



Social Outbound Engagement and the Beauty Industry

» *September 2010*





Executive Summary

All major beauty brands today have digital marketing strategies in place, yet they are still not doing enough to keep up with consumers. Despite significant discussion regarding social marketing, there still has not been sufficient focus on delivering comprehensive social marketing strategies, leveraging its true word of mouth potential, and tracking its Return on Investment (ROI).

The percentage of time Americans are spending online has more than doubled over the past few years, while time spent on other communication channels has dropped or remained flat. People now spend more time online than engaged in any other media activity. Concurrent with the rapid increase in time spent online has been the recent dramatic rise of time spent on social media channels. Today social networking is the number one online activity, with people spending more than six and a half times the amount of time on social media as they do on internet search. And it's not simply about quantity of time, but also degree of influence which social media possesses for consumers in their purchasing decisions. These trends are even more pronounced in the beauty industry, as women are even more likely to spend their time using online social media, and refer to it when deciding which products they wish to buy.

Beauty brands today need to evolve from simply maintaining a social media presence, to one of **Social Outbound Engagement**, in which we meet consumers on their terms, in a compelling, interactive manner. The ten best practices for successful Social Outbound Engagement are:

1. Recognize the need for separate social marketing strategies for your brand loyalists as well as independents.
2. Understand how you are represented in social media today, and how you could shape that to look tomorrow.
3. Prioritize your social marketing efforts to ensure you are maximizing your net impact.
4. Engage your audience through your social marketing strategy to facilitate discussion with, and amongst, your target audience.
5. Leverage constructive feedback to both improve your products and services, as well as the perception of your brand amongst influential social channels.
6. Develop consumer brand ambassadors who can speak in formal and informal online channels where you might not have a presence, to independent consumers who are primarily interested in the opinion of other consumers.
7. Design your social marketing strategy to create a strong, ripple effect to reap the benefits of positive online word of mouth.
8. Align your marketing resources based on what truly influences consumers purchasing behavior.
9. Integrate your social marketing program with your traditional and other online programs, to ensure a cohesive and compelling customer experience.
10. Measure and deliver ROI through clear metrics to track and enhance your social marketing efforts.

Through a comprehensive social marketing strategy employing these ten best practices, beauty brands can cost-effectively realize significant improvements in awareness, spend, and customer loyalty. The brands which catch up with our consumers through social media will be the ones to reap the maximum ROI through the positive word of mouth they will achieve.





Social Media and the American Consumer

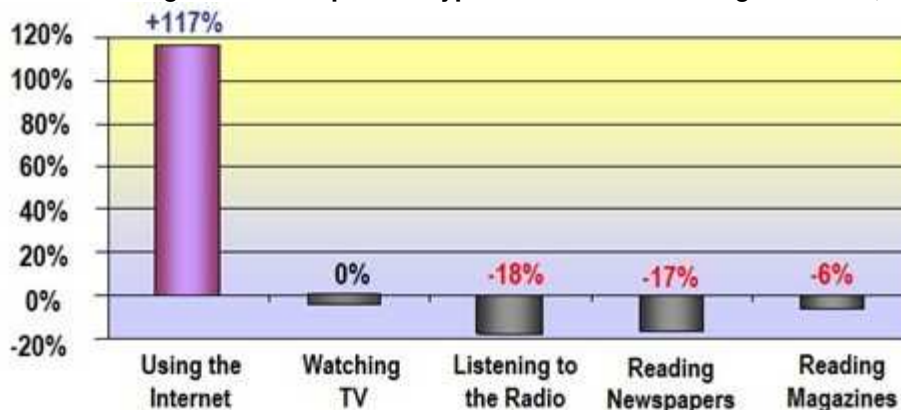
Sure, social marketing is being talked about a lot these days, but just how relevant is it for the beauty industry? While there are a few anecdotes that hint at its potential for success, is it something that can be effectively integrated into a comprehensive marketing strategy, and measured to prove high ROI?

Yes.

Originally perceived to be something used only by high school and college students to stay in touch with each other, it has since turned into the most influential marketing channel available.

Beauty and cosmetic companies today recognize that the internet represents an important marketing channel, and have varying degrees of digital marketing strategies in place. However, most brands still underestimate just how central a role online media plays in consumer lives and in their buying decisions. Consumer behavior has changed dramatically in the past 10 years, and beauty companies need to catch up. A study by *Forrester*, for example, found that from 2004 to 2009, Americans increased the amount of time they spent online by 117%, while time spent watching TV, listening to the radio, and reading papers and magazines decreased or stayed flat.¹

Percent Change in Hours Spent in Typical Week in Following Activities, 2004 – 2009



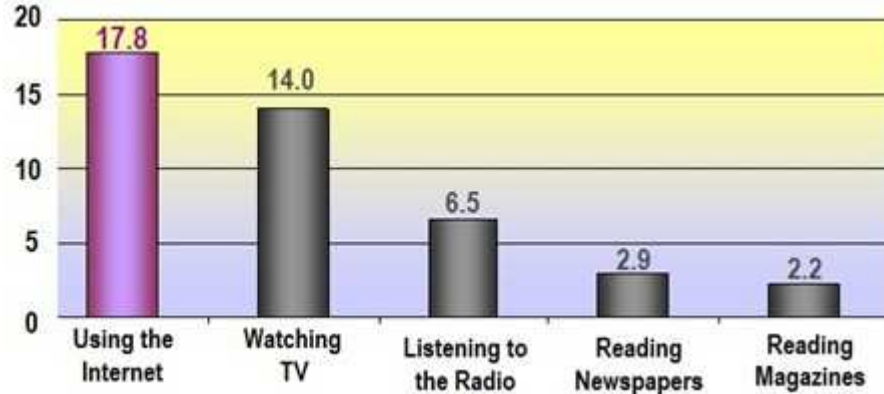
In other words, use of the internet has more than doubled over this five year period, while time spent using the other major media has remained flat or shrunk over the same period. Which is impressive, but what is the base, and how many hours are we actually talking about today? Well, a recent *Heishman-Fillard* and *Harris Interactive* report finds that Americans are now spending more time online than engaging in any other media:

¹ Forrester via North American Technographics Benchmark Surveys, 2009





Average Number of Hours US Consumers Spend on Activities per Week, 2010²



In other words, if a beauty company were to decide to allocate its marketing budget strictly in line with the time consumers spent in each of these media, for every \$1 spent on magazines, it would spend \$1.32 on newspapers, \$2.95 on radio, \$6.36 TV, and \$8.09 online.

This beauty company would still be undervaluing the online channel.

It's not just quantity of time that is important. It is also quality. And the internet is playing a tremendously influential role in the lives of our consumers. In fact, 64% more Americans now regard the internet as an "absolutely essential" or "extremely important" source of information, when compared to TV. In short, the study found that the internet has twice the influence of TV, and ten times the influence of print media, on our customers.²

The transition of how beauty consumers are spending their time has not just occurred from traditional media toward online. Within online as well there has been a seismic shift over the past few years.

Social Media.

Social media really is nothing more than word of mouth, online. My Facebook post, your Tweet. I StumbleUpon, you Yelp. YouTube, Wikipedia...show and tell, word of mouth, 2010-style. The corporate hope has always been that if a consumer has a good experience with your product or service, they tell all of their friends. If they have a bad experience they just tell you. Consumers do not always act as we might wish. In the social media reality of 2010, the reach and impact of word of mouth is exponentially greater today than ever before.

Some numbers:

- Americans spend more time today on social networks than any other activity online. 906 million hours, in fact, are devoted to social networks and blogs by Americans per month, more than twice that of any other category. That's more than six and a half times the amount of time they spend on internet search.³

² Understanding the role of the Internet in the lives of consumers Digital Influence Index June 2010 Heishman-Fillard and Harris Interactive. Internet usage hours includes reading email.

³ What Americans Do Online: Social Media and Games Dominate Activity, Nielsen, August 2010





- Americans are spending 43% more time on social networks today than just a year ago.³
- Nearly two-thirds (66%) of online Americans visit social networking sites, up 230% from 20% just two years ago.⁴
- The average Facebook user spent 6 hours and 3 minutes on Facebook in June 2010, nearly three times or more than the time spent by any other audience of another top 10 web brand site.⁵

The numbers are impressive, but still undervalue the impact of social media for the beauty industry.

Numerous studies have shown that women are more likely to spend time on social networking sites than men. An *Edison Research* report, for example, found that women comprised 57% of all consumers who checked social networking sites multiple times a day.⁶ And it's not just the amount of time, but the degree of influence social media carries in the buying decision of American beauty consumers. Consumers have shown that they are more likely to accept the opinion of friends, family, and even other consumers online whom they may not even know, over the opinions of brands themselves, as expressed on brand websites and other marketing channels.⁷ Reading community message boards, general interest web sites, and blog reviews have been shown to make women more favorable to a product when shopping, compared to brand web sites.⁸ And a report issued by *Gartner* in July, 2010 found that the majority of consumers rely on social networks to guide their purchase decisions.⁹

Social media, simply put, is the most engaging channel available for consumers today. From a promotion code for an exfoliating scrub announced on a blog, to a foundation blending tip shared on an online beauty forum; from a video testimonial on a new mascara by your cousin in Ohio, to my friend's Facebook post about a leave-in conditioner she likes, social media is empowering consumers to choose when and how to learn about brands, and infiltrates every step of their purchasing decisions. Social media is the dominant player on the internet today, whose usage and impact has been skyrocketing. The brand that learns how to swim best with the social media current will be the one to maximize the tremendous ROI it has to offer.

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Social Marketing and Beauty Companies Today

All of the above studies lead to two conclusions:

1. American beauty consumers are spending much more time online, and on social media sites, than ever before
2. Social media has become a dominant influential channel which impacts consumers buying behavior

Are today's beauty companies keeping up?

⁴ 2010 Social Networking Report Experian Simmons

⁵ Top Online Sites and Brands in the US, Nielsen, June 2010

⁶ The Social Habit - 18th Edison Research/Arbitron Internet and Multimedia Research, June 2010

⁷ Purchaser Influencer Survey, Expo, January 2010 and Nielsen Trust and Advertising Global Report, July 2009

⁸ Women and the Digital Path to Purchase, ivillage, shespeaks, May 2010

⁹ User Survey Analysis: Consumer Marketing Using Social Network Analysis, Worldwide, Gartner, 2010





A look at the top 10 beauty parent companies today indicates the following activity on Facebook and Twitter, two of the most popular social media channels:

Facebook and Twitter Social Media Activity, Top 10 Beauty Parent Companies¹⁰

Parent Company	Brand	Facebook					Twitter	
		Posts July 2010	Comments July 2010	"Likes" July 2010	Fans August 2010	Engagement Score ¹⁰	Posts July 2010	Followers August 2010
Proctor & Gamble	Olay	13	126	225	19,632	1.8%	NA	NA
	Covergirl	9	501	1,728	284,023	0.8%	NA	NA
	Clairol	5	46	91	20,295	0.7%	NA	NA
	Pantene	18	487	480	321,088	0.3%	43	2,464
	DDF	NA	NA	NA	NA	NA	NA	NA
L'Oreal	L'Oreal Paris	22	1,324	2,330	289,156	1.3%	56	6,176
	Kerastase	6	47	127	7,868	2.2%	NA	NA
	Maybelline	3	390	110	55,406	0.9%	NA	NA
	Garnier	4	73	29	13,912	0.7%	NA	NA
	Lancome	17	655	3,555	112,676	3.7%	17	12,766
	Kiehls	30	108	381	35,662	1.4%	117	8,048
	Redken	7	153	371	35,052	1.5%	27	3,763
	Matrix	20	381	309	14,862	4.6%	NA	NA
Softsheen Carson	13	1	3	251	1.6%	NA	NA	
Unilever	Dove	21	1,555	1,210	163,806	1.7%	60	6,381
	Vaseline	0	9	0	38,499	0.0%	14	325
	Ponds	NA	NA	NA	NA	NA	12	41
Avon	Avon	56	2,971	7,209	147,073	6.9%	177	5,363
Beiersdorf	Nivea	28	161	0	37,438	0.4%	NA	NA
	La Prairie	NA	NA	NA	NA	NA	NA	NA
	Eucerin	17	255	68	31,819	1.0%	44	713
Estee Lauder	Estee Lauder	8	230	799	81,385	1.3%	45	592
	Bumble and Bumble	5	67	94	14,179	1.1%	NA	NA
	Clinique	12	469	2,082	172,484	1.5%	45	6,561
	La Mer	NA	NA	NA	NA	NA	NA	NA
	Bobbi Brown	10	576	1,527	39,683	5.3%	108	11,239
	Jo Malone	0	58	20	3,357	2.3%	NA	NA
	Sean John	0	24	4	9,923	0.3%	106	13,284
	Darphin	2	8	18	1,637	1.6%	6	1,076
	Smashbox	42	95	320	46,141	0.9%	14	7,654
	Ojon	0	0	0	2,393	0.0%	NA	NA
	Origins	12	443	520	44,124	2.2%	NA	NA
	Good Skin Labs	18	38	38	3,418	2.2%	NA	NA
	Aveda	35	458	1,014	77,662	1.9%	27	2,074
Mac	4	598	4,156	946,750	0.5%	72	16,007	
Shiseido	Shiseido	10	19	147	10,293	1.6%	NA	NA

¹⁰ Facebook and Twitter figures reflect US-oriented sites for each brand. NA (Not Applicable) denotes brands for which no official site was identified. Engagement Score is a proxy for Facebook fan engagement, as calculated by ((Comments + Likes) / Fans). Parent companies listed in order of 2009 US sales.

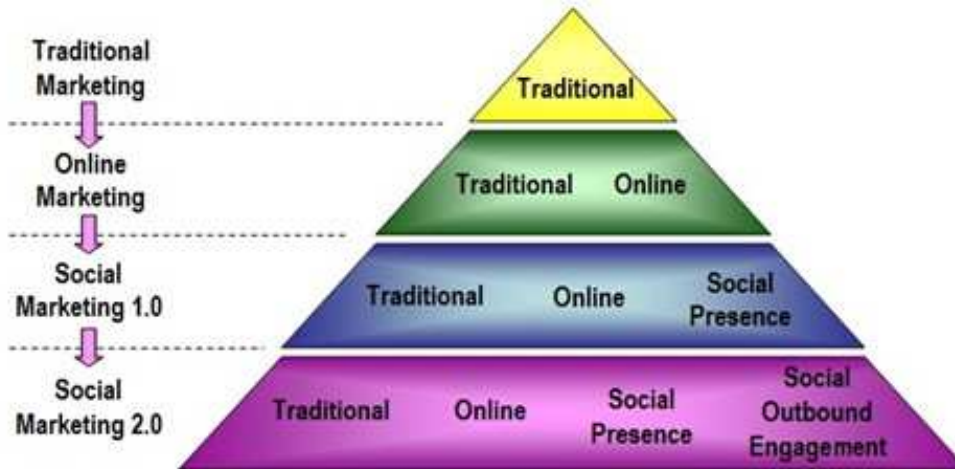




Parent Company	Brand	Facebook					Twitter	
		Posts July 2010	Comments July 2010	"Likes" July 2010	Fans August 2010	Engagement Score ¹⁰	Posts July 2010	Followers August 2010
Kao	Biore	18	155	205	24,295	1.5%	NA	NA
	Jergens	20	150	160	7,505	4.1%	3	1,501
	Curel	2	0	0	167	0.0%		NA
Johnson & Johnson	Johnson & Johnson	1	2	35	5,134	0.7%	6	321
	Clear and Clear	21	312	306	47,593	1.3%	NA	NA
	Korres	4	9	19	3,517	0.8%	5	1,310
	Neutrogena	7	164	298	113,126	0.4%	NA	NA
	Roc	NA	NA	NA	NA	NA	NA	NA
	Aveeno	5	248	65	70,600	0.4%	NA	NA
Henkel	Henkel	NA	NA	NA	NA	NA	NA	NA
Henkel	Henkel	10	5	16	938	2.2%	5	1,253

Of course, establishing a brand presence on Facebook and Twitter is just the first step as far as social marketing is concerned. Let's call it Social Marketing 1.0. And while there has been some anecdotal success of effective social marketing within the beauty industry, there has not been widespread adoption of a comprehensive social marketing strategy tied in sufficiently to ROI. Just as brands have progressed from traditional to online marketing, establishing brand websites, incorporating email into their CRM systems, and providing ecommerce capabilities, so too do we need evolve to the next stage of social marketing: **Social Marketing 2.0**.

Marketing Evolution Pyramid



What is social marketing 2.0 for the beauty industry? In a phrase, it's **Social Outbound Engagement**. It's more than simply achieving an arbitrary fan base or specified number of posts by year's end. It's comprehensive marketing designed to foster dialogue with, and amongst, your loyal customers of today, and your loyal customers of tomorrow. It's reaching out not just through your official brand channels, but through communities and influential players in the online landscape of today. It's integrating social marketing in with your online and traditional marketing efforts, and utilizing metrics which culminate in high ROI. It's adhering to the following 10 best practices for social marketing.





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Best Practices for Social Outbound Engagement for the Beauty Industry

1. Think for Two

The first step for an effective social outbound engagement strategy is to recognize that you have two broad consumer groups, each of which necessitate their own strategy to effectively leverage social media.

Loyalists: These are your VIPs, whose frequency and amount of spend make them your most profitable customers today. These are the people that are easiest to engage through your brand's proprietary online and social media channels. They are the ones who are already on your email lists, reading your blogs, following your Facebook updates, or at least identify strongly enough with your brand to want to stay informed. So, how many of your loyalists do you actually track? What can you do to get more information on those you do not know? How do you leverage your social media assets to further engender their loyalty?

Independents: These consumers might use your products on occasion, but also spend with your competition. Or perhaps they have never used your products, but have challenges which your products and services address. They have the potential to become profitable, long-term customers of yours, but how do you reach them? They are much less likely than loyalists to be on your customer lists or fan groups, but yet they are still active online. The total spend of Independents in your product categories far exceeds that of the loyalists which you are realizing today, so you need to court this group. However, to do so requires you to meet them where they are already spending their time online, because they are not interested in visiting you on your online social properties, yet.

2. Know Your Social Shadow

You can't develop an outbound engagement strategy unless you know where you are starting. Establish metrics and survey the most relevant social media sites for your business. To shape how your brand is represented in social media tomorrow, you need to know where you are today.

How many mentions of your brand are there in social media?

Who is talking about you?

What are they saying?

What percentage of the discussion is positive, neutral, and negative?

How many inbound links and bookmarks to your sites are there?

Now that you know how your brand is represented, it is important to understand who else is influential in online social media for your product categories, but is not referencing your brand, yet. How is each of your competitors being referenced today in social media? By whom? How about complementary products, or general beauty issues which your products and services address? A comprehensive examination of the relevant social universe will enable you to understand what your potential online social reach could be, relative to what it is today.



Beauty Stat™ - For the Beauty Obsessed Who Demand the Facts and Fiction.



An effective social marketing program should both increase the number of people discussing, and engaged with, your brand, as well as increase the overall positive references to your brand in social media. By realizing both of those objectives, the ultimate goal of marketing can be achieved: tracking and producing incremental revenue with demonstrated high return on investment

3. Prioritize

In an ideal world, a brand would address every relevant customer and commenter in all social media channels. However, this is not possible given our limited bandwidth. It is critical in social marketing, as in all marketing, to prioritize, based on what will deliver the best results for a given amount of resources. Who reaches the most influential people? Who inspires conversation and engagement? Just as not all customers are as profitable as others, not all social media channels are as influential as others – how can you gain an audience with the most influential, and insightful consumers? Who will enable you to create the greatest impact through a comprehensive social marketing program?

4. Engage

Some brands still treat their initial forays into social marketing with the same approach as classic marketing channels: The brand talks, the customer listens. Social marketing enables a true dialogue between customers, prospects and brands in a way that has not been possible before.

What can you do to foster participation and dialogue about your products and services, about the solutions you are providing?

Are there conversations regarding your brand and issues taking place in which you can join, and add value?

Can you provide access to your experts to discuss beauty issues, best practices, and share overall insight through interactive formats?

Can you develop social media content that engages consumers and motivates them to share your assets with their friends and family?

Are the social media resources you are creating something that would legitimately be of interest to someone who is not yet a brand loyalist of yours?

Engagement is essential for engendering true loyalty amongst your target audience. Does your current social marketing strategy sufficiently address this?

5. Leverage the Negative

One of the more challenging elements of social media for brands is that, with so many different voices in social media, it is inevitable that some might be more negative in their appraisal of your products or overall brand. Of the negative references, it is important to identify those which are constructive in nature, and those which have a greater online impact. For these, look to remedy the situation through:



Beauty Stat™ - For the Beauty Obsessed Who Demand the Facts not Fiction



Direct assistance to address the issues they raise.

Validation that you regard their feedback as constructive and valuable. Indicate, specifically, how you will leverage it into your marketing and product development process.

Incremental services you can provide to enable them to have a positive association with your brand.

By creating a positive experience where there was a negative void, you are creating a social impact far greater than that one individual. Other online consumers notice when someone they trust has changed their opinion of your brand, and it motivates them as well, to reconsider your brand in a more positive light.

6. Cultivate Brand Ambassadors

Consumers have been shown to be more likely to trust the opinions of other online consumers over those of a company whose products they are considering to purchase. The more these people encounter real customers who are passionate about your brand, while still retaining that girl-next-door ring of truth to which they can relate, the greater the chances are that they will go ahead and purchase your product. By developing an environment and support system that cultivates and empowers these consumer brand ambassadors, you will be able to multiply the impact of your social marketing efforts. These are the people who will speak on your behalf through blogs, communities, and in direct response to their friends' posts to share their experience with your product. The beauty industry has some of the most passionate and vocal consumers of all. Are you leveraging them?

Identify who could become your greatest brand ambassadors? What are their demographics, purchase behavior, and issues? Which of your current customer loyalists has a very large online presence and social influence? Who are some of the most influential and credible beauty consumers today whose demographics and activity indicate their potential to be a great fit for your brand, even if they are not yet a current loyalist of yours?

Motivate and Enable them to feel even more a part of your brand, and speak on your behalf. Consider product samples, application tips, and direct access to some of your experts to ensure that any of their questions are addressed. Is there any technical support they might require to communicate with other beauty consumers through pictures, video or online access that you can provide? What additional support, resources, or incentives might there be to further motivate them to represent your brand well, and feel that they are recognized and appreciated for doing so?

7. Turn Online Social Ripples into Waves

One of the greatest powers of social marketing is the multiplier effect. Social media is word of mouth, online, so develop your social outbound engagement strategy to maximize its ripple effect. There are three key factors which determine how much of a ripple you can create from your initial efforts:





Create content of significant value and interest. Content is paramount online so whether through insightful expertise, exclusivity, games, humor, or other means, develop compelling social media content.

Seed the idea with the most engaged and passionate key online influencers.

Motivate the sharing. Have you developed content in a format that makes it simple and quick for anyone to pass along to a friend? Is the content as compelling as it can be to encourage sharing? Can you develop incentives to further promote the ripple effect?

8. Align Your Marketing Resources

Have you allocated your marketing resources to maximize your net impact? Are you placing the appropriate weight on each marketing channels given how your customers are actually learning about your products and making their purchasing decisions? A *Duke University and American Marketing Association* survey found that Business-to-Consumer Product Chief Marketing Officers, on average, are allocating 11.6% of their marketing budget toward social media in the next 12 months, and planning to increase that to 18.9% in the next five years.¹¹ What is the best allocation for your brand and your target audience?

9. Integrate

The best social outbound engagement strategy is the seamless one. Whether you are speaking through an influential online community forum to someone who has never seriously considered purchasing your product before, to a loyalist who you wish to invite to an exclusive event, you want to ensure you deliver a consistent, cohesive brand experience for your audience. What are your brand values? Is there a disconnect between the social marketing voice you use through your Facebook presence, to the print ad in *New York Times* launching your latest fragrance? Is your social marketing strategy leveraging your traditional marketing assets and events? Do you have a comprehensive marketing calendar which captures all your social, online, and traditional marketing touch points and events? Have you mapped out all possible customer journeys, and understand how each component smoothly leads to the next, so that your audience has a seamless, positive brand experience?

10. Deliver the ROI

Yes, yes, this all sounds nice, but I'm busy and at the end of the day, I need to show real, specific ROI. Can you do that?

Yes.

Some of the best methods available today to track ROI for your social marketing efforts include:

¹¹ Duke University's Fuqua School of Business, "The CMO Survey" commissioned by the American Marketing Association (AMA), February 11, 2010





Compare number of impressions generated through social media, with cost of delivering same impressions using traditional media.

Minimize customer service operational costs through outbound social engagement to retain disengaged customers. Evaluate with cost for in-person and phone support, noting your average cost for attracting a new customer.

Track actual sales through promotion codes or custom urls promoted through social media.

Boost your online sales by measuring all traffic and revenue you drive directly from consumers who originated in social media channels.

Link names registered in your CRM system to those of your social media followers, including their preferred social media site(s), and user names. Motivate them to self-identify, and you can successfully capture both their immediate and long-term spend and attribute it to the correct marketing channels.

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In Conclusion

Social outbound engagement provides a new opportunity for beauty brands to achieve the classic marketing goals of greater awareness, sales, and customer loyalty with strong ROI. Social media's reach and impact have skyrocketed, to now represent the most influential channel available today. It's time for brands to catch up with consumers, and construct and deliver a comprehensive social marketing strategy. Only then can brands cost-effectively realize the tremendous word of mouth potential, and the profits which will then ensue, through today's online social media.





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About the Authors



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