The Ultimate Digital Growth Guide for Beauty Marketers
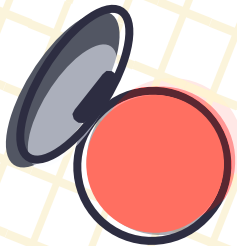
Insider

PICTURE THE MOST TIMELESS BEAUTY PRODUCTS YOU CAN THINK OF.

A simple red lipstick.

An elegant bottle of perfume.

A trusted night cream.

Even if these lovelies haven't aged over the years, the experience of buying them has forever changed.

Thanks to the advent of smartphones and mobile shopping, the entire shopping process is different than it was even 10 years ago.

Today, in the U.S. alone, the online shopping business - a market that was in its infancy a decade ago - brings in $12 billion annually, according to Nielsen. Compared to their offline ancestors, online shoppers have a completely different focus, with two main priorities emerging, according to Nielsen's 2018 report **"The Future of Beauty"**: Learning about products (product discovery) and re-stocking up on items (product replenishment). And their expectations are different. They expect hyper-personalization, to be able to shop based on their needs—i.e. no longer have to browse through product categories, and, above all, consumers expect to be understood and guided through the process as the unique individuals that they are[1].

Given these shifts in buying preferences and patterns in the digital age, it only follows then that how companies reach out to and engage potential customers must adapt.

(1) https://www.nielsen.com/us/en/insights/report/2018/the-future-of-beauty/

SO, HOW IS THE INDUSTRY DOING?

Nielsen's **"The Future of Beauty"** paints an interesting picture of the current state of flux. While the traditional leaders — the top 20 cosmetics brands are dominating in the brick-and-mortar business, taking in 90% of sales in the offline space, these companies only claim 14% of online business.
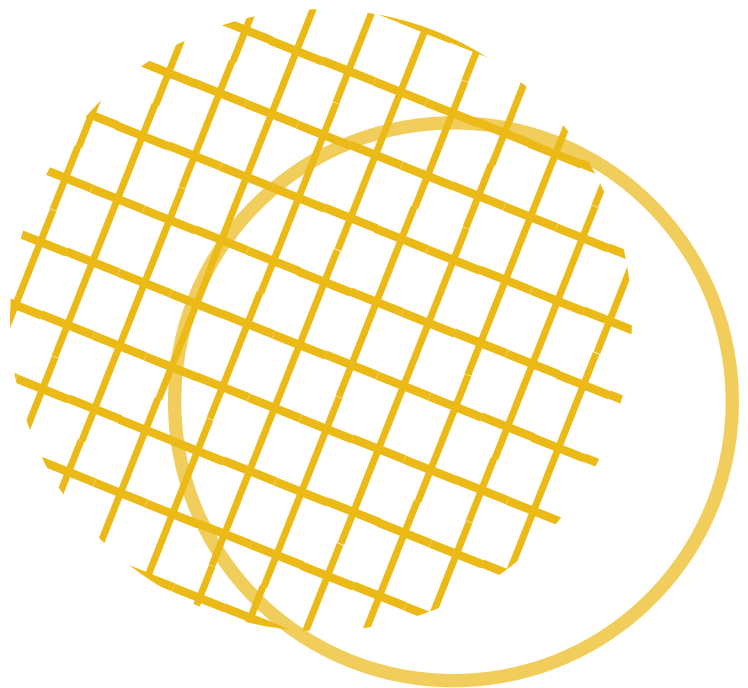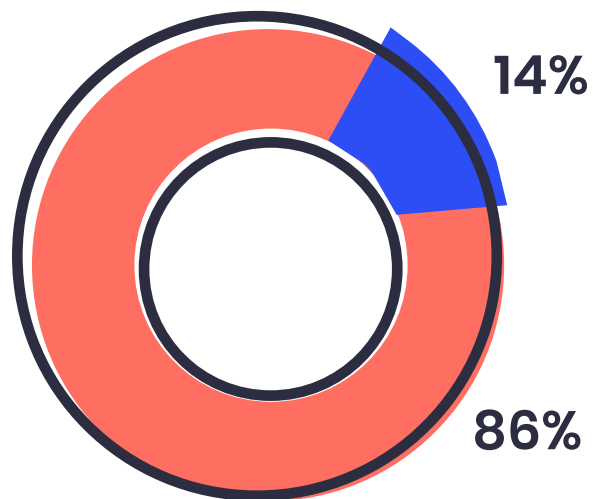
A TALE OF TWO BEAUTY RETAIL BUSINESS WORLDS

BRICK & MORTAR

4%

96%

DIGITAL

14%

86%
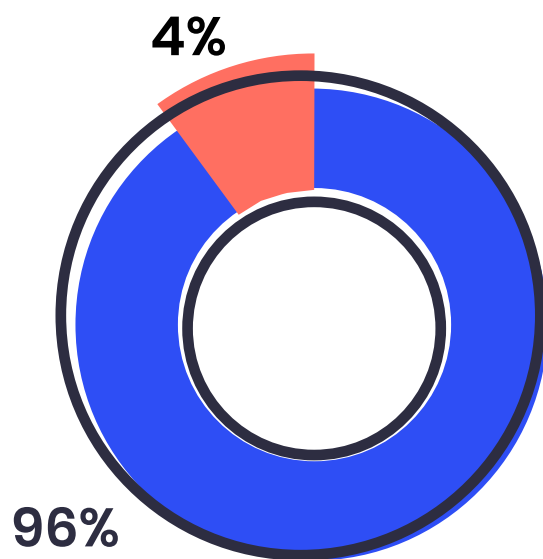
Top 20 beauty brands   Others

In other words, the industry's biggest players are small fish in the world of ecommerce.

Take that one step further, and any small fish has the power to become a big fish in the digital space — if they can anticipate and serve mobile shoppers' needs.

That's why today we can see newcomers to the business make major strides in a matter of minutes. Yes, minutes. Take Kylie Jenner, whose line of lip kits sold out in **less than 10 minutes**[2]. And when big sis Kim Kardashian launched her own brand of contour kits, every last one was gone in **under 3 hours.**[3]

That said, there's a reason beauty-buying frenzies like these generate buzz. It's not just because of the famous faces behind the makeup products (though that certainly does help). It's because—as those working behind the scenes know all too well—it's not every day that cosmetics companies land a potential $14 million in sales in less than half a business day, as is **reportedly** the case of Kardashian's line[3], or **$19 million in one day**[4], as Jenner's brand is believed to have racked up on one of its biggest selling days.

That may be the dream, but for most beauty marketers, it's unfortunately not the reality.

(2) https://www.elle.com/beauty/makeup-skin-care/news/a33867/kylie-jenner-new-lip-kits-sell-out-in-10-minutes/

(3) https://www.forbes.com/sites/clareoconnor/2017/06/21/kim-kardashian-west-beauty-sold-out-of-contour-kits-in-less-than-three-hours/#345ff7b45b30

(4) https://www.cnbc.com/2017/09/14/how-kylie-jenner-turned-kylie-cosmetics-into-a-420-million-empire.html

IN THIS EBOOK

we'll walk through what the landscape looks like today, with an in-depth overview of the five main challenges marketers are facing—issues with gaining customer attention, guiding potential buyers through product discovery, garnering trust, driving sales, and building sustainable loyalty.

Plus, we'll cover the essential KPIs those in the industry should be tracking and share 10+ creative strategies for boosting customer growth, sales, and ROI.
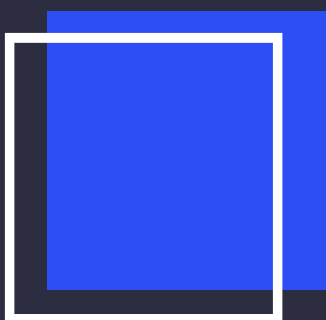
Taking a step back in time for a minute, an **AdAge review**[5] of the history of advertising tactics and trends in the cosmetics industry—from the 17th and 18th centuries and on up to the present—tells us that we've been here before.

And, like our predecessors in the biz, who paved the way for thinking up interesting (and inventive) workarounds, we too can think of new solutions. Revlon, for one, stood out back in the 1940s, when beauty salons were the place to gain customer attention, by destroying the competition (literally, members of the sales team would ruin competitors' displays). And, around that same time period, the company also introduced the concept of "planned obsolescence" (already in use in the auto industry) by creating the "it" color of the season, getting shoppers to shift from using up an entire product before getting a new one to buying new items as they become fashionable[5].

Does your brand offer free gifts with purchase? Thank Estee Lauder for introducing that genius idea in the late 1940s. They realized that by offering free samples, they were really getting customers to try—and fall in love with—new products[5].

(5) https://adage.com/article/adage-encyclopedia/cosmetics/98419
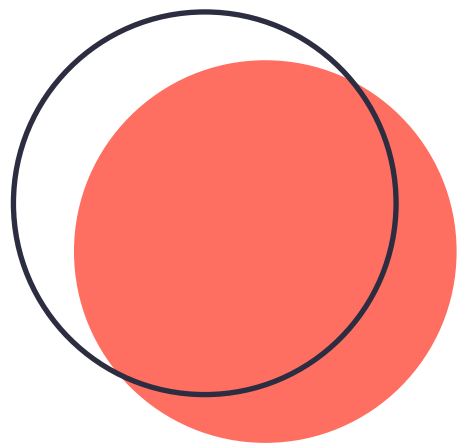
Thanks to mobile and web-based shopping trends, today's marketers are now up against new obstacles. An even more crowded marketplace. Meeting customer demand for truly tailored product offerings—from among a pool of ever-expanding number of items to choose from. Delivering repeat purchases and positive word of mouth—more critical now in the social media age. While we don't recommend trying to hack the competition's website or app to compete, the modern-day equivalent of smashing store displays, the digital landscape has opened up a world of new tools and strategies—the kind marketers of yesteryear could only have dreamed of.

Before we dive into what those look like, let's take a moment to celebrate the unsung champion behind every beauty brand, our marketers, who must wear multiple hats, juggle all the balls, and stay ahead of the competition.
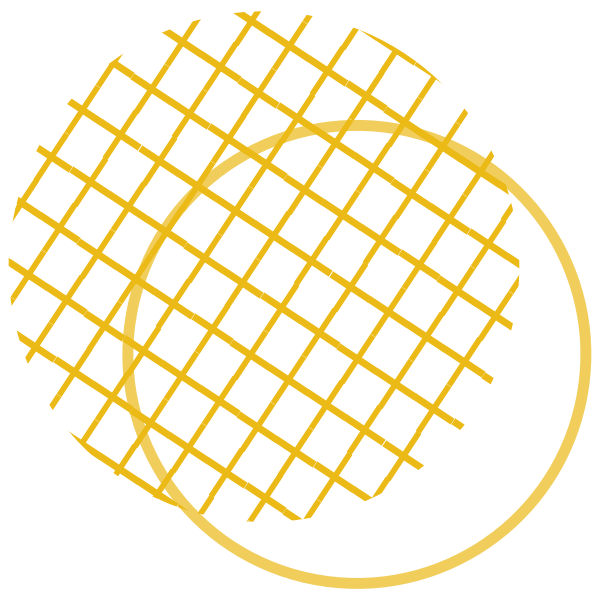
In short, as the sum of all the amazing super powers they possess,

BEAUTY MARKETERS ARE

- Product champions.

- Recommendation gurus.

- Masters of personalization.

- Gamification geniuses.

- Binge-watchers of CAC stats.

- Steeped in AI best practices.

- Visual storytellers.

- All about increasing growth and engagement.

- Passionate. About. Every. Single. Customer.

- Always thinking ahead.

TODAY'S MARKETER'S
5 main challenges and KPIs

Plus: 14 creative strategies for addressing these challenges and increasing KPIs, including boosting customer growth, sales, and ROI

What do the new challenges that our current era of smartphone shopping has introduced look like?

In this eBook, we'll walk through some of these very real scenarios many in the industry face and explore solutions that can work together to help drive customer interest all the way through to acquisition, engagement, loyalty, and evangelism.

READY TO GET STARTED?
HERE'S YOUR FIRST TASK:

Imagine you're the marketing manager of a high-end skincare and cosmetics company called Glimmer.

Currently, new customers are overwhelmed by decision paralysis and your team is struggling with acquisition costs, upselling, building trust, and creating meaningful long-term relationships.
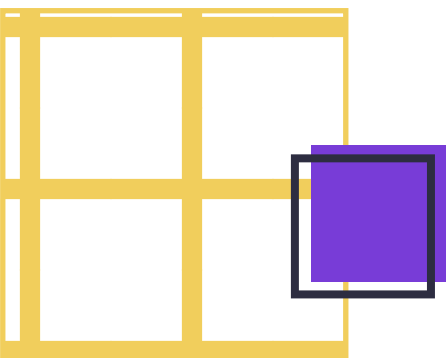
Chapter - 1

THE CHALLENGE:

Improving product discovery

KPI:

Speeding up the path to purchase and increasing mobile web conversions to boost overall revenue from mobile web

You've been checking your metrics, and you realize that on the Glimmer mobile website, your shoppers have limited screen real estate and equally limited attention spans, i.e. you have very little time to showcase your products. Now, you realize your main priorities are to introduce items on your mobile site in a way that's convenient and personal to each individual shopper:

- Recognizing they are using small devices and have lots of other competing distractions (ahem, Instagram).

- Reducing the number of clicks and searches needed to find products that are a right fit.

- Keeping their personal demographics and taste in mind: their skin type, tone, product preferences, and more—and not continuing to surface up products they're just not interested in

STRATEGY #1

Offer smart recommendations - powered by both artificial intelligence (AI) and personalization
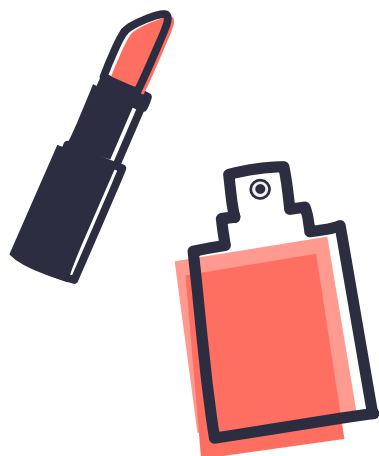
On average, it takes 5 clicks, 3 searches, and 5 filters for customers to find what they're looking for on the mobile web. But not everyone has that time—or patience—to go through that many steps. That's why we developed a **product recommendation engine** powered by **AI** and **personalization** to speed up the product discovery process and improve mobile web experiences and conversions for your customers.

With it, marketers can ask new customers simple questions—such as to select their favorite product categories or preferred price range—to streamline their experience and guide them through product discovery. Utilizing this kind of technology, means your customers can easily see the most viewed, most popular products (thanks to machine learning) through the lens of their own personal interests and demographics.

So back to the shoppers perusing the Glimmer website, they'll be more likely to convert because they'll no longer be overwhelmed by too many choices or have to sort through products that aren't a fit for their interests and demographics.

What are your new visitors really looking for? Just ask:
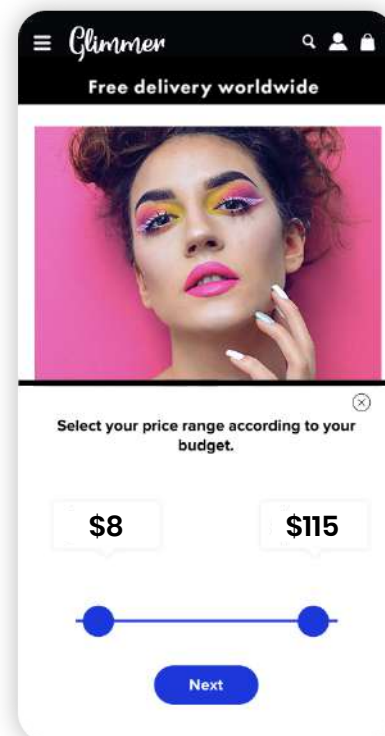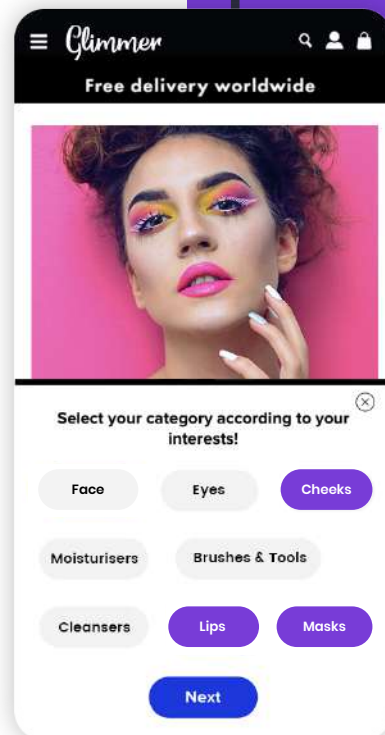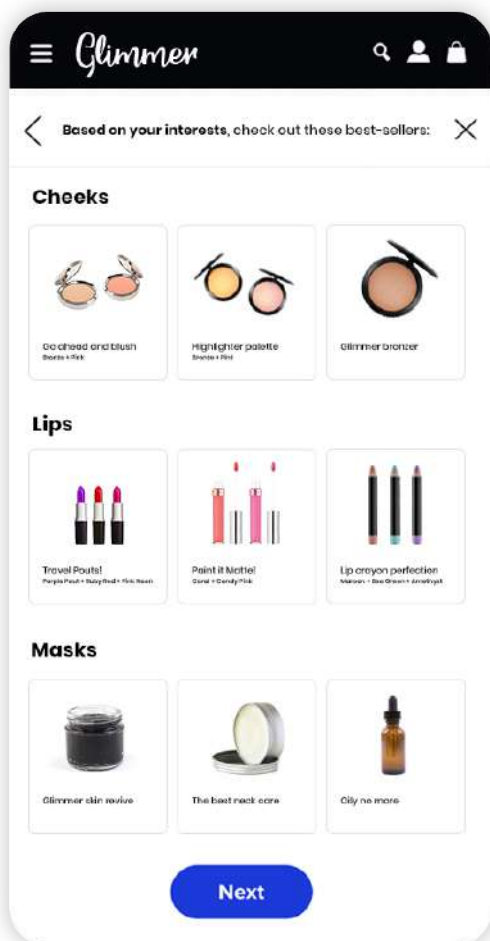
STRATEGY # 2

**Leverage visual storytelling to drive product discovery**

As marketers often work behind big screens all day, it's easy to lose sight of how shoppers like to spend their time on mobile. When given the choice between fiddling with filters on mobile shopping sites or scrolling through beautifully filtered and curated Instagram-like feeds developed with mobile in mind, which do you think customers will choose? Yep, those Instagram feeds. So what can marketers do to adapt to this new demand for visually stimulating, interactive content?

Enter **InStory**, a full-screen, vertical messaging platform that provides an immersive experience to engage and convert mobile web audiences like never before. With just a few taps, this Instagram-like feed builder enables brands to showcase:

- Personalized stories to customers based on their product preferences, helping users reach relevant products as soon as they land on your mobile website homepage, while harnessing the power of visual storytelling

- Bestsellers, celebrity product lines, sale items, last-minute deals, customer stories, news updates, influencer diaries or other noteworthy products from the collection.

GOODBYE STATIC BANNERS,

HELLO INTERACTIVE PRODUCT STORYTELLING
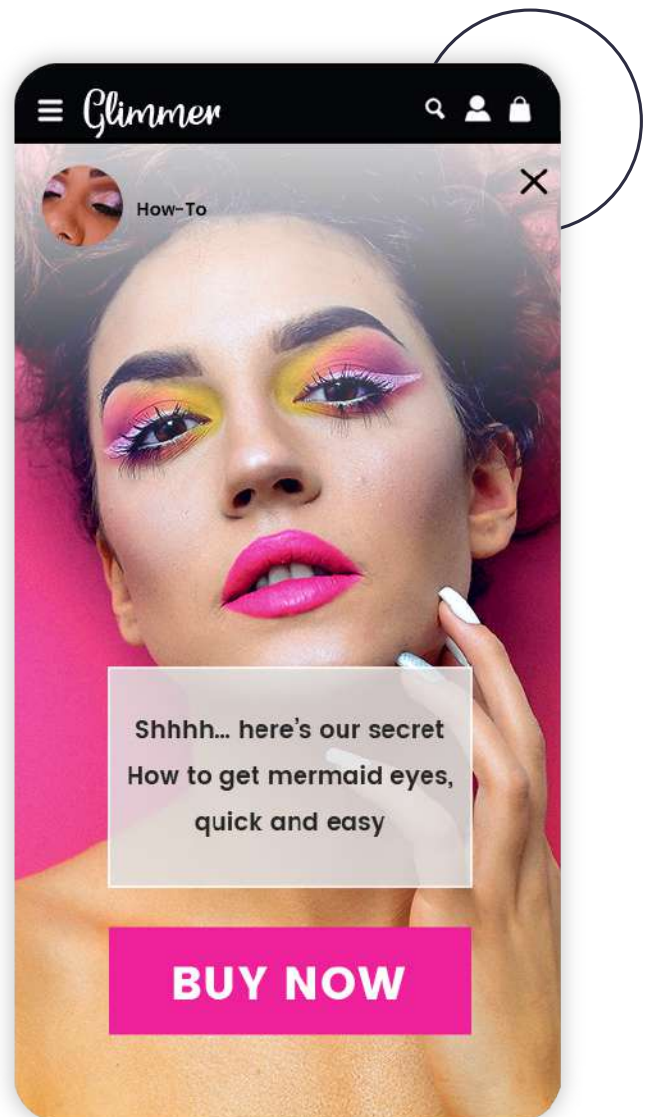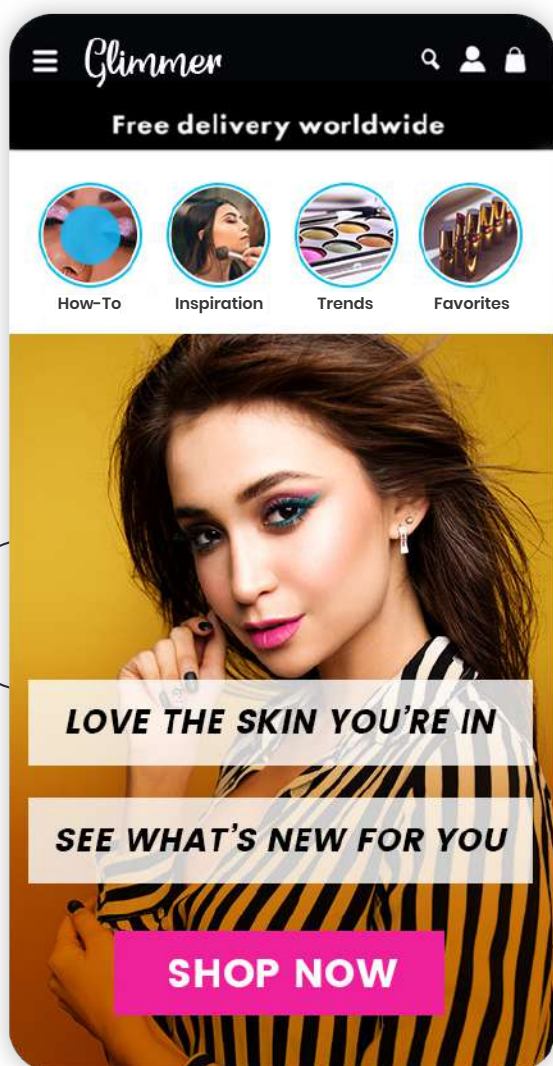
STRATEGY # 3

Drive engagement and prevent banner blindness

You've taken a look at the metrics for banner engagement at Glimmer, and you realize that customers are developing "banner blindness" (i.e., there's low engagement with web banners on your site). Fortunately, **banner management solutions** are available to address this very problem. Two key features include:

● **Personalization:** With this, brands can showcase content and products catered to individual demographics, skin type, and other important interests and traits. This matters. A lot. According to Nielsen, the last five years have seen a dramatic rise—a growth of 22%—in the number of unique facial cosmetic colors available, a seven-fold increase over new product development in general for facial cosmetics[1]. For foundations alone, there are now nearly 700 unique colors from which to choose, and consumers expect to choose the very shade that's right for them and brands that can't accommodate lose market share[1].

(1) https://www.nielsen.com/us/en/insights/report/2018/the-future-of-beauty/

Frequency capping: This enables brands to set a limit on the number of times a banner is shown; for example, if an individual doesn't interact with a banner after seeing it three times, the creative they see next will be something new.
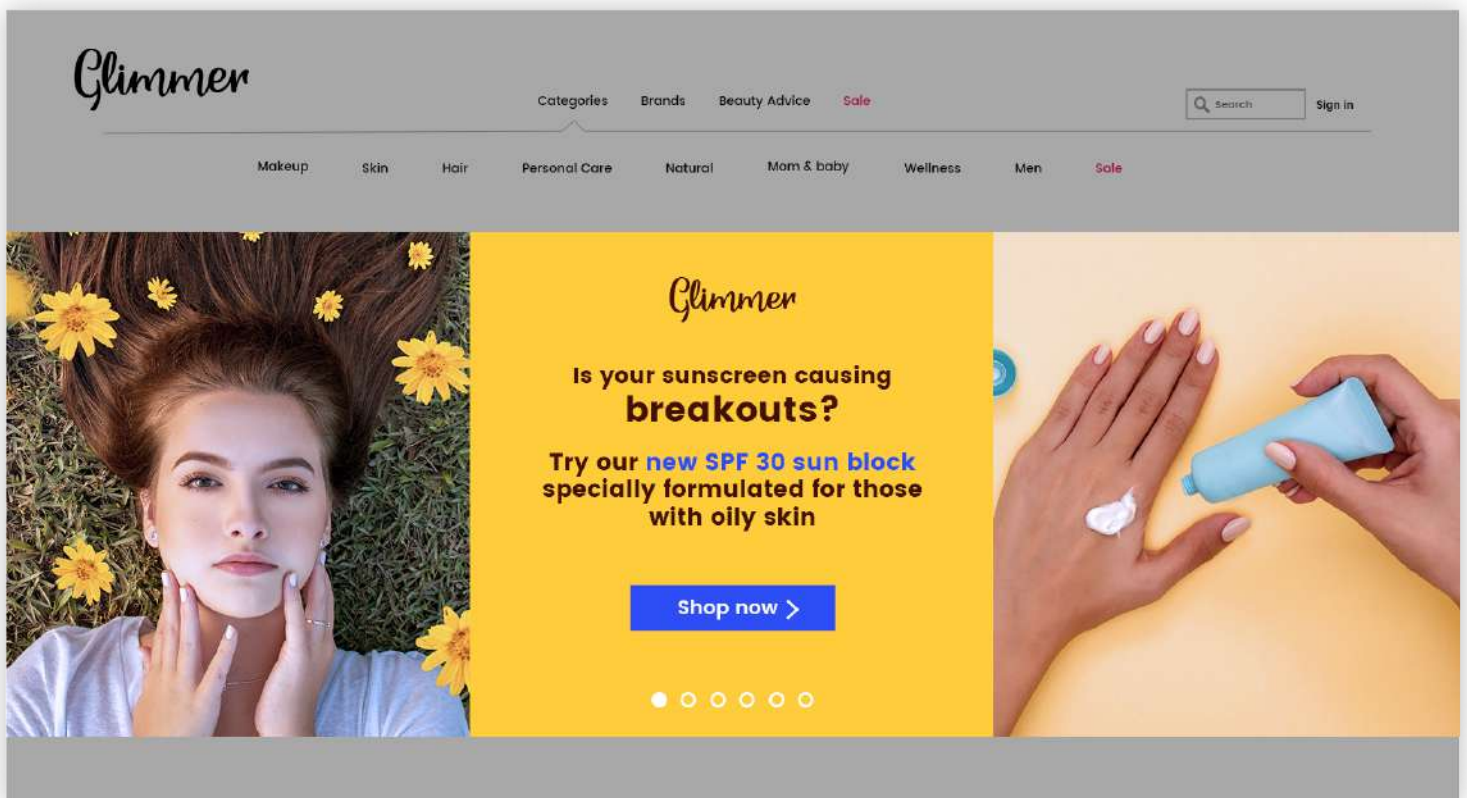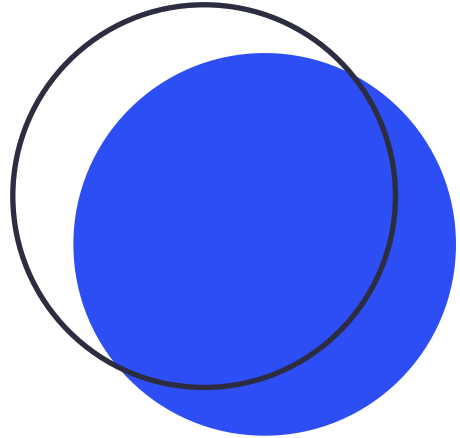
Chapter - 2

## THE CHALLENGE:

Upselling

KPI:

Increasing units per transaction

For many in the business, boosting the average order value (AOV) by generating more products purchased per transaction is a key driver of overall business growth, but it's not an easy feat. Especially when people generally visit an online store with the intent to buy specific products—i.e., they may be coming to your site to stock up on their favorite lipstick, but may have no interest in or even know about other items you carry, due to millions of choices available in your online inventory.
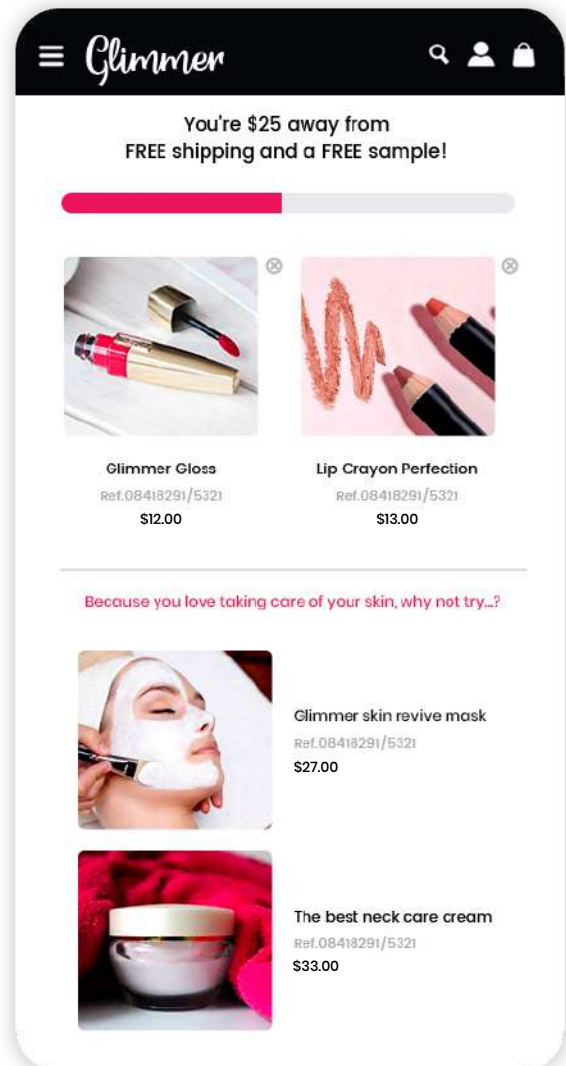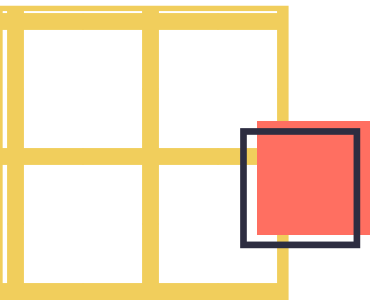
How can marketers encourage shoppers to consider additional items and those from other categories—getting consumers to expand beyond what they normally buy from your brand? Here are some strategies.
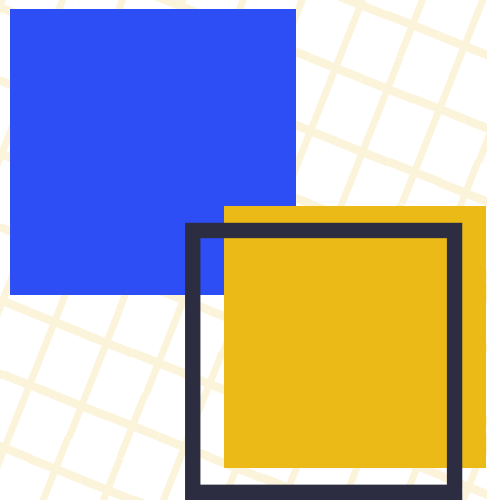
STRATEGY # 4

Gamify purchase progress

Think back to that classic tactic developed by Estee Lauder, the enticement of a freebie. Thanks to mobile shopping—if you implement a **purchase progress bar** on your site—it's easy to remind your customers how close they are to that free gift.

STRATEGY # 5

Propose perfect pairings

Location Based
Top Sellers

Viewed
Together

Top
Seller

Trending
Products

Purchased
Together

New Arrivals

Highest
Discounted
Products

Manual
Merchandising

Most Popular
Items

User-Based
Recommendations

Ecommerce giants like Amazon have primed customers to expect and look for product recommendations when they're shopping. The challenge for marketers is which product recommendation strategy to choose from when there are so many?

Now it doesn't have to be just one choice, thanks to Insider's **Smart Recommender,** a **smart recommendation technology** powered by data collected from users across platforms.

This solution enables companies to serve up personalized recommendations using any combination of a wide variety of strategies, including these below, meaning the possibilities are nearly endless and marketers can test and see what drives the most results.

In the beauty space, where individual preferences and demographics are essential, marketers can take this to the next level by creating micro audience segments based on key parameters like preferred product price range, categories of interest, and more.
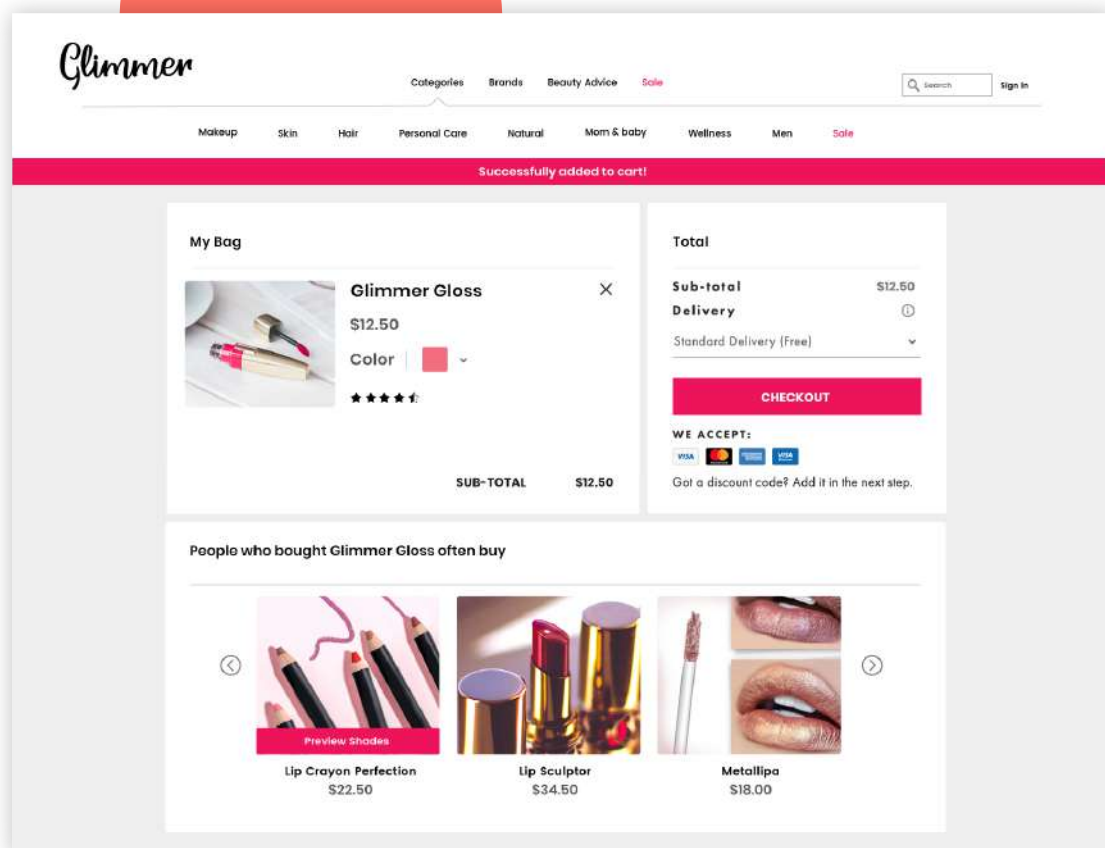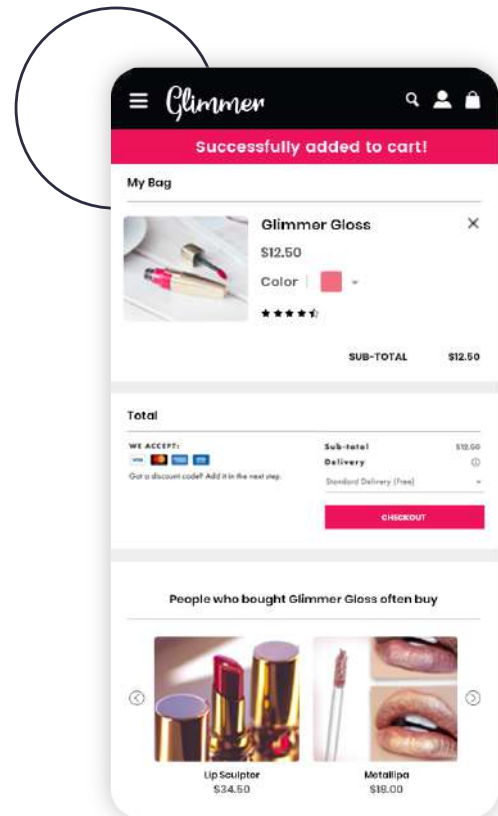
Chapter - 3

THE CHALLENGE:

Driving loyalty (a.k.a retention & engagement)

KPI:

Increasing repeat purchases, conversions

Loyal customers typically have larger order values over time, but earning—and retaining—engaged customers isn't a given. Particularly in the digital space where there's plenty of competition and customers can simply jump to a new app or web browser and have their pick of alternatives. And, it's worth noting, when acquisition is costly (see chapter 4 below), retention is key to ensuring those advertising dollars don't go to waste.

HERE ARE SOME SOLUTIONS FOR BEAUTY MARKETERS LOOKING TO DRIVE REPEAT PURCHASES
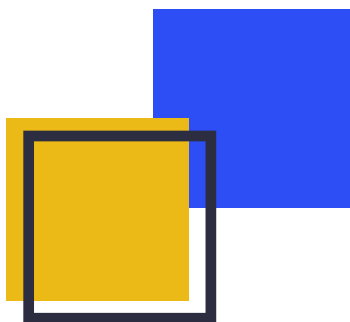
STRATEGY # 6

Send the perfect message for every lifecycle status

One-size-fits-all messaging is like one-size-fits-all clothing, in the end, it actually doesn't fit anyone very well. With **predictive segmentation,** you can deliver tailored campaigns based on a customer's lifecycle status, like this sample **web push notification** personalized for shoppers who've been inactive recently.

The predictive algorithms take individual activity-not just general trends—into consideration.
For example, if Zeni tends to shop on a monthly basis, and skips a month, she may receive the following message during the month lapse. However, if Jason is a more frequent visitor, say he usually comes back every two weeks, he would receive a personalized message sooner.
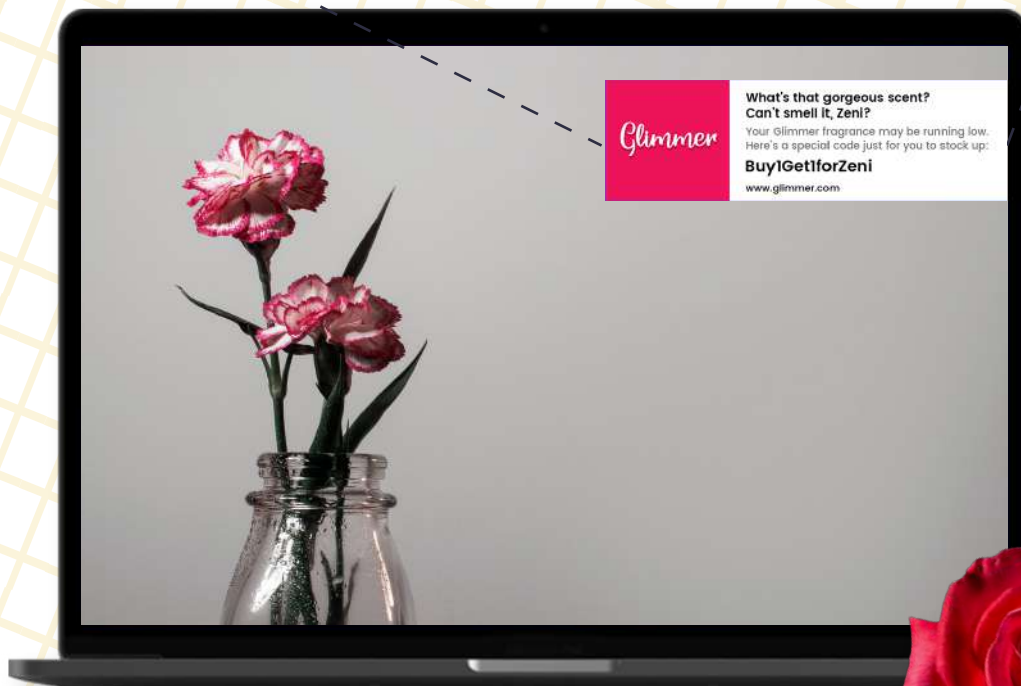
**What's that gorgeous scent?
Can't smell it, Zeni?**

Your Glimmer fragrance may be running low.
Here's a special code just for you to stock up:

Buy1Get1forZeni

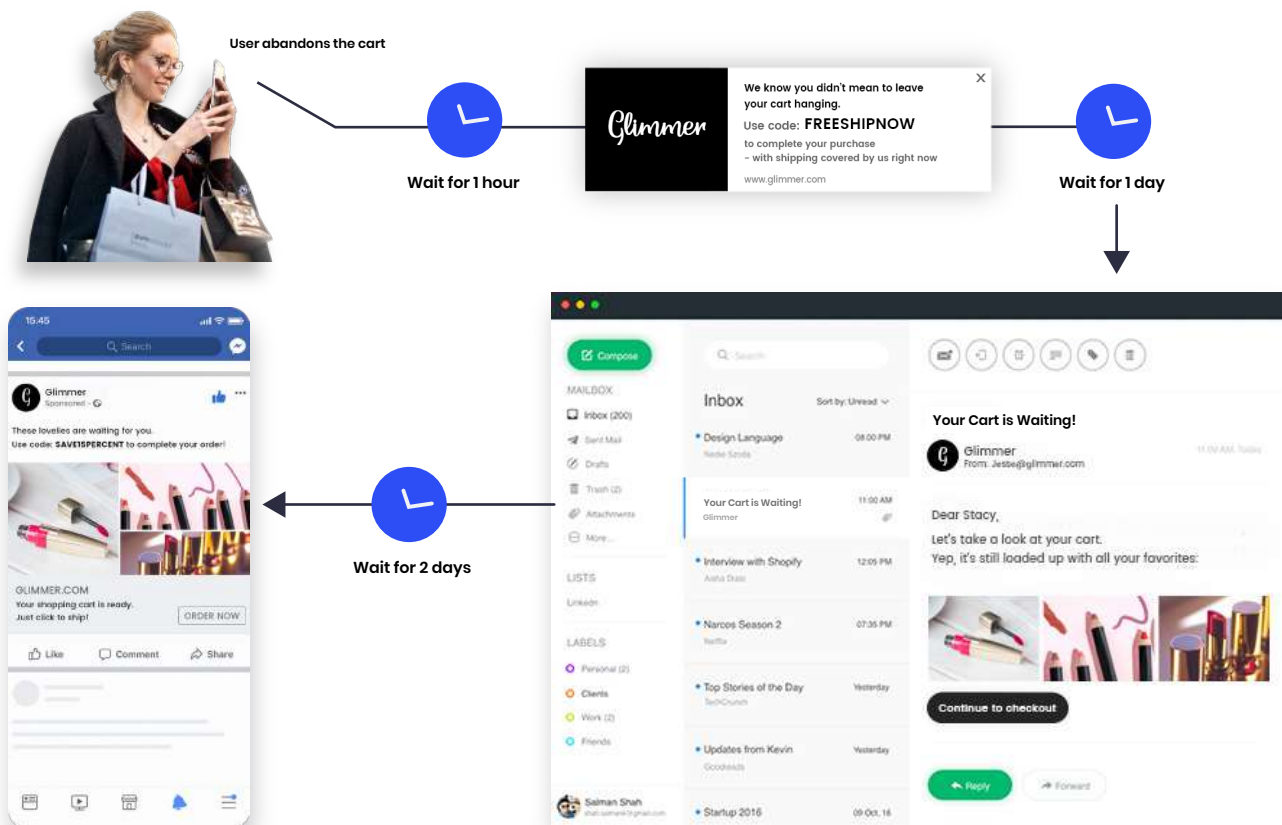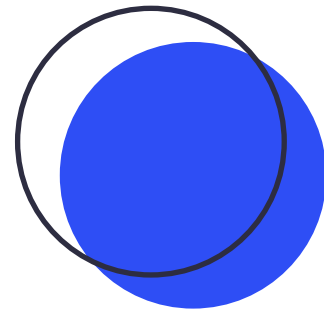www.glimmer.com

Glimmer

STRATEGY # 7

Build and bridge seamless multichannel customer journeys

One of the most frustrating customer experiences is receiving out-of-touch messaging from brands who clearly don't have the proper systems in place to track individual interests, behaviors, and activity and respond accordingly.

With **customer journey tools,** marketers can see the big picture: Where a given customer is at any stage—from interested and considering to converted onto engaged and loyal, and, of course, lapsing and churned. And what's more, you can set up the right messages—by channel for customers to receive based on their lifecycle status. In the example below, you can see how Glimmer can intervene using customer journey mapping and **multichannel messaging** when an active customer begins to lapse.
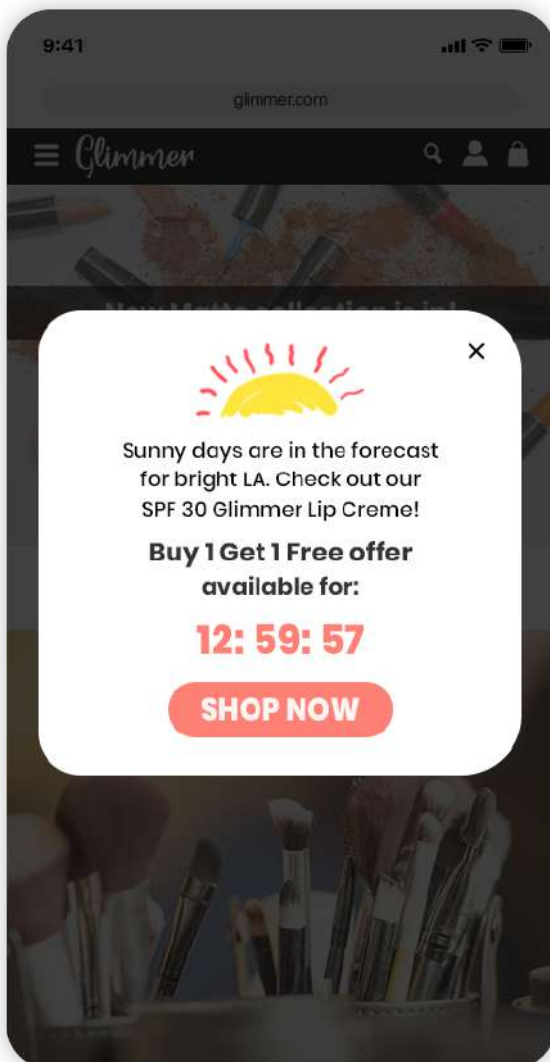
AI and **personalization** take things a step further, so that individuals receive outreach via their preferred channels at a time they're likely to be active. Meaning marketers have the power to send the right messages at the right time via the right channel. And if at first you don't succeed, the journey mapping technology will help you try again, by deploying follow-up reminders at intervals until a customer converts.


User abandons the cart

Wait for 1 hour

We know you didn't mean to leave your cart hanging.
Use code: **FREESHIPNOW**
to complete your purchase
- with shipping covered by us right now
www.glimmer.com

Glimmer

Wait for 1 day

Wait for 2 days

Glimmer
Sponsored · G

These lovelies are waiting for you.
Use code: **SAVE15PERCENT** to complete your order!

GLIMMER.COM
Your shopping cart is ready.
Just click to ship!   ORDER NOW

Like   Comment   Share

Your Cart is Waiting!

Glimmer
From: Jesbe@glimmer.com   11:00 AM, Today

Dear Stacy,

Let's take a look at your cart.
Yep, it's still loaded up with all your favorites:

Continue to checkout

Reply   Forward

Compose

MAILBOX
Inbox (200)
Sent Mail
Drafts
Trash (2)
Attachments
More...

LISTS
Linkedin

LABELS
Personal (2)
Clients
Work (2)
Friends

Inbox   Sort by: Unread

• Design Language   08:00 PM
  Nadia Szoda

Your Cart is Waiting!   11:00 AM
Glimmer

• Interview with Shopify   12:05 PM
  Aisha Dixie

• Narcos Season 2   07:35 PM
  Netflix

• Top Stories of the Day   Yesterday
  TechCrunch

• Updates from Kevin   Yesterday
  Goodreads

Salman Shah
shah.salmane7@gmail.com

• Startup 2016   09-Oct, 16

STRATEGY # 8

Highlight promotions for first-time customers

9:41

glimmer.com

≡ Glimmer   🔍 👤 🔒

Sunny days are in the forecast for bright LA. Check out our SPF 30 Glimmer Lip Creme!

Buy 1 Get 1 Free offer available for:
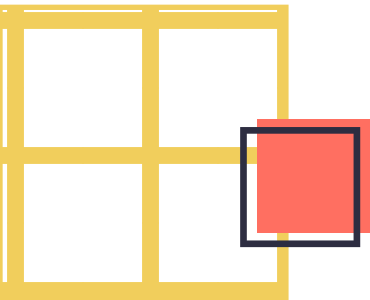
12: 59: 57

SHOP NOW

You've done the hard work of attracting potential customers to your site, but the job's not over yet. Onboarding mobile shoppers isn't easy. You've got a limited amount of time (and screen real estate) to convey important information. That's where countdown timer promotions can come into play to help drive conversions. As the marketer for Glimmer, you come up with an idea to take advantage of the **countdown timer promotion** and incorporate user **weather and location targeting** for added personalization. Take a look at your brilliant idea!
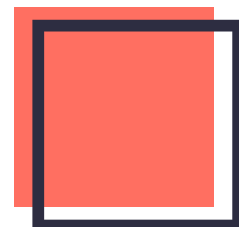
STRATEGY # 9
10

Connect with shoppers wherever they are—yes, even WhatsApp and Facebook Messenger

The messaging landscape has never been more fragmented. It can be hard to get in-house technology up to speed to reach customers wherever they are. But now more than ever it's necessary. If not, you risk missing out on being part of the conversations that are already happening, totalling up to 20 billion messages between customers and their favorite brands each month on Facebook Messenger alone.[6] And **eMarketer** called out social commerce as a major trend in its 2019 report on the future of retail, citing research that found that 30% of Facebook, Instagram and Pinterest users in the U.S. said they had purchased a product from a brand they discovered via these social apps.

(6) https://www.facebook.com/business/news/f8-2019-making-it-easier-for-businesses-to-connect-with-customers-on-messenger

With our **WhatsApp Business** and **Facebook Messenger API integrations**, brands like Glimmer can easily be in the platforms users engage with the most—sharing purchase confirmation updates, beauty tips, new product arrivals, and more.

Glimmer
Active Now

Hi there Irina 👁️

We're so excited to share our latest tutorial. Give it a watch, and, as always, let us know what you think!

Glimmer Originals
How to get mermaid eyes, quick and easy

Mermaid Eye Makeup Tutorial
Glimmer
facebook.com/watch

FACEBOOK MESSENGER

9:41

Glimmer

10:39 AM

Hey Roshni,
Here's something to smile about.
Your order is on its way!

Expect your package to arrive in 2 days.

Items: Glimmer bronzer, Qty: 1
Highlighter palette, Qty: 1
Go ahead and blush, Qty: 1

As a thank you for your order, we have a FRIENDS$25OFF code for you to share with one of your besties. You both save. Win. Win.

XoXo
Your pals at Glimmer

WHATSAPP BUSINESS

Chapter - 4

THE CHALLENGE:

Boosting customer acquisition

KPI:

Increasing customer growth while keeping customer acquisition costs (CAC) down and boosting return on ad spend (ROAS)

If it feels like it's getting more and more expensive to reach your target audience, it's not in your head and you're not alone. Marketing acquisition costs have increased nine-fold over the last two decades, according to a **2014 Harvard Business School paper.**

The goal for marketers then is to spend ad dollars on attracting the right customers. Not ones who may view an ad or even click through to your website, but loses interest and never makes a purchase.
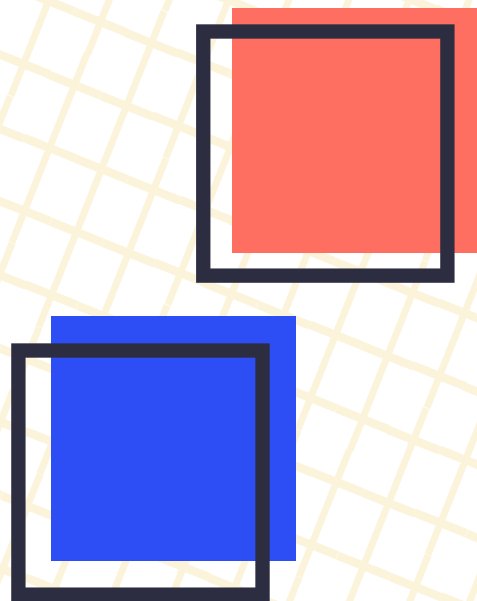
STRATEGY # 11
12

Dedicate advertising spend toward reaching the right customers (those likely to purchase)

With so many beauty brands out there for consumers to choose from, competition is fierce. With growth managers focused on bringing in new users, the question is: How do you keep CAC down? When return on ad spend (ROAS) is low, businesses fail, so the stakes are high. That's where focusing advertising dollars only on those who are **likely to purchase** is a secret weapon, by using a **predictive segment** to reach selected individuals via **Facebook and Google AdWords advertising** based on their potential future behaviors, identified leveraging machine learning of historical trends from customers who have purchased before.

In other words, when you spend $10,000 on advertising, your dollars won't be wasted on those with a lower likelihood to purchase, this AI-backed technology will help focus the budget on spenders.
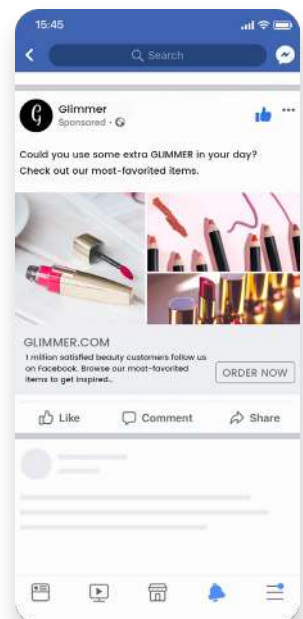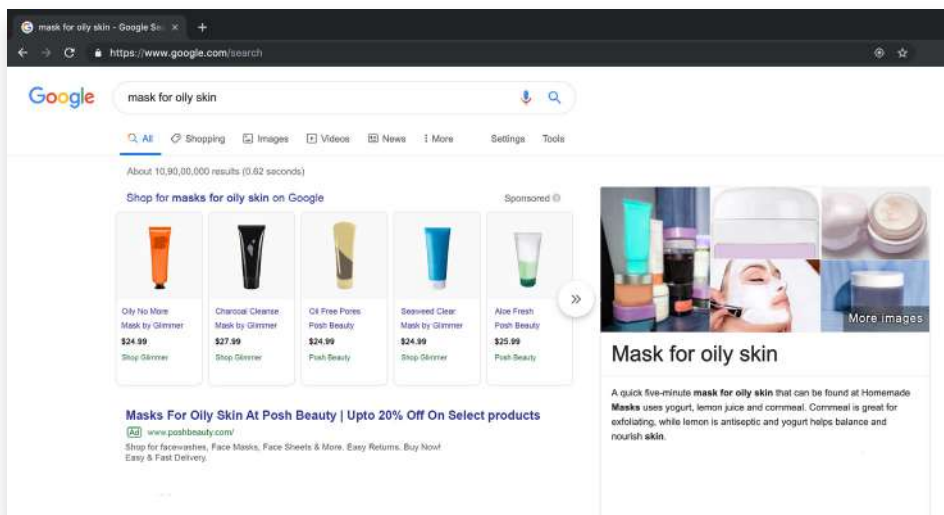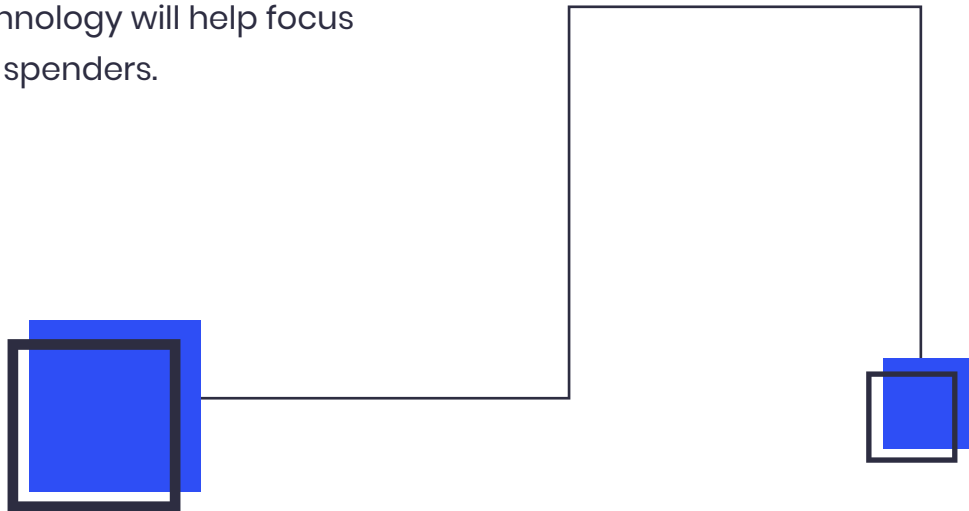
Chapter - 5

THE CHALLENGE:

Building trust

KPI:

Increasing customer and peer reviews

Traditionally the offline experience of shopping for beauty products has been high-touch, with expert makeup sales professionals on hand offering personalized product consultation, trial, recommendations, and curation. Not to mention the tactile moments of testing foundations or trying out the look and feel of a lipstick. In the digital space, marketers need to find new alternatives for customers to build trust and engage—such as increasing social proof through customer and peer reviews.

So what can digital marketers do to create trust and rapport with products? Here are some tactics to build social proof, today's digital currency and trade-off for not trying a product in person.
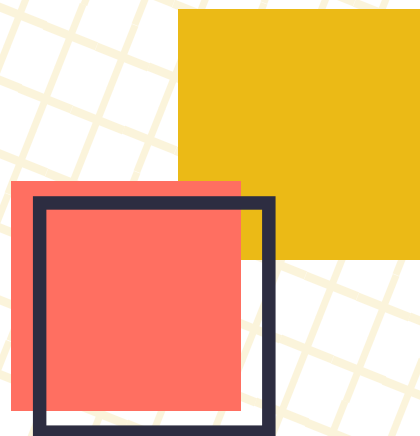
STRATEGY #13

Testing, 1-2-3...are you still there? Revive inactive web visitors with an enticing overlay

It's exciting when new visitors engage with your site, such as visiting the product detail page for a given item. Less exciting? When they stop engaging. It doesn't take much for the newly acquired potential customer to bounce. That's why we suggest marketers trigger web **overlays** after new users go inactive for 15 seconds or more.
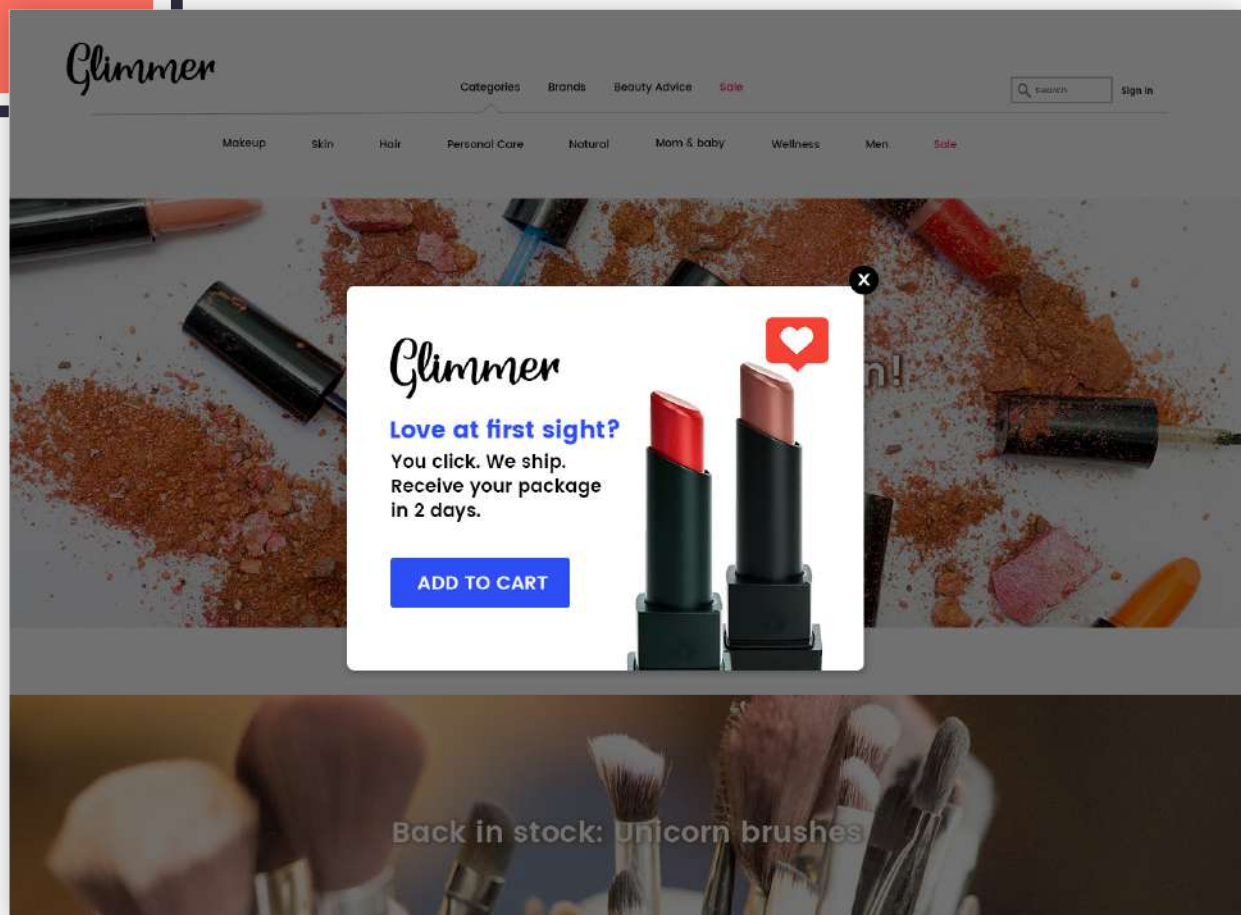
STRATEGY #14

Harness the power of social proof to bolster confidence and drive sales

According to Nielsen, social media wields a huge influence on beauty shopper decision making. Given the power of word of mouth, it's crucial for companies to have a strategy for harnessing the wisdom of the crowds to help build trust online. Take a look at how Glimmer can showcase **social proof** here.

What's ahead?

If we had a working crystal ball, we would be happy to tell you what the future is going to bring for the industry. But, taking a step back, we know there's a lot to learn from the present and past. One clear takeaway is that customer preferences are not static. And when new consumer technology and devices emerge, brands should be prepared for behavior and interests to shift dramatically and quickly. Companies that will be best positioned to succeed in this ever-changing environment are those that can keep up and think ahead of the curve.

In this eBook, we've shared ideas to help growth and marketing teams get started. For even more ideas and resources, visit:
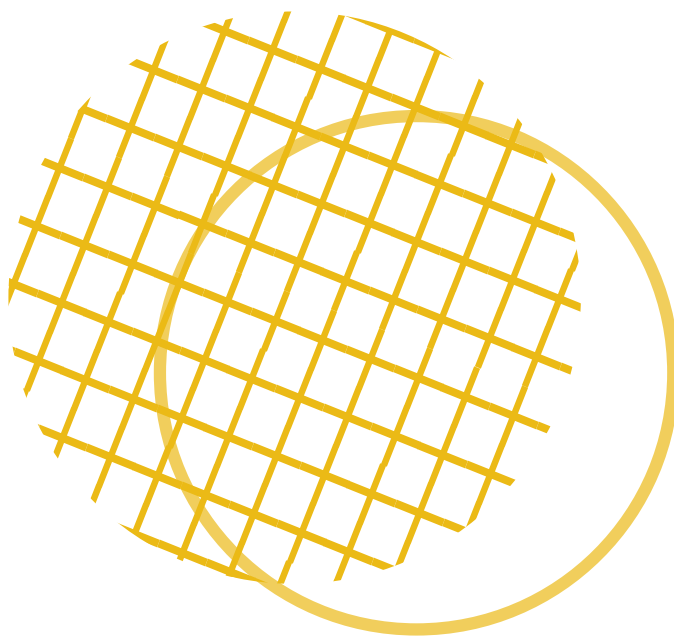
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