

THE EVER-EXPANDING SOCIAL ORBIT

AS DIGITAL BECOMES A CORE COMPONENT OF BEAUTY MARKETING, BRANDS ARE RETHINKING THE VERY ESSENCE OF THEIR APPROACH.

BY JENNY B. FINE
ILLUSTRATION BY
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ow that social media is firmly established as an essential aspect of the marketing mix, beauty brands are radically rethinking how they approach their digital initiatives.

Content and commerce are increasingly intertwined; online and offline are converging in unexpected ways, and speed and agility differentiate the winners from the losers.

"Digital has moved from the peripheral to the center, and it is influencing everything," says Marisa Thalberg, vice president of corporate digital and content marketing worldwide at the Estée Lauder Cos.

Jennifer Aaker, a professor of marketing at the Stanford University Graduate School of Business, has tracked the evolution first hand. "Social media has been a catalyst for organizations to take digital seriously—both in terms of budget and resources," she says. "At first, brands raced to accumulate as many fans and followers as possible; it was a landgrab rather than a thoughtful approach. Now, brands are examining more thoughtfully the approach they want to take."

The results of a survey that Tribe Dynamics conducted with about 30 major U.S. beauty brands for *WWD Beauty Inc* bear Aaker out. In terms of content creation, 85 percent of the respondents said they planned on increasing their Instagram activities, 73 percent their mobile content, 72 percent their blog content and 67 percent their YouTube content. Planned budget increases follow suit: More than



75 percent report they will increase their budgets in content creation, mobile and video production, and more than 60 percent will increase their spending in search, e-mail and social-network marketing. On average, brands expect to increase their budgets by 21.3 percent next year. Almost 60 percent expect to increase their budget by at least 16 percent; over 35 percent expect their budget to grow by more than 25 percent and 14 percent expect it to increase by at least 56 percent.

"The emphasis on content creation is important and people are investing," says Conor Begley, cofounder of Tribe Dynamics. "Brands are moving from a monologue to a dialogue."

Moreover, brands are starting to see a return on their online investments. Tribe Dynamics collaborated with The NPD Group to determine the relationship between online content creation and offline sales, comparing its social influence data with normalized offline sales data from NPD for 10 top beauty brands. "We found a direct correlation between the actual amount of content being created about a brand online and the amount of revenue they are generating offline," says Begley. "The relationship exists."

Specifically, the results show that collectively, across the six major platforms, when the amount of earned media value generated across a brand increases 50 percent, brand revenue increases 24.9 percent, a near two-to-one correlation. Breaking it down to individual channels, Facebook most closely mirrored revenue, YouTube was second, then came Pinterest, Twitter, Instagram and blogs. That there was only a minor correlation with Instagram surprises Begley. "There's no doubt that Insta-

gram is incredibly valuable, as we've seen brands like NYX capitalize," he says. "We have to take into account its relative 'newness'; there is less data available, so drawing conclusions about its relationship with offline sales may be premature."

Still, there's no denying that staggering numbers of people are engaged in online dialogues. According to statistics cited by Thalberg, in 2012, there were 1.4 billion active social-network users globally, a figure expected to reach 2.44 billion by 2018. Much of the conversation is now happening on mobile: Nearly 65 percent of the global population will use a mobile phone at least once a month in 2014, or 4.65 billion users, according to statistics cited by Unilever. Smartphone users will account for just under one-quarter of the worldwide population, or 38 percent of all mobile users, by the end of 2014. In North America, 52 percent of the population will use a smartphone this year, while in Western Europe that number is 47 percent.

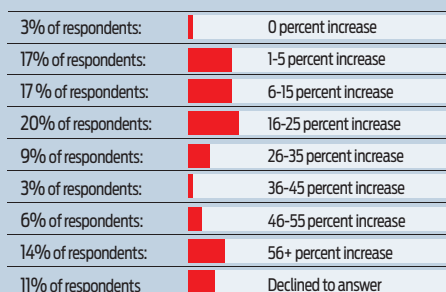
"When you look at our top 10 brands, 40 percent of the traffic to our Web site is coming from mobile," says Kristen D'Arcy, vice president of global digital at Coty. "We are thinking about how we design for mobile first. Consumer behavior is evolving as quickly as technology. So taking something that might happen traditionally on a desktop and bringing it to life at point of sale is where we are starting to look."

The primacy of mobile and emergence of social media has also changed the nature of how we communicate. "People want to be talked to, not at," says Tamar Yaniv, cofounder and chief executive officer of Preen.me. "As an example outside of beauty, look at celebrities. On Twitter, you can engage directly with your favorite celebrity. You can still read about them in *People* magazine, but you can

WHO'S DOING WHAT

Tribe Dynamics surveyed about 30 major U.S. beauty brands for insight into how they plan on allocating their resources for digital in the year ahead, then synched its data with sales figures provided by The NPD Group to shed insight on the roi of online marketing initiatives. Visit WWD.com for an expanded group of charts.

HOW MUCH DO YOU ANTICIPATE YOUR DIGITAL BUDGET WILL INCREASE NEXT YEAR?



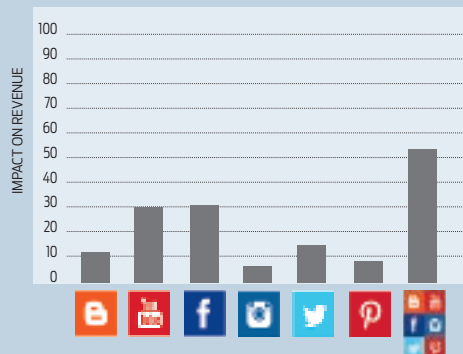
DO YOU PLAN ON INCREASING CONTENT CREATION FOR THE FOLLOWING PLATFORMS?

Instagram:	85%
Mobile Content:	73%
Blogs:	72%
YouTube Content:	68%
Pinterest:	65%
Articles on Other Web Sites:	63%
Twitter:	54%
Facebook Posts:	45%
E-newsletters:	41%
Mobile Apps:	29%
Tumblr:	28%
Vimeo:	25%
Vine:	17%

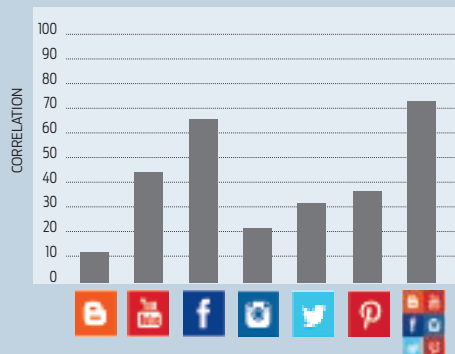
DO YOU ANTICIPATE INCREASING YOUR CURRENT DIGITAL BUDGET IN THE FOLLOWING AREAS?

Mobile:	79%
Content Creation/Management:	79%
Video Production:	76%
Social Network Marketing:	71%
E-mail Marketing:	64%
Search Marketing:	61%
Analytics:	52%
Blogs:	42%
Website Design/Maintenance:	38%

DOES SOCIAL MEDIA ACTIVITY GENERATE OFFLINE REVENUE?



WHAT IS THE IMPACT OF SOCIAL MEDIA ACTIVITY ON REVENUE?



Source: TRIBE DYNAMICS and THE NPD GROUP

also engage directly with them in a way that doesn't feel manufactured."

That kind of access has empowered consumers, giving rise to user-generated content, an approach that has had a significant impact in beauty already—to wit, Michelle Phan. "User-generated content has disrupted the industry and created new habits," says Yaniv. "If you look at the path to purchase, consumers are crowdsourcing their reference material."

Data from WSL Strategic Retail bears Yaniv out, particularly when it comes to pre-shopping. In its recent *How America Shops* survey, one-third of the respondents reported they pre-shop fragrance, skin care, body care, hair care and cosmetics: 58 percent read online reviews, ratings and discussions, 53 percent visit retailer or product Web sites, 35 percent visit independent review sites and 28 percent talk online with friends and family. "We always knew that people did their homework before going to a store," says Wendy Liebmann, ceo of WSL. "What is so powerful, though, is that nine out of 10 people who do this don't change their mind when they get in the store. The Google 'zero moment of truth' is empowering decision making."

That has huge implications for brands according to Liebmann, who notes: "Brands have to engage consumers at a much earlier stage. If people have made up their minds before getting to a store, if you're not on the list, you lose out altogether."

Sephora has always been at the forefront of digital experimentation, and it recently completed two major initiatives to better integrate its content and commerce components that reflect the evolving consumer behavior Liebmann refers to—integrating content both into sephora.com's search path and into product pages. "Seven or eight years ago, the constant discussion was 'Is it worth investing in content if you're a commerce player?'" remembers Julie Bornstein, chief marketing and digital officer of Sephora Americas. "Content online was still figuring itself out. It is definitely now the primary place that people consume information, so for us, given the brand we are and the experience we are dedicated to creating, it is super relevant and core to the shopping journey."

For many marketers, that dynamic has fundamentally altered their communications approach, from one that pushed out a specific product-based message to an emotional appeal that pulls consumers into its orbit. About a year ago, for example, Clinique hired 360i, a digital marketing agency whose "Dunk in the Dark" tweet for Oreo during the 2013 Super Bowl blackout has reached icon status. "They helped us put our brand in the context of what it means to the consumer," says Agnes Landau, senior vice president of global marketing of Clinique. "We started thinking about what our DNA is from an emotional standpoint. 'I am a dermatologist brand and allergy-tested and fragrance-free' is not a personality. If a brand is a person," continues Landau, "that is what we do. But it is not who we are."

After a lot of "social listening," Clinique hit upon the concept that it is a life-stage brand—often the first department-store brand a young woman tries, introduced to it by her mom; the brand that many women turn to when they get married or have a child or start a job. In May, Clinique launched its #StartBetter campaign with a video on YouTube that starts out, "When was the last time you did something for the first time?...Let's make more of those moments happen." There is nary a product to be seen, although the video does feature the brand's signature pastel color palette.

"We had to put the consumer at the center of the conversation," says Landau. "It's not about me and what message I, as a marketer, want to give you, the consumer. It is about what you are doing and how I integrate the brand message in an authentic way with what you are doing in your life."

The video generated the brand's highest engagement numbers to date, garnering about 1.4 million views in six weeks, a strong performance for Clinique. Phase two of the campaign, rolled out in August, featured various artists' interpretations of the Start Better idea, while in September, October and November, the brand will start phase three with its in-store sales consultants telling their stories about how they help people. In December, to coincide with New Year's resolution-making, Clinique will introduce an in-store piece with advice culled from *Glamour* magazine experts about the things that matter most to its community—how to start better in your job,

for example. "This is a sea change in terms of how we communicate with the consumer," says Landau, "because you will also see that tonality shift in our advertising. You are going to see the conversation become more about emotionally connecting—I'm not going to talk all the time about 20 percent less wrinkles. We're adding into the conversation how this is going to make you feel."

Unilever, too, has honed the technique of creating superengaging social media campaigns around an emotional insight connected to one of its brands—think Dove and its multifaceted Campaign for Real Beauty—and more recently, it has started to explore how it can leverage its brand's DNA to enhance its real-time digital marketing capabilities. "It's not just a war room. We systematically approach planning for agility," explains Rob Master, vice president, media, Americas and Europe for the Anglo-Dutch giant. "We talk about the brand DNA: What do we stand for and what space does our positioning afford us to play in? What campaigns do we have coming up and where can we play with them in today's pop culture?"

Master and his group have found there are two types of events that impact pop culture—things that just happen, such as unpredictable weather, and things that inevitably happen, like celebrities behaving badly or a phenomenal sports feat—and come up with ideas tailored to each. For example, Axe created a campaign called Kiss for Peace, which was designed to be triggered by what Master calls "grand gestures of love." So during the 2014 Grammy awards, when Macklemore and Ryan Lewis performed their song, "Same Love," as 33 couples, some gay, some straight, exchanged marriage vows, Axe was ready with a social-media campaign that capitalized on the hoopla. "It didn't require getting a ton of people to sign off—we identified a key trigger, and boom! Axe was there on Facebook and Twitter, being part of the story," says Master.

Likewise, during the 2014 World Cup, Unilever was able to demonstrate that agility in Mexico around its local ice cream brand, Holanda, when the Netherlands and Mexico squared off against each other. Nestle, its primary competitor in the market, launched a "boycott Holanda" campaign. Thanks to the pre-work it had done, Unilever responded across a host of digital platforms with efforts like, "We should be eating Holanda for dessert." "We even got a statement from the President of Mexico saying, 'Take a moment and take a bite out of Holanda,'" says Master. "We turned the whole situation on its head." (For the record, the Dutch won the game 2 to 1.)

Unilever is also exploiting the disintermediation between brands and traditional media strictures by taking content directly to consumers. For example, rather than launch its Dove Evolution ad during the Super Bowl, the 90-second spot, which features an attractive woman being air-brushed into supermodel territory, debuted on YouTube, where it immediately garnered the attention of the chattering class—Oprah, Ellen, et al. "[Digital] presents a new opportunity for us to think about how we develop our own content and drive it through distribution," says Master.

But it's not just reaching out directly to consumers at a macro level. It's micro as well. Nars has one of the most sophisticated social-media strategies in beauty, but at the end of the day, it's the one-on-one interaction that its digital activities make possible that has really fueled its most-ardent brand advocates. "The kind of engagement our users want is either to be entertained or they are seeking value or service or information," says Heather Park, executive director of global consumer strategy and digital media at Nars. "Most importantly, they want to be heard or recognized that they are valued by the brand." In other words, high tech has led to high touch. In the case of Nars, hand-written notes and product samples are sent out to about 50 "Narsissists" around the world every month. "People Instagram the package down to the ribbon we wrap it in," says Park.

Detail oriented? You bet. But it's just those details that are driving brand successes today. Consider NYX Cosmetics, the California-based indie makeup brand that L'Oréal reportedly paid \$500 million for in June. In its 15-year history, the brand never ran a print advertising campaign in consumer magazines—it relied solely on digital media, a fact which analysts say rendered it especially attractive to L'Oréal. "At NYX's inception, we sold almost exclusively to the professional beauty class of trade," says Scott Friedman, ceo. "As word of mouth transitioned into formal social media platforms, we had an existing audience within the online beauty community to actively engage...While NYX wasn't founded to be a social media-driven brand, instead one driven by word-of-mouth growth, this platform has helped build our strong industry credibility and connection with the consumer." ■