

# Influencing beauty



# Executive summary



## **98%** of the beauty industry think influencer marketing is effective

**98%** of respondents overwhelmingly support the view that the beauty industry is working effectively with digital influencers, compared to other industries. Much of this is to do with the fact that **68%** also believe the beauty industry has a natural affinity with influencers.

## **Digital influencers have overtaken celebrities and are now the number one choice of talent, for 84%**

A critical finding of the survey is that digital influencers are by far the most popular choice for beauty brand endorsements and commercial collaborations. **84%** of respondents say they have worked with digital talent most over the past **12 months**, compared with just **33%** who have worked most with film actors.

## **For every £1 spent on beauty influencers in 2017, brands secured an average ROI of £8.81**

In 2017, for every **£1** spent on beauty influencers, brands received an average return of **£8.81**. Drilling deeper, **82%** are primarily relying on social media engagement figures as a measure of success, while just **50%** are looking at press coverage received off the back of a collaboration.

## **Instagram is the resounding channel of choice in 2018, for 78% of the beauty industry**

Instagram is the most successful channel for talent-led collaborations, for **78%** of respondents. Meanwhile, YouTube, a channel that has historically been prolific within the beauty segment, seems to have dramatically fallen out of favour, with just **7%** of respondents citing it as the channel that has worked best for them. Additionally, social media promotion ranks as the top priority for talent-led collaborations, for **76%** of respondents.

## **Building brand awareness, and not sales, is the primary function that influencers and celebrities serve 33%**

**33%** of respondents say that 'building brand awareness' is the single most important reason for beauty brands enlisting the support of digital influencers and celebrities, which is resounding evidence of how far the industry has evolved.

## **A data-led approach is proving to be the most effective, for 67%**

When it comes to researching the 'best' digital influencers or celebrities to work with, just over two-thirds of survey respondents say social media analytics, including audience insights and engagement metrics, have proven the most useful. Additionally, close to half of respondents are also looking at the **core values** and **persona** of an influencer, including their **passion points** and **ethical beliefs**, as well as their areas of expertise, talents and interests.

## **73%** of the beauty industry say Generation Z is pushing them to be more transparent

This is encouraging brands to be more mindful of the influencers and celebrities they choose to work with. Additionally, **52%** of respondents say the biggest driver of change within their business over the past couple of years has been the rising generation of digital-born consumer, bringing a completely new set of expectations.

## **Influencer marketing budgets are set to increase, for 70% of the beauty industry**

More than half (**54%**) of respondents say that currently, **10%** to **30%** of their overall budget is currently spent on influencer marketing. However, **70%** of respondents believe their budget for influencer or celebrity marketing will increase over the next **12 months**.

## **95%** of the beauty industry say AI will truly take off in the next two years

**95%** of survey respondents believe artificial intelligence (**AI**) capabilities will be adopted at scale within the beauty industry over the next two to five years, and **91%** see **augmented reality (AR)** truly taking off over the same timescale.



## Methodology

This research report is the first of its kind, published by Celebrity Intelligence, in association with Fashion & Beauty Monitor, and explores the impact digital media has had on consumer buying decisions and behavioural patterns, and the subsequent impact this has had on the overall business of beauty. There were **385** marketing specialists who responded to the research request this year, which took the form of an online survey. Respondents included in-house brand marketers, agencies, consultants and media owners. Detailed breakdowns of the respondent profiles are included in the Appendix.

If you have any questions about the research, please contact Centaur Marketing's Senior Content Marketing Manager, Priyanka Mehra-Dayal by emailing [priyanka.mehra-dayal@centaurmedia.com](mailto:priyanka.mehra-dayal@centaurmedia.com).





## Introduction

*“People don’t consume beauty in a vacuum,” says Jane Walsh, managing director of SEEN Group UK. “They consume it in reference to how they have seen or been inspired by a product within everyday life. There are so many facets of a consumer’s journey within this industry now, and we need to be understanding all of them, to really grasp what is triggering purchase.”*

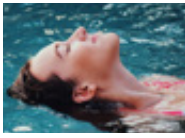
Beauty has always been an experiential process, for the simple fact that you can’t necessarily ‘see’ beauty in the way that you can see fashion. Known for taking risks, the industry has always been the first to seize new opportunities as they’ve come along, to help demonstrate and bring products to life for the consumer. Whether that meant spraying the latest fragrance in a department store, offering a ‘free gift’ with purchase, selling beauty within the home or posting as a monthly subscription box, the sector has always been eager to try out new things and particularly those that wouldn’t be possible in other marketplaces.

*“It’s why the beauty industry has embraced influencer marketing to such an extent,” says Kelly Marks, co-founder of Pure Public Relations. “In some respects that is due to the size of beauty brand budgets and the cost of goods, but the beauty industry has adopted this field of marketing on speed, in a far more intense way than any other genre would have done so.”* In beauty, talent-led marketing has become a fast-paced industry, and this has had a dramatic impact on brands within the sector. Above all, it has pushed the global beauty industry, worth \$500 billion, to become more creative, transparent and accessible, with a need to bring the consumer in to every stage of the process. Speaking at the WWD Beauty Summit last year, Mike George, the president and CEO of QVC, spoke of the *“collapse of institutional and brand authority,”* within the industry, which he claimed was being driven by a craving for authenticity, an erosion of trust and shifting sources of influence.<sup>1</sup> With consumers becoming **increasingly savvy** at spotting when they are being sold to, the beauty industry has recognised that while celebrities can still be successful at helping to launch a brand or product line, their involvement must now go far deeper than a traditional endorsement deal, and in addition the case for taking a tiered approach incorporating digital and emerging talent also has become stronger than ever.

Digital influencers are now perceived to deliver higher levels of **trust and credibility**, and as the survey findings below reveal, **84%** of respondents say that over the past **12 months** they have primarily worked with digital influencers, compared to the **33%** who have collaborated most with film actors, for example.

Continued





# Introduction

## Consumer behaviour is changing dramatically

A further matter to consider is that consumers are no longer shopping for beauty in the way that they used to. There are many factors at play here, and beauty experts interviewed for the report expressed reasons such as a volatile economy, the decline of high street shopping, dying consumer groups, inherent difficulties with purchasing beauty online, over producing, messages of sustainability, plastic-free and cruelty-free, which combined are breaking all the established rules of consumer behaviour known to the beauty industry. According to Anna-Marie Solowij, co-founder of BeautyMart, this is creating alarm and confusion among beauty retailers and manufacturers. *"They used to know how to sell to consumers, but the game has changed significantly, and they're now throwing everything at digital influencers hoping that this new model will work for them,"* she shares.

*"The desperation to have that customer has created a model that is very much in favour of the consumer, and not the retailer or brand... And so, this panic status that beauty brands are in, is very much in the hands of the digital influencers right now, but how you make it work long term is the question that everyone's still asking."*

## The tide of indie disruptors

Last year was a defining year for indie beauty, and in many ways reflective of this change in consumer behaviour, along with evolving tastes and preferences. Start-up, independent beauty brands have rapidly begun to steal market share from well-established players, offering something that's far more accessible and grassroots, with a notable cool factor. Mergers and acquisitions and injections of capital in this space have soared, and there's no doubt that the power of social media influencers, along with their willingness to share their passion for emerging indie brands and the values they stand for, such as clean, organic beauty and wellness; has helped to create a more level playing field. *"We see more and more service providers, agencies and firms being formed specifically to help indie brands thrive in areas like marketing, distribution, design, branding, PR,"* says Mia Bell, founder and CEO of online beauty product discovery marketplace OPAL Avenue. *"It was very hard for small brands to find quality services in the past. Bigger agencies were time and cost prohibitive. Now, indie brands have options and are able to work with passionate individuals who are happy to devote their talent and skills to their brand, and really elevate them."*<sup>2</sup>

And so, this report will explore the impact digital talent and influencer marketing has had upon the beauty industry. From consumer buying decisions, behavioural shopping patterns through to product development, it will consider how the beauty business is evolving so that it can still be relevant in today's social media economy, and for the rising generation of digital-born consumers particularly.

## Contributors

This report features in-depth opinions from beauty brands, agencies, opinion leaders and influencers including **Beauty SEEN, Benefit, Cara Santana, Pai Skincare, BeautyMart, Pure Public Relations, The Plastic Boy, Chris Burt-Allan, EOS and VO5**

Interviews were carried out over the phone in April 2018.

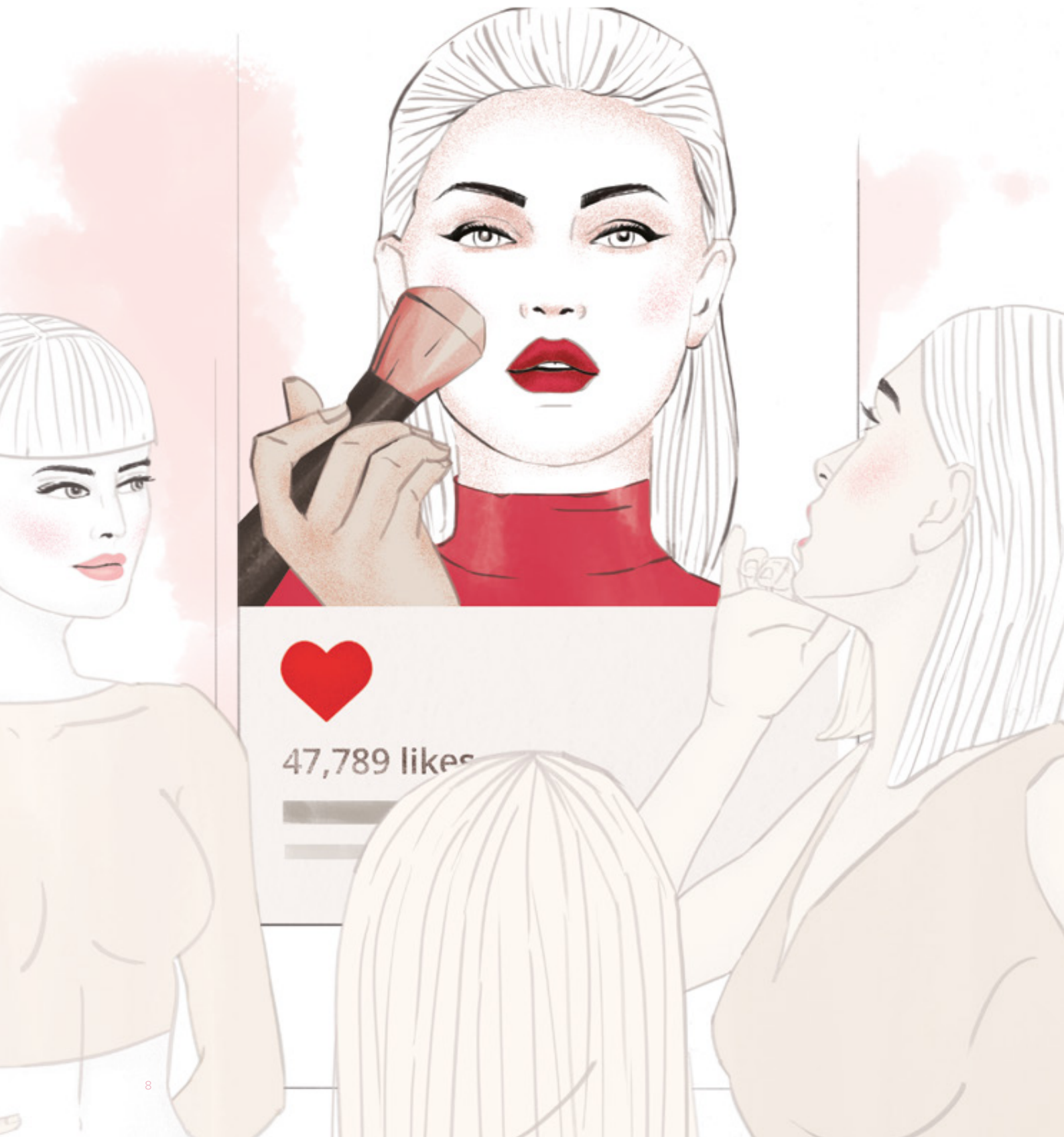
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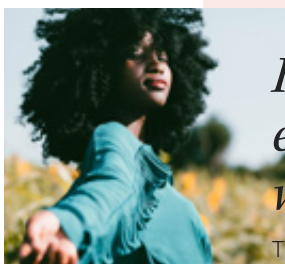
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# Key trends







## *Influencer marketing is extremely well established within the beauty sector*

The beauty sector was instrumental in supporting the rise of influencer marketing, arguably being the first to invest significant money in it, and so it comes as little surprise that just **under half (48%)** of respondents have been working with digital talent and/or celebrities for four years or more, with those who've been active for 'more than five years' representing the **majority group (33%)**.

### **How long have you worked with talent (influencers and/or celebrities) as part of your brand endorsement strategy?**

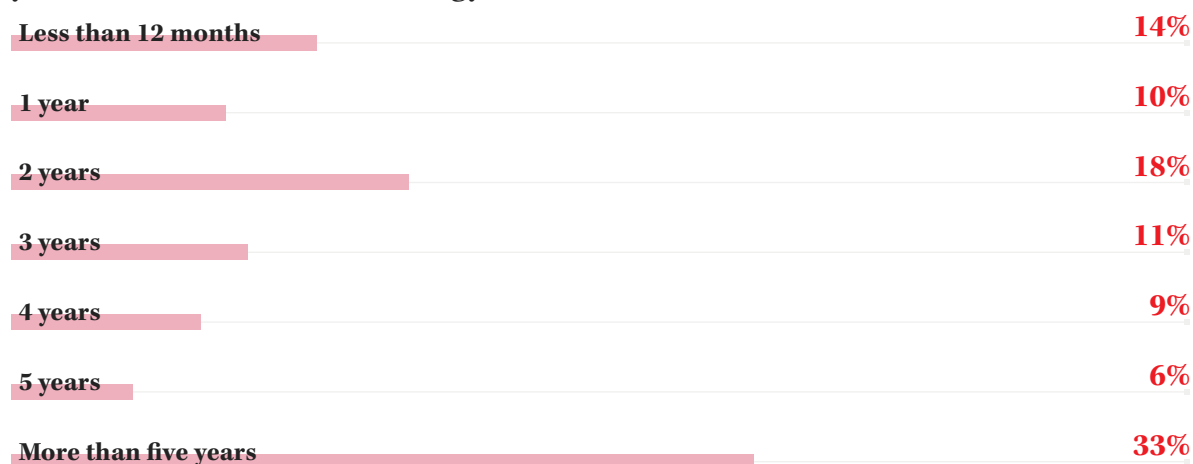


Figure 1

## *Building brand awareness has become more important than sales*

A key signal of market maturity is that 'building brand awareness' is the single most important reason for beauty brands enlisting the support of digital talent and celebrities, voted for by **33%** of respondents (see **Figure 2**). This shows that motives for investing in talent are extending far beyond the desire to drive direct sales, which **12%** cite as their top purpose for influencer and celebrity collaborations. According to Anna-Marie Solowij, co-founder of BeautyMart, beauty brands are learning that *"there is not this fast turnaround between influencer and acquisition [that was once believed], and that purchase is happening much further down the line."*

There's a bigger story at play, and while there has been much hype around digital talent and their ability to drive sales, with maturity comes the knowledge that influencers can't be all things to all men.

Kelly Marks, co-founder of Pure Public Relations, argues: *"To my mind digital alone is not enough, and it's important to still get what I call the sweet spot; the perfect mix of print media, influencer and digital media, combined with the brand's direct-to-customer activities. They need to work in synergy, and none of them necessarily work perfectly on their own."*

**Rank the purposes that talent (influencers and/or celebrities) serve for your business**

<b>Building brand awareness</b>	<b>33</b>	<b>11</b>	<b>6</b>
<b>Driving sales</b>	<b>12</b>	<b>9</b>	<b>14</b>
<b>Finding and generating user generated content</b>	<b>6</b>	<b>10</b>	<b>8</b>
<b>Acquiring new potential customers</b>	<b>4</b>	<b>18</b>	<b>17</b>
<b>Loyalty &amp; relationship</b>	<b>3</b>	<b>8</b>	<b>7</b>
	<b>1st Ranked</b>	<b>2nd Ranked</b>	<b>3rd Ranked</b>

Figure 2

## *Beauty brands are taking a mixed approach to contract lengths*

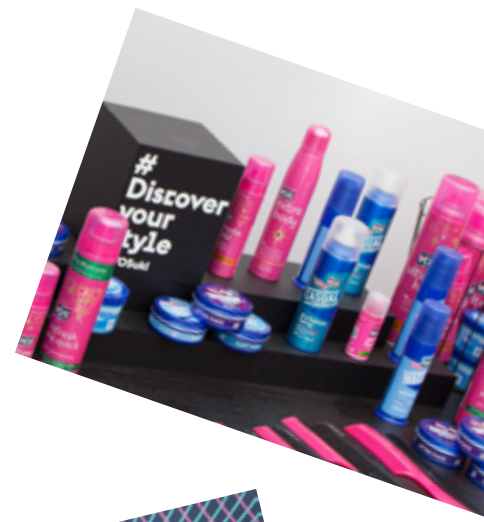
A year or two ago, one-off collaborations with social talent were **extremely popular**, but as the space has matured and the beauty industry has grown in its understanding of influencer marketing, brands are showing a preference for experimenting with a range of contract types. As **Figure 3** below highlights, the largest majority (**43%**) say they are taking a mixed approach to contract lengths. One might also assume that many of these decisions are budget dependent, and that brands are taking a layered approach, working with costlier top-tier influencers on a campaign basis, while tying more affordable micro and **emerging influencers** into longer term relationships.

It is revealing that just **6%** of respondents say they are working with talent as part of a long-term contract.

**How do you generally work with talent (influencers and/or celebrities) when using them as part of your marketing strategy?**



Figure 3



# Case Study

## VO5 showcases the benefits of a multi-tiered approach to reach multiple audience segments

Before investing too heavily in influencer marketing, hair styling brand VO5 embarked on a study of its social communities, to understand the various facets making up its consumers' journey and the territories that it had *"a right to play in and own"*, beyond just hair and beauty.

*"Music emerged as a space that would enable us to speak to both male and female consumers,"* explains Jane Walsh, managing director of SEEN Group UK, who oversaw the research. *"But fundamentally, we needed to establish what it was that gave VO5 a point of view on music other than the fact that it's what its consumers like. We wanted to identify the influencers who were relevant to the brand from both a hairstyling perspective, but who*

*also were able to validate VO5's position within music."*

VO5 was keen to invest long-term in the talent it chose to collaborate with, and so a collective of influencers were recruited over the summer to be the reporters of style and festival culture, and music. At the **Wireless festival**, for example, there was a **VO5 pop-up**, to offer an immersive brand experience.

At the heart of the campaign sat Katy B and John Newman, both credible music artists, and then below, there was a tiered, personable set of influencers. *"Vo5 was simply the enabler of those different voices; rather than wanting to be the creative director of it,"* Walsh explains. *"The best campaigns are those where influencers can co-create,*

*over a long-term partnership. So, while we might have an idea of the brief, we need to see what value the influencer can add, and the more organic this is the better."* The multi-tiered campaign worked because it combined A-list talent, boasting massive reach and delivering the expert view on music, with the more personal perspective of micro and emerging influencers.

In terms of metrics, the campaign delivered a total organic social reach of **3.2m**, delivering **70%** of organic multichannel content. Additionally, **1,725** consumers had their hair styled at Wireless festival in the **VO5 pop-up** and **5,300** consumers engaged with **VO5** across social media over **Wireless weekend**; **81%** of these posts used the official **VO5 campaign hashtag**.





## Are digital-born customers becoming the 'new' influencer?

A particularly revealing finding of the study is that **52%** of respondents say the biggest driver of change within their business over the past couple of years has been the rising generation of digital-born consumer, bringing a completely new set of expectations (see **Figure 4** below). Generation Z, or post-Millennials, as they are sometimes called, are the *"first tribe of true digital natives"* and represent the new youth consumer. *"They are feminist, vegan and having grown up with the internet, have always had infinite choice. They have always had a voice – and believe their voice matters,"* explains Sara McCorquodale, founder of influencer review CORQ.<sup>3</sup>

Speaking to Forbes, British perfumer Jo Malone, and owner of Jo Loves, describes this generation with three words: *"passion, resilience and creativity"*. Referring to the role they play in beauty marketing today, she says: *"They take it all up and spread the word for you...They don't want to be just your consumer, or be entertained by you, they want to create with you, they want to touch the heartbeat and be part of the creative process."*<sup>4</sup>

Indie beauty companies are hyper focused on this generation of customer and are recognising the influence they hold with their peers, and the ability they have to spread the word about products that resonate with them. Anna-Marie Solowij, co-founder of **BeautyMart**, says this group demonstrates an *"activist model"*. *"They're active, vocal, voting with their feet, gender-neutral, racially non-specific, not buying products that they feel strongly against, e.g. supporting vegan and cruelty-free. They are an incredibly powerful consumer group."*

The upshot, says **Sara McCorquodale, founder of CORQ**, is *"they don't necessarily want to advertise your brand, because they have their own...The challenge with this generation is they have the loyalty of your target audience, but it will be much more difficult to insert your brand into their stories. Their style of consumerism is so much more subtle."* She advises brands to consider *"long-term partnerships that enable influencers' storytelling rather than #ad. A halo effect via association rather than ephemeral sponsorship. It's a bigger ask but will make the resulting campaigns so much better."*

### What has been the biggest drivers of change for your business in the past 2 years?

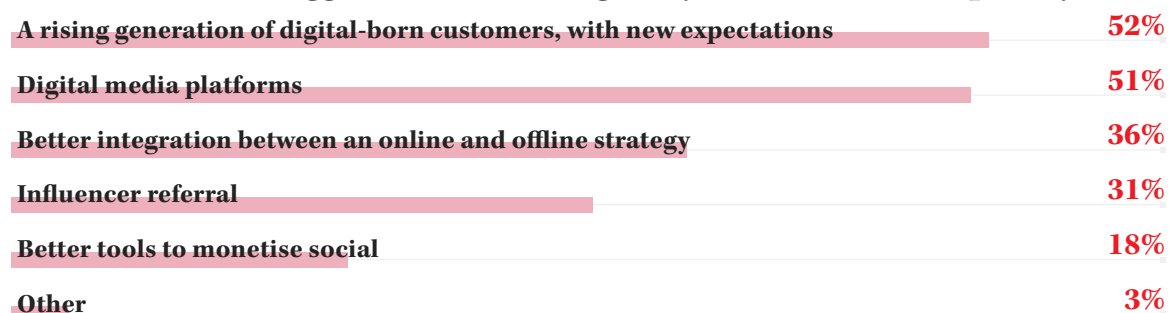


Figure 4

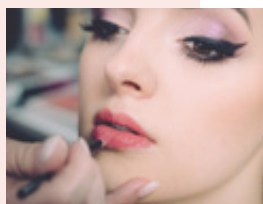


## 73% say the ‘digital-born’ generation is pushing the beauty industry to be more authentic

As **Figure 5** illustrates, the rising generation of digital-born consumers is having a positive effect on the beauty industry, bearing in mind that **65%** of this group rely on social media to discover and select beauty products.<sup>5</sup> Almost three-quarters (**73%**) of survey respondents say that above all, this consumer group is pushing them to be more **transparent and genuine**, which in turn is encouraging brands to be more mindful of the influencers and celebrities they choose to work with so that the collaboration is a meaningful one.

Sarah Brown, CEO of Pai Skincare, says that historically, beauty brands would have looked for *“one-off link-ups, that were quite transactional, where the celebrity was the headline grabber. It was all about getting your product out to the masses, and it was very untargeted where often the choice of celebrity could be quite tenuous.”* But with the rise of social influencers, combined with the demands of the digital-born generation, she explains, *“it’s much more nuanced now, and particularly from Pai’s perspective, we’re trying to think about the quality of the engagement, rather than focus on numbers. We’re also thinking about the synergy with the influencer; are our values aligned, for example, because that makes for a far more meaningful partnership.”*

To illustrate her point, Brown shares that she has worked with actors **Natalie Portman** and **Emma Watson** for many years, who were originally introduced to **Pai Skincare** via their make-up artists, and so the relationship began authentically without any commercial objectives. *“They’re the two big names we’re proud of and they have worked so well for us. They’re fantastically high-profile people, but above all, Natalie is vegan, they are both extremely ethical consumers, and Emma Watson is very interested in not putting synthetics on her skin. There is natural affinity, which is why these link-ups have stood the test of time.”*



## What impact is the rising generation of digital-born consumers, and their media consumption habits, having upon your business planning?

The need to be transparent and genuine, and therefore more mindful of the influencers and celebrities who we choose to work with	73%
Health and wellness, and sustainability, are issues that we now need to take very seriously	39%
We are recognising that they want to be part of the creative process	38%
It's creating a more level playing field for emerging, home-grown entrants to the market	27%
The audience is making our industry far more volatile	24%
We are still getting to grips with what this means to us as a business	21%

Figure 5

A further interesting finding is that **38%** of respondents say they are recognising the digital-born generation's desire to be a part of the creative process. This is a generation that doesn't want to be sold to in the traditional sense; instead they want to be involved in the brand story, and particularly if it involves issues that they're passionate about such as **cruelty-free**, or **vegan**. This ties in with a further survey finding that health, wellness and sustainability are all issues that beauty brands need to be taking seriously; a sentiment that **39%** of respondents agree with.

## focus on:

British company REN Clean Skincare very recently announced a collaboration with the Surfrider Foundation; a non-profit organisation dedicated to protecting our ocean and beaches. As a result of the partnership, REN has changed its brand slogan to "*Clean to skin. Clean to planet.*" It has already begun engaging a **wide range of talent** in Surfrider Foundation beach clean-ups throughout the US and UK, from micro beauty and lifestyle influencers such as Samira Radmehr and Paytom Sartain, through to A-list singer and songwriter Jessie James Decker, and authoritative beauty influencers such as Lucy Halperin.

REN has also announced its pledge to work towards zero waste by 2021, which will focus on all packaging, meaning that all unnecessary packaging will be removed, where possible packaging will be created to be re-usable in another form or re-fillable, and all packaging will be **100% recyclable**.

# Case Study

## How Estée Lauder missed its mark with attempting to target a younger audience, but hit the nail on the head with its Victoria Beckham edit

The **Estée Edit** was launched by parent company Estée Lauder in 2016 to target the millennial consumer. Sold in the US through Sephora and the brand's owned website, Estée Lauder placed its faith in social media powerhouses **Kendall Jenner** and **Irene Kim** to front the brand, to help it reach out to a younger demographic. However, despite the immense social media following of each of these influencers, The Estée Edit struggled to deliver on its projected **\$60 million** in first-year sales and folded after less than a year. Estée Lauder claimed it had decided to close the brand following its recent acquisition of several well-established millennial-targeted brands, such as Becca Cosmetics and Too Faced, each known for their devoted millennial fan bases. Yet the question remains, why two A-list influencers were unable to deliver sales for the brand? According to industry insiders, one of the fundamental mistakes the brand made was to try and sell The Estée Edit through Sephora, where the target social media audience wasn't necessarily shopping. But additionally, Estée Lauder fell into the trap of **believing that by throwing money at two recognisable names with big social followings, the investment would no doubt fly and deliver sales.** What it failed to do was

consider the attributes of these influencers in any great depth, nor the interests and engagement of their audiences, and ultimately the chosen talent were clearly a mismatch for the brand. It was also curious why Estée Lauder chose not to name the millennial-targeted line after its main ambassador, **Kendall Jenner**, when previously she had created a lipstick for the cosmetics giant, a limited-edition orange-red shade which bore her signature on the tube, which had proven an instant sell-out.

An article in Racked, for example, argues: *"Sure, some will argue that the elder Jenner sibling was the wrong choice to front a younger Estée Lauder line from the start; Jenner's said in interviews that she doesn't wear much makeup, after all. But if Lauder really did want to go the 'cool by association' route, it's hard to understand why it happily invested in a large, millennial-focused brand tied to the star's face and name, but stopped short of calling it, say, Kendall x Estée, or the Kendall Jenner Collection. Had Lauder gradually introduced individual Jenner-branded products — or even just one big collaboration with the model — the company's effort to court millennials would've likely been more successful."*<sup>6</sup>

Coincidentally, around the same time Estée Lauder teamed up with Victoria Beckham to launch an edit of the kind of products women would buy and then re-buy, representing the celebrity's first foray into make-up. **Beckham split the collection into four key looks**, each representing one of the cities she loved most.

The key difference between this and The Estée Edit was that Victoria Beckham was involved in **every stage of the creative process** and was even going to factories to see her range being made, while Kendall Jenner and Irene Kim had no such involvement. With Jenner and Kim there was no longer term strategic investment of the stars in the **millennial-focused brand**, while with the Beckham range, there was clear long-term strategic investment. The beauty industry agreed. As the beauty editor of Vogue wrote at the time, about the Victoria Beckham collection: *"All in all, it feels very her. A matt nude lip pencil — named Victoria — is a product you truly imagine she will wear every day, whilst even the tomato-hued Lipstick in Chilean Sunset looks exactly the kind of shade she'd choose for her ready-to-wear shows in New York. Fans of Beckham will undeniably love it, but fans of make-up will too."*<sup>7</sup>

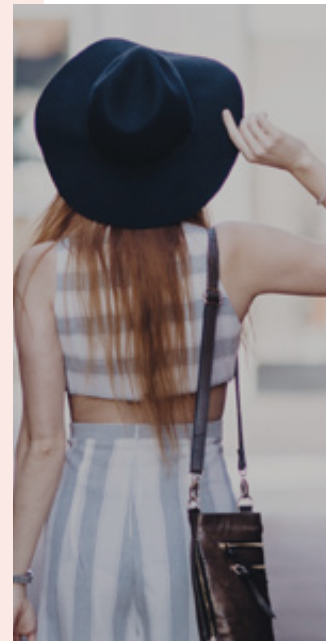
## 55% say influencers provide new and creative ways to get noticed

Considering the biggest ways in which influencers have impacted the beauty industry to date, more than half of respondents (55%) say they've provided new and creative ways to gain attention and build audiences (see Figure 6 below). Combined with this, a further 53% believe influencers have provided better exposure to real life examples of how products look and feel, through the content that they create. Beauty isn't the easiest sector to sell online, and for this reason online beauty retail still accounts for just 10% of the entire market.

*"Customers want to be able to try it, smell it, touch it, feel it and have a conversation about it before they buy, and this isn't very possible in an ecommerce environment,"* explains Anna-Marie Solowij, co-founder of BeautyMart. *"Due to the nature of the product, customers can't open a product and try it, and send it back if it disappoints, as it breaks hygiene laws and is not a resalable product. But influencer collaborations have had such impact because the content that they're creating is delivering something else entirely for the industry."*

The influencer movement has dramatically changed the beauty industry, creating new layers of transparency through its ability for 'real people' to tell a brand story, demonstrate product, and offer an honest and credible review. Furthermore, the ability to **target consumers** more accurately, largely through the array of **data and insight** available on an influencer's audience, is cited as the third most important way in which influencers have changed the industry, by 44% of respondents.

Kelly Marks, co-founder of Pure Public Relations, says: *"You have to be so specific, because an influencer's readers, viewers and market are so specific, whether that is to do with age, economics or passion points, etc. As a PR you need to be really careful how you're pitching each and every product. Going back a few years influencer marketing was far less careful, taking a bit of a scattergun approach, but you absolutely can't do that now."*



### What are the biggest ways that influencers have impacted the beauty industry?



Figure 6



## Social media promotion is top priority, for 76%

Within previous **Celebrity Intelligence**, and **Fashion & Beauty Monitor** surveys, social media promotion has consistently emerged as the top priority for talent-led collaborations. In the 2017 report, 'The Age of Social Influence', **92%** of survey respondents said that social media promotion was "critical" or "very important" within their marketing strategies, with **100%** of respondents claiming the approach was proving very effective. The fact that social media promotion also ranks top in **Figure 7** below, for **76%** of respondents, show this is a role that continues to hold importance.

Content creation and distribution, however, is steadily rising in significance, and **66% of respondents** cite this as a "critical" or "very important" role for the influencers and celebrities that they work with. The influencer space offers beauty brands a tremendous content opportunity. "Live content, such as Instagram Stories, is great because it's unfiltered and a segue into the brand experience," explains Jane Walsh, managing director of SEEN Group UK. "But brands also love to see static content that sits on a feed as it's there as a future reference."

### Expert view:

#### Cara Santana, actress, beauty influencer and founder of The Glam App

"Within the last five years there has been a major shift from brands dictating what they want their content to be, to saying we want your audience engaged in an authentic way, and so we want you to do what's best for your audience. For example, in one of my recent collaborations, the brand I was working with suggested I put together a video tutorial, but I pushed back and explained that my audience would be confused; I don't do video tutorials, my audience doesn't come to me to find out how I apply my foundation as they know that I don't do that myself and rely on makeup artists. The brand understood without question, which proved how important it is to have those conversations and let the brand know how to engage your audience in the most authentic way. In this particular campaign the brand also worked with a full spectrum of YouTubers, bloggers and celebrities, where each person was catering to a different demographic. I think it's smart for brands to take this layered approach and trust their influencers to dictate what content is going to sell and reach and engage their demographic, as after all, we know it best."

### What role do talent (influencers and/or celebrities) currently play in your marketing strategies?

Social media promotion	36%	40%	21%	3%
Content creation and distribution	28%	38%	28%	6%
Product launch	23%	36%	24%	17%
Product placement/gifting	22%	32%	30%	16%
Events	19%	31%	33%	17%
Product collaboration	18%	31%	31%	20%
Styling, photograph etc	16%	31%	30%	23%
Brand spokesperson	14%	32%	35%	19%
conceptualise creative campaign ideas	11%	25%	35%	29%
	Critical	Very Important	Quite Important	Not Important At All

Figure 7



# Case Study

## EOS 'Girls with Balls' campaign shows the importance of tapping into an influencer's network



US brand EOS, standing for 'evolution of smooth', needed a campaign to support its UK launch. Based on timings and logistical elements, an **influencer activation** plan was deemed to be the most relevant approach.

With lip balms at its core, in signature sphere-shaped packaging, EOS wanted the campaign to position the brand as delivering more than just a functional product, bringing delight to a practical everyday routine. *"We wanted to position EOS as an accessory to everything that you do. The feisty, fun, good energy philosophy of 'Girls with Balls' was really important to embody within the campaign,"* explains Jane Walsh, managing director of SEEN Group UK, who was responsible for developing the campaign concept. EOS gave careful **consideration to the influencers it wanted to partner with**, and settled on Maya Jama, Ella Eyre, Daisy Lowe and Danielle Peazer. *"They are all people who we believe embodied the philosophy of EOS, its values and the 'Girls with Balls' campaign, and they also had really great friend networks which we were able to tap into as part of the campaign,"* says Walsh.

The focus of the campaign was to generate great social content that embodied the essence of 'Girls with Balls', where product

was featured as the souvenir. *"It needed to be a true collaboration between influencer and brand,"* says Walsh. As a result, EOS decided to create an experience that was playful and fun, **where the chosen influencers and their friends would feel comfortable enough to create and share highly visual content.**

The campaign concept led EOS to take over four of the snow globes that appear on the **South Bank** in London at Christmas time, for one evening. Each of the globes were highly experiential, designed to embody an EOS lip balm flavour; for example, one was turned into a pink ball pool, while another featured a big silver disco ball. Within each pod there was a PR, the influencer, and her circle of invited friends.

A step and repeat board was set-up with a ballooned back drop that was reflective of the EOS lip balm balls. *"We made sure the four influencers had a brilliant synergy already; they weren't strangers to each other, they were friends. And so, the way they interacted in front of the cameras was energetic and fun. That wasn't unplanned, and as hoped, it translated into great content,"* Walsh explains.

What was particularly innovative about the EOS campaign was that it tapped into the influencers' personal networks, to hugely

extend the organic reach of the content being created. *"For the EOS influencers to be happy bringing their trusted friendship network into the environment, they needed to buy into the brand philosophy already. We also knew that the kind of content they would be sharing would be much more authentic and credible, if they were in a comfortable environment having fun. Consequently, it was far from a static and clinical setting, as so many campaigns are unfortunately. It's not enough anymore to expect an influencer to turn up, post, and walk away; instead there has to be an experience which is so valuable, and the new currency exchange."*

As a result of the evening, the influencers and their friends published **128 pieces of content**, largely across Instagram via Stories, and static images on-feed. *"What the stories did was give that first-hand view of what an EOS girl looks like and the philosophy of the brand; it was unfiltered and gave an honest insight into the brand experience,"* says Walsh. The campaign achieved a **social reach of 50m**. *"The halo effect through the influencers' network of friends was the real success of the campaign,"* Walsh shares. Additionally, a total of **178,000** likes were secured, and a **media reach of 260m**.



## *Instagram is the resounding channel of choice in 2018, as YouTube falls out of favour*

A significant finding of this study is that **Instagram is proving the most successful channel** for talent-led collaborations, for **78%** of respondents (see **Figure 8** below). Meanwhile, YouTube, a channel that has historically been prolific within the beauty segment, seems to have dramatically fallen out of favour, with just **7%** of respondents citing it as the channel that has worked best for them.

**Fabrizio Freda**, President & CEO of Estee Lauder, speaking at the WWD Beauty Summit last year, highlighted the rapid growth of Instagram, which has doubled its user base to **800 million** monthly active users in the space of just two years. *"We are shifting channels and preferences that are profoundly changing the industry. We aren't simply moving from point A to point B, change is flowing like the current of the ocean."*<sup>8</sup>

### **Which social media platform has been best for your company when working with talent?**

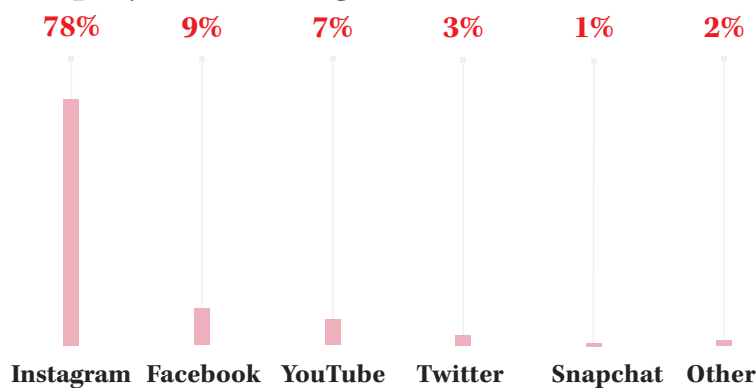
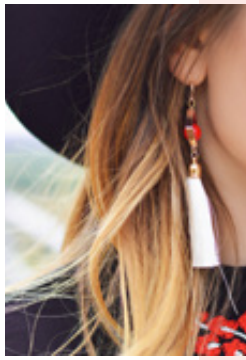


Figure 8

### **Expert view:**

**Anna-Marie Solowij, co-founder of BeautyMart**

*It's such a short-lived opportunity because it relies on something new and getting there first, but there's not enough 'new' to fill the size of the channel and demand for ever more information. YouTube nowadays is at risk of becoming unexciting and unengaging; it's just a problem solver. It lacks the inspirational halo of Instagram because it relies heavily on an influencer's fanbase for engagement, otherwise it's an unedited 'open mike' opportunity for anyone to show how (for example) they put their make-up on. Interestingly, Instagram users seem to be more self-policing; there's been a significant reduction of people posting pictures of their avocado on toast after it quickly became a cliché."*



## *57% say an influencer's audience is most engaged on Instagram*

It seems that Instagram's favour is based on its ability to deliver the highest levels of engagement; a view supported by **57%** of respondents (see **Figure 9**). According to one industry study, Instagram has an average **3.21%** engagement rate (compared to **1.5%** across all social networks).<sup>9</sup>

Another study by Socialbakers found that celebrities have four times as much user engagement on Instagram than they do on **Facebook**.<sup>10</sup> Reasons for this might be that the channel demands a shorter attention span than **YouTube**, engagement is quick and easy, and there can be a more direct call to action through Shopping on **Instagram**.

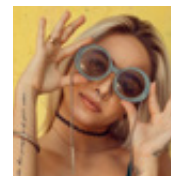
Additionally, **21%** of respondents say Instagram's **content formats are the best fit** for their products and brand. Yet it seems the ROI of this channel is still to be proven, with just **5%** of respondents making this claim.

### **Expert view:**

*Megan Falconer-Taylor, director of product at Celebrity Intelligence*

*"We have entered a more considered age of influencer marketing where beauty brands are looking for stronger metrics across each social media platform, to help them differentiate between the influencers and celebrities who are achieving the highest levels of engagement, and ultimately delivering the best ROI. When collaborations are well thought through, and content is meaningful and authentic, there is the potential for influencer marketing to deliver ROI that easily surpasses traditional forms of advertising."*





## Why has Instagram been the best platform for your monetisation?

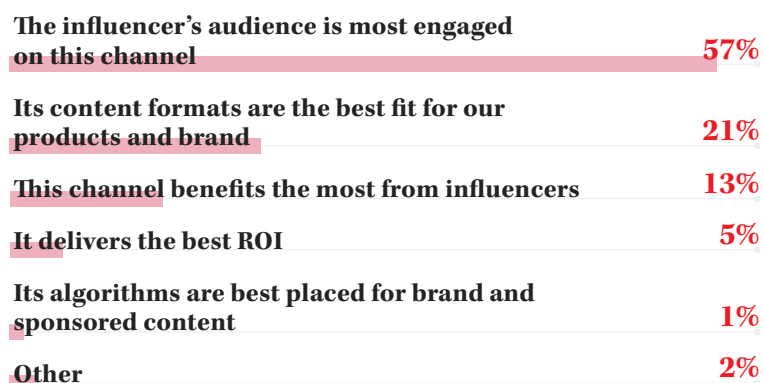
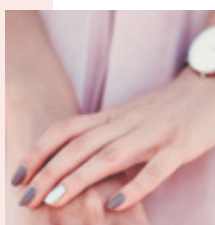


Figure 9

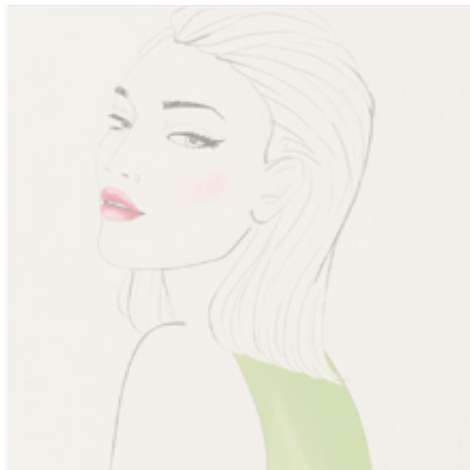
## Expert view:

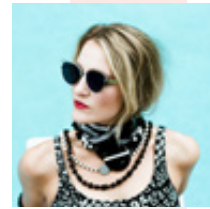
*London-based blogger, Chris Burt-Allan, who runs A Stylish Man*

*"Instagram is my favourite social media platform. It's very explorative and has many facets, it can be a current affairs newsfeed, professional network, mental escape, source of comedy, bonding mechanism, inspiration, voyeuristic delight, and portfolio... it can provide a lot of value!"*



# The *new rules* of talent identification





## *67% are taking a data-led approach to talent identification*

Encouragingly, when it comes to researching the ‘best’ digital influencers or celebrities to work with, just over **two-thirds** of survey respondents say social media analytics, including audience insights and engagement metrics, have proven the most useful (see **Figure 10**).

This is a clear indication of market maturity; beauty brands are no longer relying on gut instinct or selecting a pretty face of the moment and are instead taking a more sophisticated, data-led approach to the selection process. Not only are they looking at how well an individual is performing in terms of **engagement** and influence, but they are also considering **audience insights** to judge whether the **talent’s following is the best fit** for their brand.

There’s little doubt that the consumer’s desire for **authenticity** and **credibility** within brand collaborations has been a key driver of this move towards a more data and insights-led approach. Another key finding is that more than **40%** of respondents are also looking at the **core values** and **persona** of an influencer, including their passion points and ethical views, as well as their areas of expertise, talents and interests.

Jane Walsh, managing director of SEEN Group UK, shares: *“We believe that finding the right voice is the most important thing, as it’s what delivers the most credible, relevant and authentic content to the consumer. While there is a definite need for quantitative data, such as how many followers an influencer has, where their audience are based, etc; for us it is more about making sure they have true relevance with their audience. So, we are trying to deep dive into metrics to ensure we deliver and get near the KPI of reach, but ultimately it’s really about being sure we have the right voice that delivers the engagement and credible content that consumers are craving.”*

Kelly Marks, co-founder of Pure Public Relations, also stresses the need for there to be existing affinity and engagement with the brand. *“We like to work with people who we have a good relationship with. We look to see which influencers have supported the brand previously, without demanding financials, on the basis that if they are happy to write about a product, we know they like it and are already interested in the brand,” she explains. “It’s also about looking deeply at the brand and the product, who it is marketed to, which retailers sell it, its price point, etc, as all these things make a difference. So, it is quite a lengthy process to find the right people, who will say the right thing. You get a feel for them as individuals, and you can look at their engagement and the sorts of things their audience are saying.”*



### Expert view:

*Male influencer, Alexander Atkins, founder of Mr Essentialist*

*"I believe it's important to collaborate with people and brands you actually love. I decline 90% of offers, mostly because I only post things I actually use and wear. It's key to be real with your following."*

### Expert view:

*Cara Santana, actress, beauty influencer and founder of The Glam App*

*"Brands are really able to hone into an influencer's audience, and their ability to market a product. This is creating accessibility in an international way for a brand's products to be marketed."*

*"Even in the US, the way someone does their makeup in Texas will be totally different to how someone does their makeup in New York, or LA. So, you have obvious differentiators in different markets, and that's why it's so important to have influencers talking specifically to the region where they have influence and an engaged following. For brands who get this international piece right, it's really changing the way ecommerce beauty works."*

## When you are identifying talent to work with, what information has proved most useful in finding the right fit?

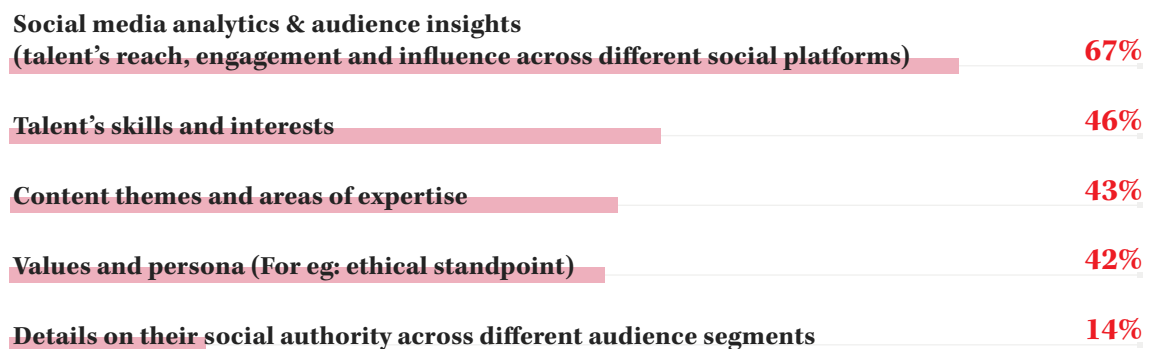


Figure 10



## Digital influencers are the most popular choice of talent for the beauty industry

A critical finding of the survey is that **digital influencers are by far the most popular choice** for beauty brand endorsements and commercial collaborations. As **Figure 11** below illustrates, an unequivocal **84%** of respondents say they have worked with digital talent most over the past **12 months**, compared with just **33%** who have worked most with film actors, for example. This is a game-changer in an industry that has historically been fronted by recognisable models, singers and actors particularly.

Sarah Brown, CEO of Pai Skincare, shares: *"With celebrities, so many are tied into commercial contracts, and they can be really hard to reach. We do it in a roundabout and indirect way, through their make-up artists mainly, but this can be very hit and miss. When it works, it works brilliantly, so it's worth being patient with. It can really gather momentum, and we can get great organic cut-through. But with influencers, they are far more accessible, and the results can be much more immediate."* To consider the digital talent perspective, beauty influencer, Gary Thompson, also known as The Plastic Boy, says *"celebrities just aren't relatable anymore; people want to hear from real everyday men and women. Celebrities have the money to achieve flawless skin and the best look, but that's just not accessible. I see the influencer trend evolving with brands asking influencers to help behind the scenes with product development, such as developing shades for deeper skin tones, and even consulting on brand to help them produce products that are needed by consumers. Influencers know what today's audience want and brands are aware of that, so why not go direct to the source."*

Thompson points to a recent collaboration between makeup vlogger Jackie Aina and Two Faced, where she was brought in by the brand to help extend the shade range of its best-selling **Born This Way Foundation**. Aina has long been a proponent of diversity in beauty, often responding to outrage in the industry over the lack of colour representation within product lines. Through the partnership, she has helped Two Faced to produce over **15 new shades** for deeper skin tones. *"In doing this, Two Faced have just made their market more accessible for everyone,"* says Thompson.

### Which types of talent have you worked with in the last 12 months?

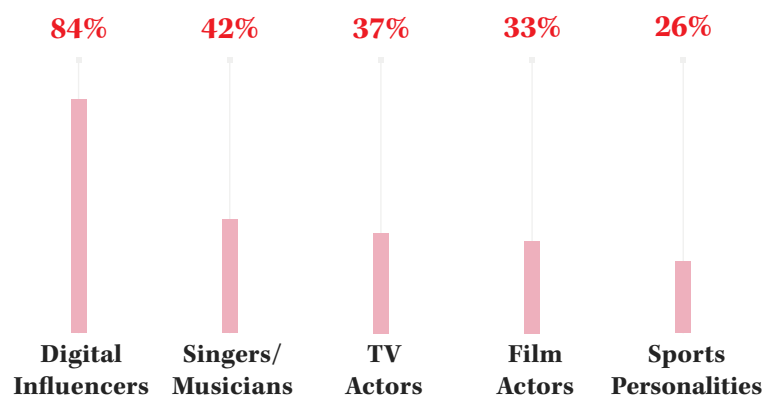
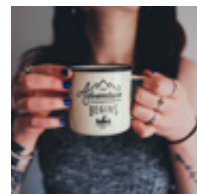


Figure 11



## *83% say digital influencers will be most relevant for future endorsement work*

The shift away from celebrity, in favour of digital talent, seems one that is here to stay, and **83%** of survey respondents say that looking ahead to future collaboration opportunities, digital influencers will continue to be the most relevant (see **Figure 12** below).

**Thinking about upcoming endorsement work you have planned, which types of talent would be the most relevant to your particular strategy?**



Figure 12





## Female niche and mid-tier digital influencers are in highest demand

Exploring the digital influencer group in more detail, **86%** of survey respondents say they have worked with female, niche influencers over the past **12 months**. The beauty sector has been very **disrupted by indie and natural beauty brands** this past year particularly, who are often championing organic, vegan and sustainable causes. **Niche** influencers, with few pre-existing commercial ties and known for living and breathing the issues they write about, are often a **perfect fit** for such campaigns.

Sarah Brown, CEO of Pai Skincare, confirms this point. *"We are here to help people with sensitive skin, we feel passionately about that, and if we're part of the solution, and help fix something in someone's life, these individuals are going to talk about you and share your story in their personal network, write reviews and tell their friends,"* she shares. *"That's a really profound influencer that should never be forgotten or ignored. Niche influencers can be incredibly **powerful ambassadors**, and these are the ones we're placing more and more focus on."*

Female micro-influencers are also a popular choice, for **74%** of survey respondents. Jane Walsh, managing director of SEEN Group UK, says *"the rise of micro influencers is no surprise as while they might just have 5,000 followers, the engagement of those followers is absolutely key, and actually the majority of those 5,000 will comment and re-share, and ultimately drive purchase. Meanwhile influencers who boast a massive reach, often do so because they are now known for more than their beauty expertise and have become more of a lifestyle ambassador, and so their audience might not be following them specifically for their beauty content."*

A notable finding is that **male influencers** appear far **less popular** than female talent; a trend that was also observed in *'The New Face of Luxury'* report published last year by Fashion & Beauty Monitor.

### Which digital influencers have you worked with in the last 12 months?

	Female	Male
Authoritative ( Expert representative of an industry body, journalist/editor etc)	74%	26%
Niche influencers ( for example, organic beauty, gluten free etc)	86%	14%
Micro-influencers (under 100,000 followers)	74%	26%
Mid-tier influencers (100k-1m followers)	76%	24%
Top tier/alpha influencers (1m+ followers) with a global reach and presence	73%	27%

Figure 13



## *How beauty marketers are working with talent across different categories*

### *Film actors*

In the actor category, **female niche** and **emerging film actors** are proving slightly more popular than well known, **A-list stars**. Arguably this is indicative of the growing number of beauty brands who are wanting to **differentiate themselves** from the big, established players, opting for a lesser-known, unorthodox face to front their brand. British brand, **Illamasqua**, is a good example of a beauty business that has shied away from conventional looks, and particularly in terms of the talent it has chosen to collaborate with.

Founded by **Vivienne Westwood's son, Joseph Corre**, who had made his name previously co-founding lingerie company Agent Provocateur, the Illamasqua brand exhibits a passion for all things subcultural and theatrical. Its brand values are based on the right to experiment and self-express, breaking down gender and race barriers particularly; messages that wouldn't resonate authentically with the typical Hollywood star, for example. Instead it has collaborated with a range of edgy influencers such as the self-proclaimed 'gender capitalist' model Rain Dove, and also with British model and influencer **Harnaam Kaur**, who due to a hormone imbalance was bullied from a very early age for her facial hair. As part of her campaign with Illamasqua, she wrote a letter to her younger self about the struggles she has faced throughout her life relating to self-image, and self-worth, and the letter quickly went viral.<sup>11</sup>

Looking ahead, **70%** of survey respondents say that aspiring female actors will be most relevant to their talent strategy moving forward, within the film actor segment. Without question, budget is a big factor within this. A-list film actors are commanding phenomenal sums of money which many beauty brands can't afford.

For example, actress Selena Gomez reportedly charges **\$550,000** per Instagram post, while Cara Delevingne is slightly cheaper at **\$125,000** to **\$300,000** per post.<sup>12</sup> Aspiring actors present a more affordable and accessible opportunity, for indie beauty brands particularly.



## *TV actors*

**Female reality** TV stars are the most popular segment of TV talent right now, with **76%** of respondents saying they have worked with this group in the past **12 months**. One might argue that despite their presence across mainstream media, those from reality TV backgrounds remain more accessible than TV actors, often also giving higher priority to the maintenance of social profiles. Looking ahead, female reality TV stars seem likely to hold their position of strength for forthcoming endorsement opportunities.

## *Singers/ Musicians*

In the music sector, female artists are by far the most popular choice currently, voted for by **91%** of survey respondents. The relevance of female singers and musicians, above male, is also a trend that survey respondents say will continue.

## *Sport*

Interestingly, sport is the only category where **male influencers dominate over female**. However, moving forward, the dominance of male influencers may soon be threatened by female sports personalities rising in relevance.



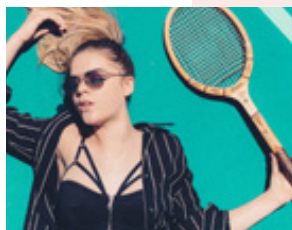


## *93% of the beauty industry say having a relevant audience is more important than number of followers*

A key indicator of market maturity is that **93%** of survey respondents say that having an audience following that matches the brand is “critical” or “very important”, when it comes to the attributes that they’re looking for most in talent. This compares with the **77%** of respondents who rank having a sizeable social community and online following as “critical” or “very important”; an attribute that previously would have been of utmost importance, maybe up to a year ago. A leading factor within this shift is that brands are looking more at audience insight data than in previous years, as indicated in the survey findings above. Having the right look for the brand is also rising in importance, with **80%** of respondents citing this attribute as “critical” or “very important”.

**Lauren Spearman**, digital manager at **Benefit Cosmetics**, agrees that follower count is less important than engagement when seeking out an influencer to partner with. “*We have blacklisted influencers who may have hundreds of thousands of followers because their tone of voice has been off, they never reply to audience comments or are occasionally aggressive – it wouldn’t be worth our time getting involved,*” she shares.

Gary Thompson, also known as **The Plastic Boy**, shares that “*when working with brands I always make sure that I either love the brand or the product suits my market, and it’s something I would actually use. It’s so easy to accept paid work for a product you actually would never use, but it would be incredibly fake to do so. I think a big way to show meaning and authenticity is that your followers actually know, just by looking at the campaign, that it is totally you. I would only work on something that I know would benefit someone else and is going to work for everyone. You have to talk about this campaign even when the company isn’t asking you to do so. For example, I love NARS so much that I have bought their products for years and years, and only recently has the brand reached out to me to attend events and collaborate with them.*”





### Which attributes must the talent you are looking to work with have?

Has an audience following that matches the brand	55%	38%	6%	1%
Has the right look for the brand	36%	44%	16%	4%
Boasts a sizable social community and online following	25%	52%	22%	1%
A thought leader and active participant in discussions that relate to beauty	23%	41%	24%	12%
Popularity - global celebrity status	21%	32%	28%	19%
Share of voice, has a high degree of participation in beauty	19%	45%	24%	12%
Already a fan/customer of our brand	17%	34%	38%	11%
Industry knowledge/expertise	15%	43%	30%	12%
	Critical	Very Important	Quite Important	Not Important At All

Figure 14

### Expert view:

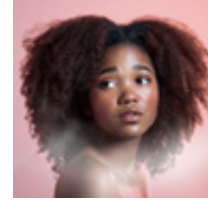
#### *Anna-Marie Solowij, co-founder of BeautyMart*

*"Alessandra Steinherr, who is beauty director of Glamour magazine in the UK, and an influencer in her own right, is very close to her followers. She communicates directly with them, and conveys the sense of someone knowledgeable who is in touch with her followers on a real level. She's always careful to manage her personal brand and make sure that what she does is genuine."*

*"She recently collaborated with Estée Lauder for its Advanced Light Repair Cream, and having been a long term user of the product, all the way through her career, the campaign felt incredibly real. She was writing about the product before she was paid to have the relationship with the brand, so there's that credibility, and genuine affinity there. Nowadays if the credibility is lacking, it is very noticeable."*

# Measuring success, and quantifying **ROI**





## *For every £1 spent on influencer marketing in 2017, brands secured an average ROI of £8.81*

Measuring the **ROI** of **influencer** and **celebrity** marketing has been an inherently difficult task for beauty, but also for all other industries too. It has the potential to deliver much **higher ROI** than more traditional forms of digital marketing, and according to a Nielsen study up to **11 times over other forms of digital marketing**.<sup>13</sup> But driving purchase isn't always the primary objective of talent-led marketing; very often the focus is softer objectives such as increasing brand awareness and boosting engagement, for example, which can make ROI far more complex to measure.

However despite this, according to survey findings, in 2017, for every **£1 spent** on influencer marketing, brands received an average return of **£8.81**. Breaking this finding down by territory, in the US only, brands say they secured an ROI of **£12.26**, which is approximately **40%** higher than the average. While in the rest of the world, the average ROI fell to **£6.17**, which is approximately half the US average.

The discrepancy in figures could indicate a few possible scenarios, but probably the most likely is that influencer marketing is better established in the US, and therefore a year or two ahead of the rest of the world in the ROI that it is delivering. However, not to be ignored is the lack of industry standards or framework for measuring the ROI of talent-led marketing, and so these figures cannot accurately be compared like-for-like.

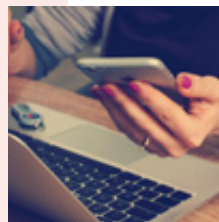
### **Expert view:**

*Jane Walsh, managing director of SEEN Group UK*

*"One of the biggest challenges for us and the industry is how you showcase true ROI in this environment, as there still isn't one utopian tool to deliver this intelligence. So, for example, while you can understand the EMV score [Emotional Marketing Value], you could have a strong EMV but it could be a negative piece of content as the metric doesn't look at sentiment; and equally you could have a really high reaching piece of content but no engagement; so there are still a number of flaws with showcasing ROI."*

*"Affiliate codes can help with tracking content back to sales, which of course brands want to see. But where it gets particularly tricky is when you have a brand with a lot of marketing activity going on at the same time, above or below the influencer campaign, and so to establish who is specifically driving success is very hard to quantify."*

*"We're looking at how we can evolve really competitive benchmarks and KPIs for our influencer content, and also how we can truly and credibly prove that a campaign was successful. Of course, there's a lot of gut instinct involved, but you need the analytics to live alongside that."*

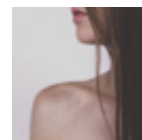


## *82% of beauty brands are using social media engagement figures as a measure of success, above traditional metrics*

Drilling deeper into the metrics and data that beauty brands are using to measure success, a standout finding of the survey is that **82%** are primarily **relying on social media engagement** figures, while just **50%** are looking at press coverage received off the back of a collaboration. This is the first time, within a **Celebrity Intelligence** report, **that social media data has overtaken traditional column inches**, and is therefore a clear indicator of market maturity within the beauty segment. In last year's report, 'The Age of Social Influence, for example, **62%** of respondents said that press coverage received off the back of a celebrity collaboration was their primary gauge of success.

Column inches are clearly still important within the fashion industry, and Kelly Marks, co-founder of Pure Public Relations, confirms *"there are plenty of magazine editors who still want to write about celebrities and beauty influencers, and this can still give a product certain credibility... Print still makes a massive difference. Sunday Times Style, You Magazine...they are still generating a lot of sales for beauty."* **But it's a sign of the times** that social media metrics have finally surpassed traditional ones.

Additionally, almost half of respondents (**46%**) say they are turning to revenue generation as a measure of success. Drawing a direct link between celebrity and influencer marketing and product sales, can be difficult, and this is further complicated by the fact that the path to purchase within **influencer marketing** is rarely straightforward and instant. But without question, beauty brands are recognising the ability of digital-talent particularly to drive sales.







## focus on:

### *Influencer Marianna Hewitt's debut beauty line is an instant sell-out*

When US TV host turned influencer, Marianna Hewitt, launched her own natural beauty line, 'Summer Fridays', in **March 2018**, her debut Jet Lag Mask sold out almost instantaneously. Despite the **\$48** premium price point, Hewitt was careful to ensure it still had mass market appeal. Without doubt, her **influencer status** helped to make the product an immediate hit; beauty editors raved about it and Instagram was flooded with glowing reviews. *"We figured out a way to be Instagram-y but still unique,"* says Hewitt.

Speaking to Observer, Hewitt shares, *"for so many years, my followers and readers have asked me so many questions; they acted like a default focus group. When it was time to formulate, I knew exactly what they were looking for."*

*"I used to be just a blogger or just a YouTuber; now it's my job to be an influencer in general. I knew from partnering with brands that I could sell products and I knew that brands were hiring me to create content or to consult with them doing social. They were always picking my brain about something, and I started to realise that just because people worked at a big company didn't necessarily mean they knew more than someone who is out in the field, like an influencer."*<sup>14</sup>

### How do you measure the success of a campaign where talent have been used as part of the strategy?

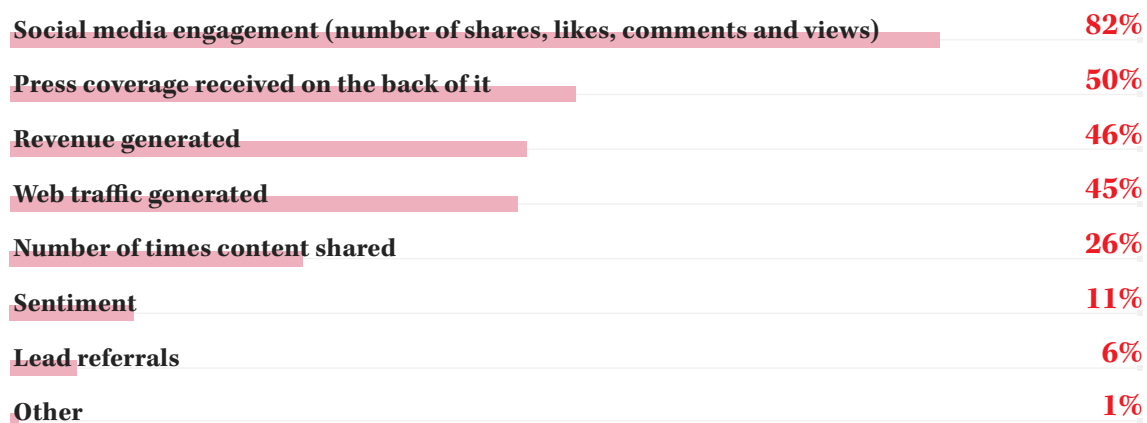


Figure 15

## 52% are using platform-specific metrics for measuring ROI

As one might expect, 77% of respondents say the most popular source of data for demonstrating the **success of influencer marketing** currently is their **web analytics**. However, sitting below this, just over half (52%) of professionals questioned say they are using platform-specific metrics, such as trackable links available through Shopping on Instagram. Furthermore, 38% say they are including trackable attribution links within the content that their influencers or celebrities are creating. This is a clear sign of progress, and as the use of such tactics becomes more prevalent across the industry, it will help to shed light on the ROI piece. Survey findings point to there being much room for progress when it comes to measuring the **sentiment** of talent partnerships, as both **Figures 15** and **16** illustrate. Without the right specialist tools in place, this can be a tricky thing to track, but it is certainly possible. **Sentiment** can help to bring much greater depth of analysis to how successful an influencer collaboration has been.

### Which of these tools/metrics do you use to measure ROI?



Figure 16

## Influencer marketing is effective, for 98% of beauty brands

Despite some difficulties with measurement, 98% of respondents overwhelmingly support the view that the beauty industry is working effectively with **digital influencers**, compared to other industries. Beauty and influencer marketing have always seemed to have natural affinity. As one survey respondent puts it in an open question: *"Beauty has been effectively leading and shaping the way brands work with digital influencers since the conception of influencer marketing. I also think that beauty is such a natural product and topic for influencers to discuss, more so than other brands or products that they might not use as frequently in their everyday lives. Beauty lends itself to seamless authenticity."*

### On the whole, how effective is the beauty industry at working with influencers compared to other industries?

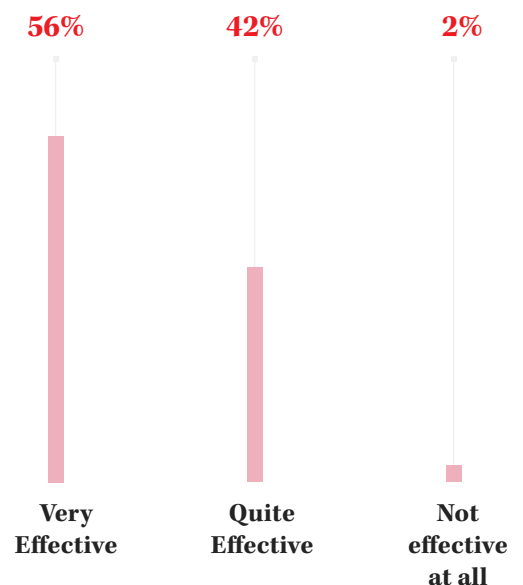


Figure 17

### Expert view:

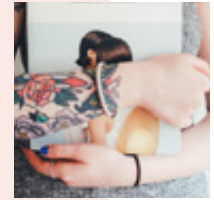
*Anna-Marie Solowij, co-founder of BeautyMart*

*"When we receive a successful piece of coverage, be it print or digital, it's always a combination of the right person writing about the right product, in the right place. Those three things have to be lined up, like a slot machine. Combining the right person with the right product in the right place, i.e. talking to the right audience, is very difficult. It's a constantly moving target as well."*

## 80% say influencers are pivotal in influencing the opinions and buying decisions of millennial customers

A continuing trend throughout the survey findings is the role millennials and digital natives are having upon beauty marketing strategies, and as **Figure 18** below illustrates, **80%** of respondents *“strongly agree”* or *“agree”* that influencers are pivotal in influencing the opinions and buying decisions of these consumer generations. Additionally, **83%** of respondents believe influencers are pivotal for making beauty trends, looks and products “cool” to millennial consumers. However, as the industry matures, some brands are recognising the need to be mindful of a consumer’s life stages, within their longer-term influencer marketing strategies. Anna-Marie Solowij, co-founder of BeautyMart, shares that her product lines are available online, as well as in **TopShop**, and her customer base is 14 years upwards, including women in their **50s**. *“So the demographic piece goes out of the window,”* she explains. *“Brands are noticing that traditional demographics simply don’t apply anymore. In beauty, it’s not about how old you are, but more about your taste, style, your ethics, what you enjoy, what you want to do...and so psychographics are far more important. The ageless umbrella is going to start to become be more important, and how you stay relevant over a long period of time will relate to the influencers you’re using to promote your brand. It’s the only way brands will survive long term.”*

Another significant finding is that **68% of respondents believe the beauty industry has a natural fit with influencers**, that most other industries do not have. This belief is echoed throughout the survey findings, and survey respondents were extremely vocal about why they believe this to be the case. One individual wrote: *“There’s generally a higher level of social engagement when it comes to beauty. We can see high conversion rates when the right person recommends a product or range, compared with traditional advertising.”* Another commented: *“Influencers give the consumer a first-hand look at how beauty products work for them, and it’s almost equal to having a friend tell you to try this product. Influencers in this space are very believable which makes it easier to sell the beauty product.”*



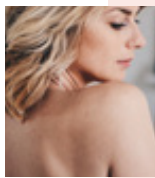
### To what extent do agree with the following statements?

Influencers are pivotal for influencing the opinion and buying decisions of millennial consumers	25%	55%	15%	4%	1%
Influencers are proactive in working with brands to navigate rules around sponsored posts and campaigns	10%	43%	32%	13%	2%
Disclosure rules and guidelines reduce organic reach and make it more difficult to work with influencers	11%	31%	40%	15%	3%
Influencers are pivotal for making beauty trends and products look “cool” to millennial consumers	29%	54%	11%	4%	2%
The beauty industry has a natural fit with influencers that most other industries do not have	30%	38%	25%	6%	1%
	Strongly Agree	Agree	Neither Agree or Disagree	Disagree	Strongly Agree

Figure 18

# *The challenges* beauty brands face





## 54% say identifying the right influencer to work with is the biggest challenge

As **Figure 19** below reveals, more than half of survey respondents say identifying the right influencers to work with is an ongoing challenge for the beauty industry. There's no doubt this is largely attributed to the finding above that **58% of respondents say they are still searching manually for influencers and celebrities.**

As the market matures, brands who invest in specialist research tools and databases will be able to evolve their identification process dramatically. Having the ability to access intelligence and insights that relate to the suitability of an influencer, and their audience, is critical in **ensuring relevancy** and **longer-term success** within a collaboration. The digital-talent market has become so saturated that it's no longer realistic to go with gut instinct, or what's hot and trending.

### Expert view:

*Megan Falconer Taylor, Director of Product at Celebrity Intelligence.*

*"To remain relevant, brands need the latest insights and data to hand, when it comes to seeking out new talent relationships."*

*"Trends in the digital influencer space shift rapidly, and this is impossible to keep on top of through manual research. As brands strive to deliver authenticity and meaning within their talent-led collaborations, it's crucial that they're drilling down into audience insights particularly to ensure they have a credible reason to be playing in that particular space."*

### What has been the biggest challenge in working with influencers for the beauty industry?



Figure 19



## *52% find it a challenge to ensure the collaboration is meaningful and authentic*

More than half of survey respondents are honest in admitting that they still find it a challenge to ensure their collaborations are meaningful and authentic. While many significant factors come into play here, experts interviewed for this report point to the **over-commercialisation** of the space, and how the escalating budgets being demanded by digital-talent and celebrities alike are corrupting the perceived sincerity of their content.

*"I believe there is soon to be fatigue of #sponsored #ad,"* says Jane Walsh, managing director of SEEN Group UK. *"Influencers were the authentic voice and back in the day there was no skew; their content was personal opinion, and they weren't accountable to anyone other than their fans. But now they are a mainstream form of media, the constraints of advertising has now started to infiltrate. So, the need for influencers to be as authentic as possible, presenting the content as a genuine recommendation, versus one that has been pushed and paid, is really important."*

## *32% admit they struggle to build long-term relationships with influencers*

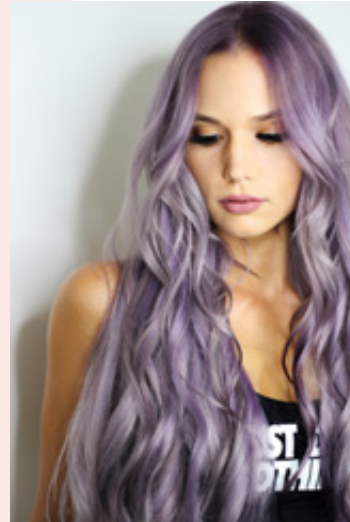
Almost one third of survey respondents say **building long-term relationships with talent is a challenge**. While long-term celebrity endorsements were historically the norm within the beauty industry, the rise of **digital influence** has turned this model on its head. To refer back to **Figure 3**, just **6%** of respondents said they were working with talent as part of a long-term contract, and this is arguably where the problem lies.

Beauty had been too busy experimenting with one-off or shorter-term contracts and collaborations, that is has gradually moved away from the long-term influence model. Much of this is budget related, with brands only being able to afford short-term work, but for influencer marketing to be sustainable, this is a trend that needs resolving.

### **Expert view:**

#### *Kelly Marks, co-founder of Pure Public Relations*

*"A celebrity endorsement can have long-term influence, but with a digital influencer, a one-off post can be quickly dead in the water. An Instagram post has a shelf-life of two to three days. Influencer marketing has over cannibalised itself, because everything moves so fast. If you were to look at an influencer's Instagram profile for example, in any 24 hours they may have talked about 20 different beauty products, so where are you? As the person who's meant to be being influenced by this person, you don't know what to do. It's where digital influence has got confused. The influence is too short-lived to have any long-term benefit. "Working with influencers has to be a long-term program, but to work with them in this way means that it's going to be expensive."*



## *Measuring ROI ranks as the third greatest challenge, for 46%*

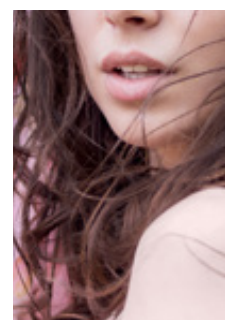
Despite the array of social media and analytics data available, **46%** of respondents admit they still find it a **challenge to demonstrate the ROI of an influencer collaboration**. Measuring success has consistently emerged as an area of concern in previous **Celebrity Intelligence studies**, and as the previous section of this report reveals, this is largely due to confusion and lack of awareness of the tools and metrics available. Moving forward, the challenge for the beauty industry is to not only set clear objectives for their talent partnerships, but also work together to forge a standardised **ROI framework**, which will help to set a benchmark for what's 'good'.

### **Expert view:**

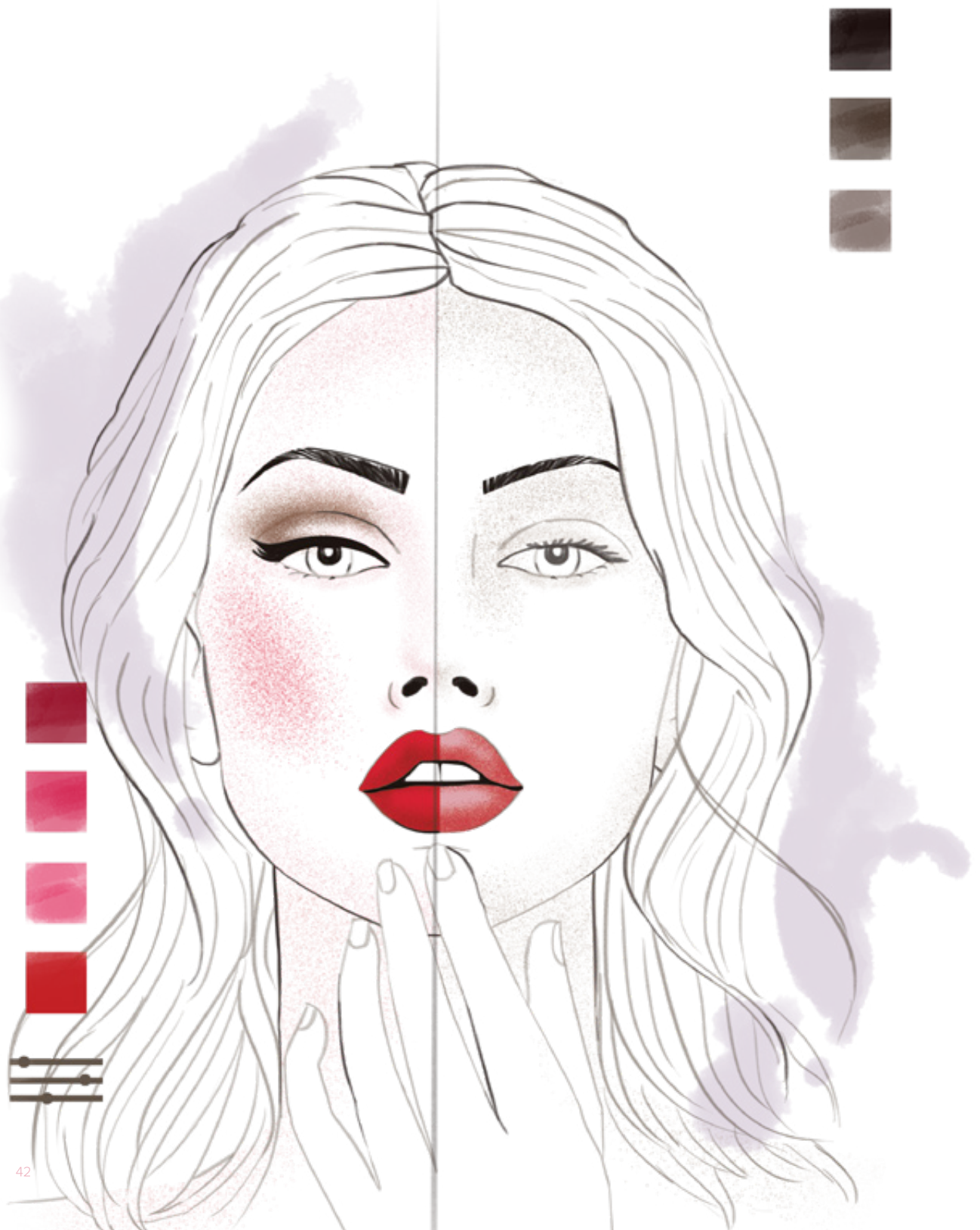
#### ***Sarah Brown, CEO of Pai Skincare***

*"In all honesty measurement is incredibly hard to do. Particularly in the commercial contracts that we've had with higher tier influencers, the sales can be slow to follow and so if you measure by sales alone, there's a question mark over ROI. There are other considerations like is it building brand awareness, but that is just so hard to measure. So, we tend to look more at comments than likes. It's about what's being said, more so than the numbers."*

Among the experts interviewed for this report, there was also some consensus that **sourcing performance** data from influencers can be an issue. Jane Walsh, managing director of SEEN Group UK, shares: *"A lot of the data is manual, so you can ask an influencer to check how many people saved their story, looked at it, etc, but that's not public information. It needs to be a conversation that you have upfront with the influencer, asking them to help quantify success, but that's a sensitive conversation to have and the relationships need to be in place for it."*



# *The future:* five trends the beauty industry can prepare for



# 1 Augmented Reality is coming

Over the past couple of years, **massive technological developments** have taken place within the beauty industry, and particularly those that make use of **artificial intelligence (AI)** and **augmented reality (AR)**. These changes have been driven both by consumers' tastes and habits evolving, as well as by the giant leaps that have been made within the technology itself. As **Figure 20** below reveals, **95% of survey respondents believe AI capabilities will be adopted at scale** within the beauty industry over the next two to five years, and **91% see AR truly taking off over the same timescale**. The potentials for such technology are

limitless, but in particular, reflective AR which enables consumers to visualise make-up and hairstyles within an **AR-powered mirror**, through **3D facial tracking** and colour rendering, is a hot topic within the beauty industry at present. For example, in the US, beauty retailer Sephora's entire lipstick collection, incorporating **3,000 different shades**, can be accurately tried out via such technology before a trip to the store. The rendered image is beautifully realistic because in addition to the shade it considers the chemical composition of the product, the sheen finish, etc, to ensure the product is portrayed entirely accurately.

## When can we expect the following innovations to be adopted at scale in the beauty industry?

<b>AI powered conversation &amp; personalisation campaigns across email, social</b>	<b>65%</b>	<b>30%</b>	<b>5%</b>
<b>Remote 1-to-1 beauty consultations using mobile video &amp; AR</b>	<b>61%</b>	<b>31%</b>	<b>9%</b>
<b>Custom-made products</b>	<b>58%</b>	<b>31%</b>	<b>11%</b>
<b>Augmented reality at scale for make-up discovery</b>	<b>58%</b>	<b>34%</b>	<b>9%</b>
<b>Bespoke beauty solutions based on customer's DNA</b>	<b>32%</b>	<b>42%</b>	<b>27%</b>
	<b>2 Years</b>	<b>5 years</b>	<b>10 Years</b>

Figure 20

## focus on:

### *L'Oreal acquires Modiface, a major AR beauty company*

In March 2018, **L'Oreal** acquired **Modiface**, a company that's taken the lead in creating many custom augmented reality beauty apps and desktop experiences for brands such as **Sephora** (mentioned above) along with **Benefit's** perfect brow-finder app, and others for **Estée Lauder**, **Jane Iredale**, **Unilever**, **Honest Beauty**, and many more. The sale included Modiface's numerous patents for all of the brands it supports. L'Oreal has partnered with Modiface many times over the past decade, and recently for the launch of its **Style My Hair** mobile app, which lets users experiment with different hairstyles and colours, for which Modiface manually annotated **22,000** facial images to create the experience. Given that so many beauty brands have relied on Modiface to launch their **AR apps**, the acquisition gives L'Oreal a major competitive advantage in the technology space.

According to reports, Modiface will fulfil its existing contracts with other companies, but it will focus on creating digital experiences for L'Oreal's **30-plus brands** going forward. **L'Oreal has been an early adopter of technology innovation** for quite some time, and as part of the build-up for Alibaba's 11.11 Global Shopping Festival, it recently rolled out several cutting-edge technologies to engage with Chinese customers, both online and offline. For example, utilising **Alibaba's** augmented-reality technology, it installed an interactive Magic Mirror at its Shanghai, Wuhan, and Changsha boutique shops and several pop-up stores. With it, visitors can virtually experiment with different shades of make-up by simply looking into the screen and tapping on a selection of hues that appears at the bottom. Once they find a colour that suits them, they can order the product there and then from L'Oreal's flagship store on **Tmall.com**, and the product will be delivered straight to their home.

## 2 A large community of influencers will be “critical” for 52%, in five years’ time

The rise of digital talent has happened in a relatively short space of time, but according to survey findings, having a large community of influencers, ambassadors and fans will be just as critical in five years’ time, according to **52%**.

How this will play out exactly is up to debate, and experts interviewed for the report expressed varying perspectives. Anna-Marie Solowij, co-founder of BeautyMart, talked of **influencer power shifting back towards the anonymous consumers with influence, who haven’t been contaminated by commercial objectives**. *“There are perhaps people out there who are knowledgeable and have expertise in this sector, but who have no desire to be famous, and who don’t want to maintain a social profile 24/7. Maybe we will see the scales tip back in favour of real people,”* she argues. Kelly Marks, co-founder

of **Pure Public Relations**, believes the influencer marketing space is heading towards a **big shake-up**, which will help to bring it back to what it was originally meant to be about. She explains, *“over the past 10 years we’ve witnessed this incredible rise of digital influencers, and I think in some respects it’s already starting to tail off along with the whole raison d’être of digital influence.”*

Currently she sees a disconnect between influencers who are being paid big bucks to create **sponsored content** for brands, and the authenticity piece. *“The influencer space offers beauty brands a tremendous opportunity, and an opportunity for smaller beauty brands to spread their word globally, really easily...but there needs to be more depth and meaning, which is less commercially driven.”*

### How important will the following be to the success of your beauty brand in 5 years’ time

	<b>52%</b>	<b>44%</b>	<b>4%</b>
<b>A large community of influencers, ambassadors and fans</b>			
<b>A shoppable app</b>	<b>44%</b>	<b>42%</b>	<b>14%</b>
<b>Personalized beauty solutions</b>	<b>41%</b>	<b>45%</b>	<b>14%</b>
<b>AR capabilities in-store or via app</b>	<b>20%</b>	<b>49%</b>	<b>31%</b>
<b>Your own magazine or blog</b>	<b>16%</b>	<b>44%</b>	<b>40%</b>
	<b>Critical</b>	<b>Quite Important</b>	<b>Not Important</b>

Figure 21

## focus on:

### Glossier

Glossier is a good example of a beauty brand that has been largely steered by its online community. Emily Weiss launched the brand in 2014 as a spinoff to her popular beauty blog Into the Gloss. *“She built a following dishing the skincare secrets of celebrities while strengthening her reputation as a beauty expert who had tested and reviewed hundreds of products. When she started making her own cosmetics, she turned her trusting readers into trusting customers,”* writes Inc.<sup>15</sup> From the beginning, Glossier has differentiated itself by responding to the requests of Weiss’ social following. For example, when customers asked for a sunscreen, Glossier spent years developing an SPF product.



### 3 Customised beauty

As **Figure 21** above highlights, **89%** of respondents believe customised beauty products will be adopted at scale over the next two to five years. Additionally, **74%** say bespoke beauty solutions based on a customer's DNA will be available in that same timescale. Furthermore, **86%** say personalised beauty solutions will be important to the success of their business in five years' time.

Beauty is becoming less about one prescribed look, and diversity has never been championed so greatly as it is by **Generation Z**. For example, when Rihanna launched her Fenty Beauty beauty range it set a new bar for what it means to be inclusive in the beauty space, and with **40 foundation shades**, it received a

phenomenally positive response by digital influencers. Moving forward, we're likely to see the customer taking on a bigger role in creating the products that they would like to see on the market and use, whether it's creating a **signature scent**, or a foundation shade that perfectly matches their skin tone. Much of this innovation will of course be technology-driven.

A recent new entrant to this space is ALLÉL, a DNA-based skincare company, that aims to tackle anti-ageing at its source, by combining *"a DNA analysis with a professional evaluation of visible signs and lifestyle factors"*, co-founder Dr Elisabet Hagert explains in a recent interview with **Harpers Bazaar**.<sup>16</sup> From

this a *"skin score"* is calculated, which in turn determines the **ALLÉL** skincare and supplements a consumer should be using. *"There is no doubt that the trend is moving toward a personalised skincare regime"*, Hagert explains. *"Consumers are actively seeking high-tech and high-quality products suitable for their needs and recent science has shown that how we age and how we handle the onslaught of external factors, really is dependent on our genetic predispositions"*. Geneu, also, is a British brand that sells tailor-made serums (from **£200**) based on a **15-minute** DNA test. **As science and technology advances, the price point is highly likely to fall, and this may signify the end to a blanket beauty approach.**

### 4 Online and offline will merge to place the customer at the centre

Speaking at the recent **WWD Beauty Summit**, Karin Tracy, head of beauty industry at Facebook, said: *"Imagine that the phone has become one joined real world where offline and online are merging together...we have technology linking Facebook to how we're driving sales offline...we see people's preferences whether they're online or offline shoppers. We have the ability to serve personal and relevant messages that are appropriate for the channel they want. The consumer is the channel... You tell your story here and take this idea of aisle or storefront...to the palm of your beauty consumer's hand."*<sup>17</sup>

The traditional retail model is undergoing massive transformation right now, and some of the biggest beauty brands in the industry are being forced to admit that high street sales are no longer performing in the way that they used to. Brands

are already **rethinking how to sell to consumers, and bringing online and offline more closely together**, delivering a single experience for the customer, is one possible solution.

Anna-Marie Solowij, co-founder of BeautyMart, argues: *"In truth it's probably a combination of all things that will work in the future, so bricks and mortar retail, probably more experience led, because the convenience of retail is being dealt with online, plus the influencer model which is part of that package. But how it works long term is the question everyone's still asking."* She believes that moving forward, influencer collaborations and social media communities will be used to drive peaks and troughs in sales, maybe via the 'sneaker drop model'. *"Beauty sales will no longer represent a flatline...it will be more about having the thing when it lands, as a one-off,"* she explains.



## 5 Budgets will increase

A consistent trend being observed within the beauty space, is that budgets for talent-led marketing are rising, often shifting across from other more traditional areas of marketing. As Figure 22 below highlights, more than half (54%) of respondents say that currently, a 10% to 30% of their overall budget is currently

spent on influencer marketing. A modest 8% are currently investing half or more of their overall budget on working with celebrity and digital talent. However, as Figure 23 below reveals, 70% of respondents believe their budget for influencer or celebrity marketing will increase over the next 12 months

### How much of your overall budget is currently spent on influencer marketing?

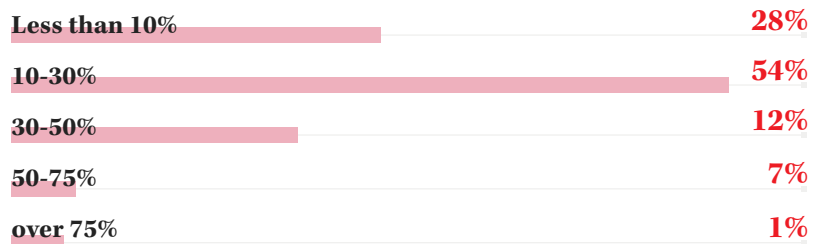


Figure 22

### In the next 12 months, will your budget for influencer or celebrity marketing:

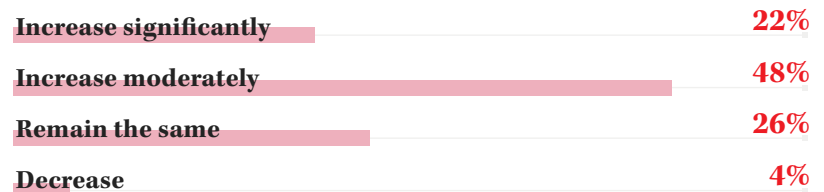


Figure 23

What is also encouraging is that over the next 12 months, respondents see their budget increases as being quite significant.

The majority, 38%, see their budgets increasing by 10 to 20%, but additionally, 27% believe the boost will be above 20%.

### In the next 12 months, your budget for influencer or celebrity marketing will increase by:

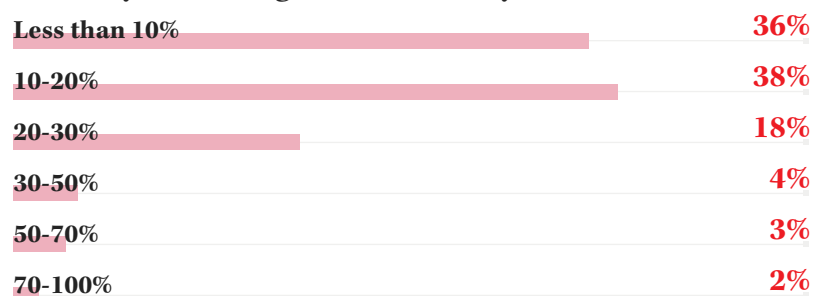
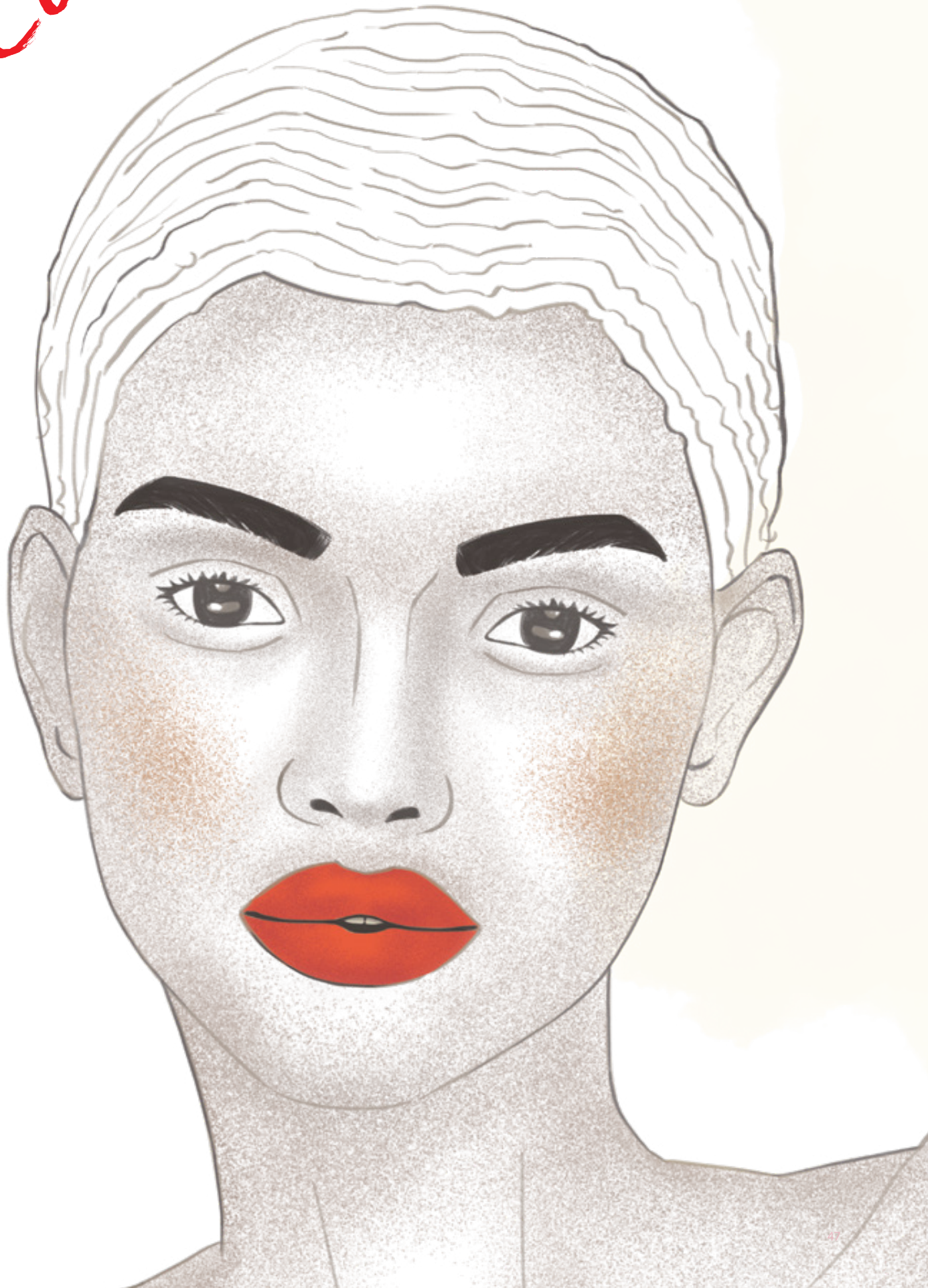


Figure 24

*Conclusion*





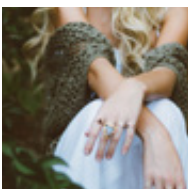
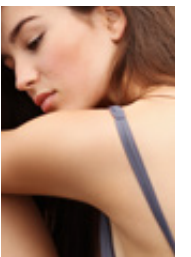
What this study demonstrates, above all, is the natural affinity that beauty has with influencer marketing, and how it has evolved to become the fast-paced industry that it is today. Beauty is a highly engaged category and one that benefits from a celebrity or influencer's ability to bring a **product to life**, whether that's through a tutorial video, a blog post or creative imagery. The customer's path to purchase isn't necessarily a straightforward one anymore, and **beauty is increasingly being consumed in reference to how a product is positioned and demonstrated within everyday life, which influencers are helping to inspire.**

In addition to this, influencers are having massive impact on the beauty business, with an increasing number recognising the power they have and using their personal brand they have built through social media as an opportunity to either launch their own indie line or collaborate with beauty brands on product development. Over the past **12 months**, we've observed many examples of this with some reaching cult status very quickly, including **Glossier**, **Rihanna's** collaboration with **Fenty Beauty** and **Jackie Aina's** tie-up with **Too Faced**, and there's no doubt this is a trend that will continue to gather momentum.

The beauty industry **has also become increasingly complex** over the past year; the barriers to entry have been lowered, and the rising generation of **digital-born** consumers is creating a fresh challenge. **Generation Z** particularly is calling the beauty industry to higher standards, and to be more authentic and credible in its celebrity and influencer collaborations. There is also a growing collapse of traditional **brand authority** as we have known it, and the **consumer is expressing a desire to be at the centre, and a part of the creative process.**

As beauty influencer Preeti Chotai, of Fabublush, explains, it's a **pivotal time for influencers** to be operating within the beauty space. *"The quality of content created by influencers has come leaps and bounds since blogging first took off. Influencers are more informed, visuals are far more editorial looking, and the angles from which collaborations are approached are increasingly creative," she shares. "Collaborations now involve locations, photographers, make-up artists, assistants and more - future collaborations will only get bigger and better. It's a very exciting industry to be a part of right now."*

Moving forward, budgets are set to rise and there is much technology innovation that brands can look forward to, and customised beauty along with AR could soon become a mass market reality. In the same way that beauty has led with influencer marketing, it will continue to experiment and dominate with new technologies also.







## Which of the following best describes your company?

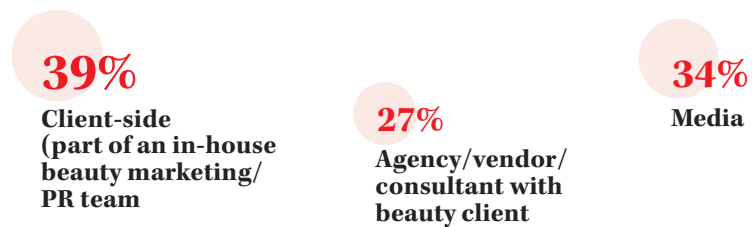


Figure 25

## What best describes your job role?

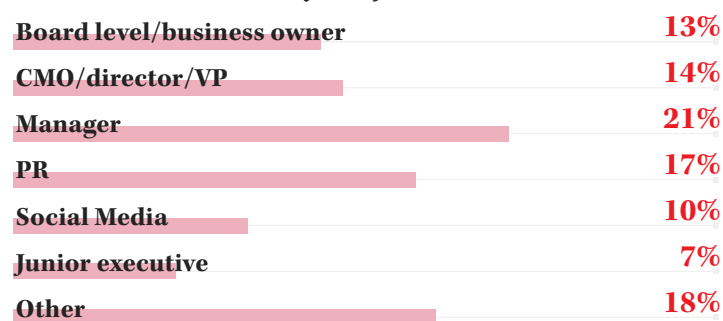


Figure 26

## Location

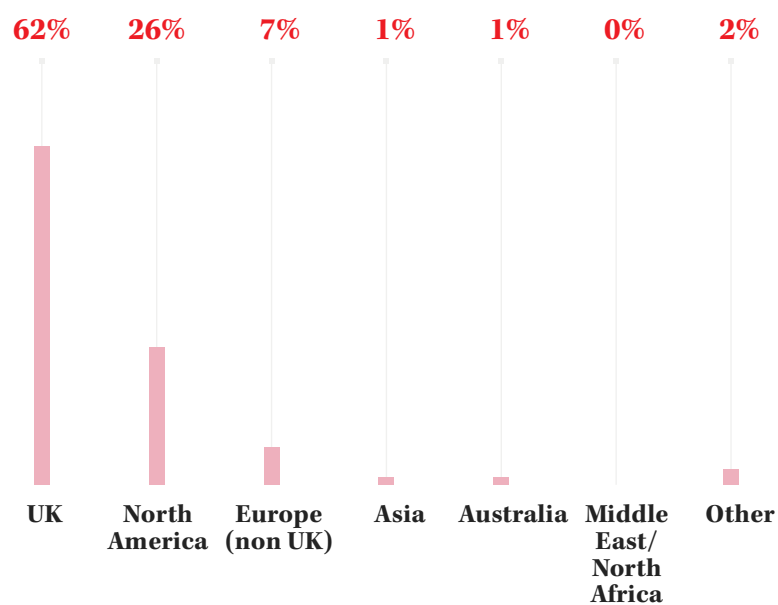


Figure 27

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