indices




**Beauty: Mobile Site Feature Adoption 2013 vs. 2014**

Percentage of Mobile Sites with Feature



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# ABOUT L2

DIGITAL IQ INDEX® **BEAUTY**

## L2 business intelligence for digital.

*L2 is committed to keeping its members ahead of what's next in digital. To facilitate this we host a series of educational events that bring together industry experts, academics and thought leaders.*

RESEARCH

**Digital IQ Index®:** The definitive benchmark for online competence, Digital IQ Index® reports score brands against peers on more than 850 quantitative and qualitative data points, diagnosing their digital strengths and weaknesses.

**Intelligence Reports:** Intelligence Reports complement L2's flagship Digital IQ Index® with a deeper dive on platforms or geographies of future growth. Critical areas of investigation include: Mobile, Video, Emerging Platforms, APAC and Brazil Russia India.

**Insight Reports:** Series of indepth/topical reports complementing The Digital IQ Index® reports.

EVENTS

**Click and Collect:** This half-day clinic will focus on Digital's Influence on Retail. We will examine how deft retailers are using digital as the connective tissue between site, store and consumer.
Our academic thought leaders and industry experts will share the latest technologies and assess their impact, and discuss the impact of on-premise innovation on the ecosystem.

**The Forum:** L2's annual flagship conference, held each November. The Forum is a one-day, TED-style event that gathers CEOs, industry experts, academics and thought leaders who speak to innovation and inspiration. Senior executives from the world's most iconic brands will be in attendance.

**Executive Education Clinics:** L2's version of the one-day M.B.A, our quarterly clinics offer members an in-depth look at the issues, trends, strategies and technologies changing the face of digital.

**Research Briefings:** Held in cities across the world several times a month, these working sessions, typically over breakfast or lunch, provide members with data and insights from L2's research portfolio.

MEMBERSHIP

For membership info and inquiries: membership@L2inc.com

*Upcoming Events*

CLINIC: **CLICKS AND MORTAR**

*January 13, 2015 · New York*

BREAKFAST & LUNCH: **FOCUS 2015**

*January 16, 2015 · Paris*

*January 21, 2015 · Geneva*

*January 23, 2015 · London*

*Upcoming Research*

DIGITAL IQ INDEX® REPORTS:

*Watches & Jewelry*

L2 INSIGHT REPORTS:

*Social Platforms: Federated IDs*

*Big Box: Security*

*Best of Mobile 2014*

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