WhatRunsWhere Insights & Analysis:

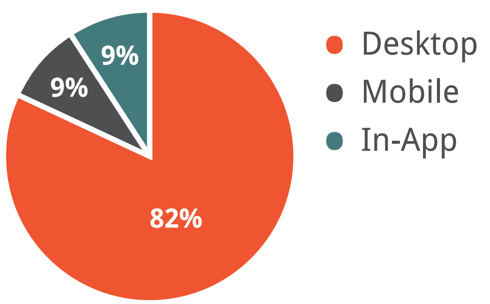
Cosmetics Advertising Landscape

Introduction

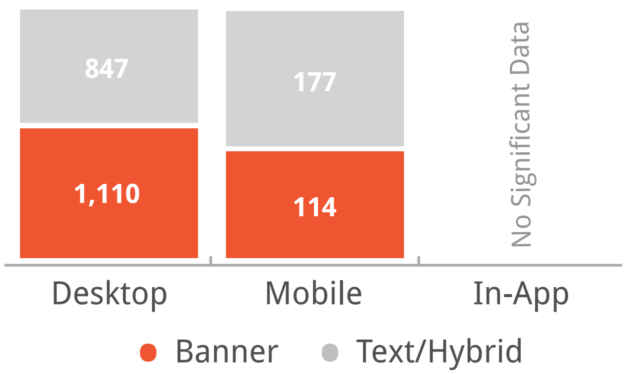
In considering the online advertising landscape for the cosmetics and beauty industry in the United States, WhatRunsWhere has tracked the performance record of four major industry leaders: L'Oréal Paris, Covergirl, Maybelline, and Revlon. By collecting data spanning 180 days of activity up until June 10, 2014, we have tracked over 12,600 ad placements across 3,300 unique publishers distributing content on display, mobile, and in-app platforms.

Within the parameters of this data set, industry leaders focused ad placements on desktop display, while fewer placements were made through mobile and in-app platforms (Fig.1). The lack of advertisements on the latter two platforms suggests that industry leaders may have determined that in relation to their products and services, their ad content is more accessible to audiences through desktop. On the other hand, the void of competing advertisers on mobile and in-app platforms presents opportunities for competing advertisers in the industry (Fig. 2).

Ad Placements by Platform (Fig. 1)



Ad Type Breakdown (Fig. 2)

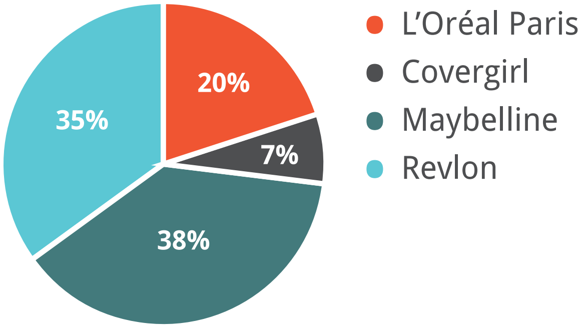


Overall Share of Voice

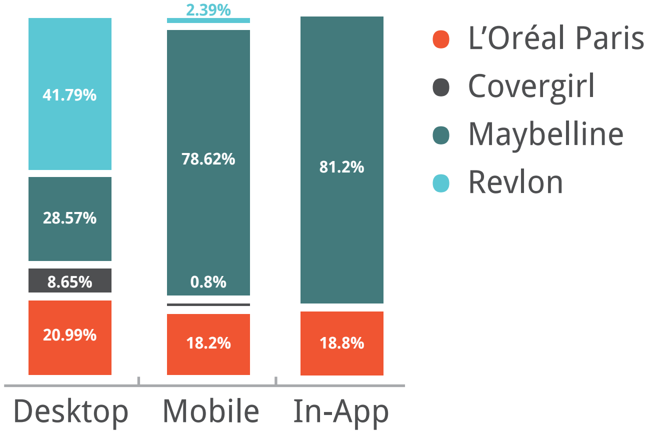
Share of Voice (SOV) is a value given to each company derived from their display advertising presence across their competitive display advertising landscape. The higher the Share of Voice value, the "louder" the advertiser's "voice" is among competitors in the same industry as determined by the parameters of the recorded search.

Research indicates that Maybelline holds the largest overall Share of Voice (SOV) at 37.58%, while Revlon follows closely with a 34.67% SOV (Fig. 3). Although, Maybelline has the largest overall SOV this may be a result of its relative dominance in mobile. Maybelline's placements are spread across all three platforms with far less focus on desktop placements, which is the main platform through which the other industry leaders use to place their ads. With this in mind, Revlon leads in desktop SOV with 41.79%, followed by L'Oréal Paris with 20.99%, then Maybelline with 28.57% and finally Covergirl with 8.65% (Fig. 4).

Overall SOV by Advertiser (Fig. 3)



SOV by Advertiser and Platform (Fig. 4)

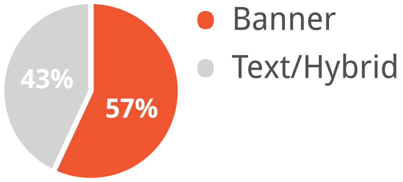


Channel Mix - Desktop

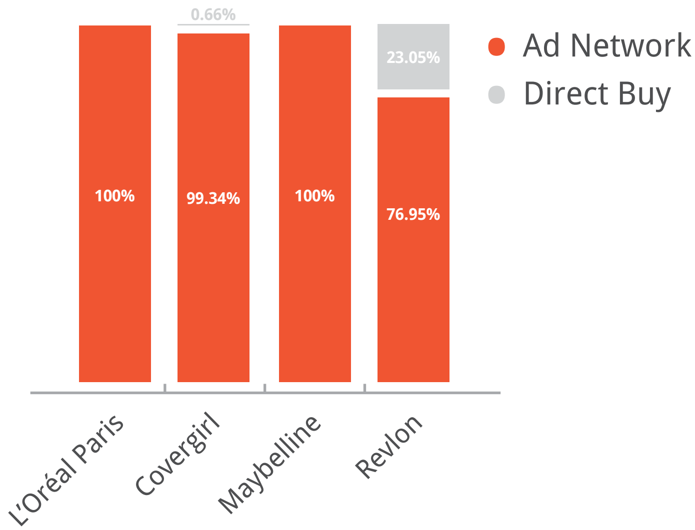
Examination of the industry leaders' channel mix reveals that across-the-board, their media buying strategies prefer the use of ad networks over direct buys, with the exception of Revlon (Fig. 6). L'Oréal Paris and Maybelline use ad networks to place a vast majority of their ads. This may be due to the fact that Maybelline is a subsidiary consumer products brand owned by L'Oréal Group. Similarly within the 180 day period of tracked activity, 99.34% of Covergirl's observed placements were made through networks as well. The Google Display Network (GDN) dominates as the ad network of choice among these industry leaders (Fig. 7).

Revlon's media buying strategy is somewhat more diverse than the other advertisers and is comprised of 23% direct buys. When we consider that Revlon holds the largest desktop SOV at nearly 42%, as well as the second largest overall SOV at 35% in combination with their media buying strategy, we can suggest that Revlon's direct buys may be a contributing factor to their overall competitive edge among industry leaders. Therefore for other competing advertisers a diverse media buying strategy involving the use of both network buys (including but not limited to the GDN) and direct buys may contribute to a more successful campaign.

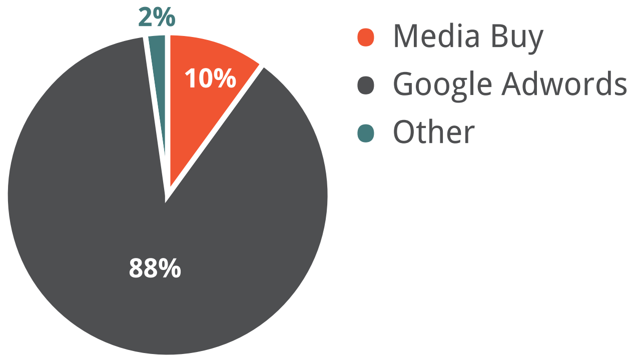
Type of Ad Breakdown (Fig. 5)



Channel Mix Breakdown (Fig. 6)



Display Placement Breakdown (Fig. 7)



Top Performing Ads

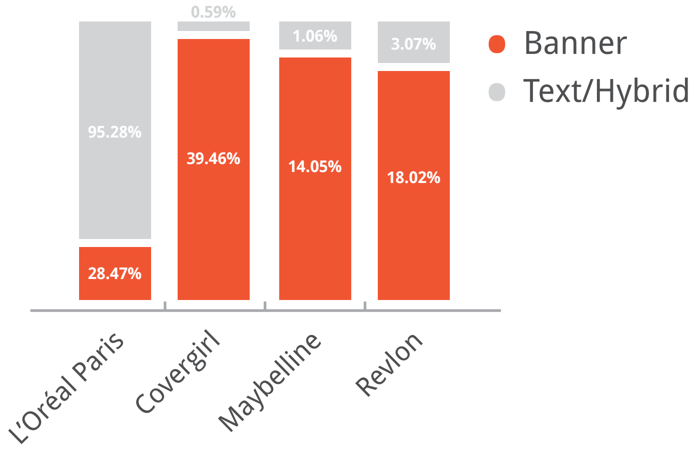
The following is a selection of top performing desktop ads placed in the United States by the aforementioned industry leaders.

Within the 180 day period of activity tracked by WhatRunsWhere it is evident that although L'Oréal Paris placed more unique ads than the other advertisers combined, totalling 156 banners, text, and hybrid ads, the overwhelming majority of these were text or hybrid ads (Fig. 8). More commonly, banner ads were utilized by industry leaders with Revlon employing 83 unique banners followed by Covergirl with 59, L'Oréal Paris with 37, and finally Maybelline with 13 (Fig. 9). Revlon not only utilised the most banner ads, but also had the most variety of ads as well. Despite this, Revlon primarily employed English language display ads – as did L'Oréal Paris USA and Maybelline.

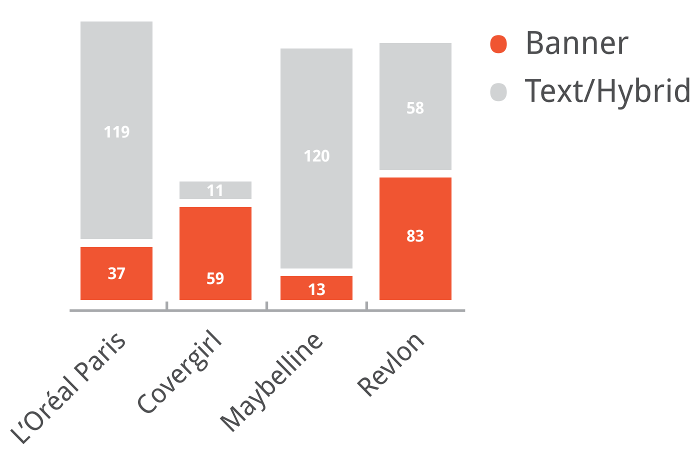
In contrast, Covergirl utilised both English and Spanish language display ads to potentially cater to Spanish speaking American audiences. Covergirl ranks second next to Revlon in terms of variety of unique ad content and composition, but Covergirl holds the smallest overall SOV at 7% and a desktop SOV of only 8.65%. The use of multiple languages in Covergirl's ads may be a strategic move to cater to a wider audience and challenge advertisers that hold a larger SOV; however this may have yet to show significantly improved results.

Moreover, as the dataset encompasses a national geographic area rather than a regional, state or localised area this may be why Covergirl's more linguistically diverse campaign falls short when compared to other industry leaders. Thus, although the audience's language may be an important factor that competing advertisers should take into consideration when developing ad content, geographic information can also be a major strategic factor.

Overall Ad Types Used (Fig. 8)



Desktop Display Banner/Text Ads (Fig. 9)

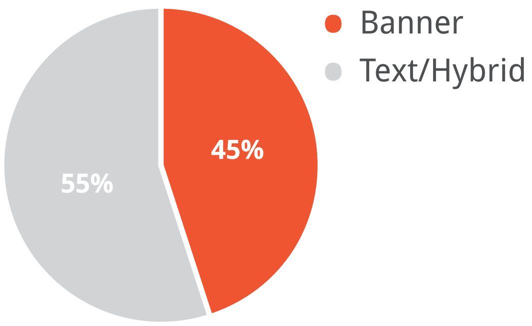


Mobile

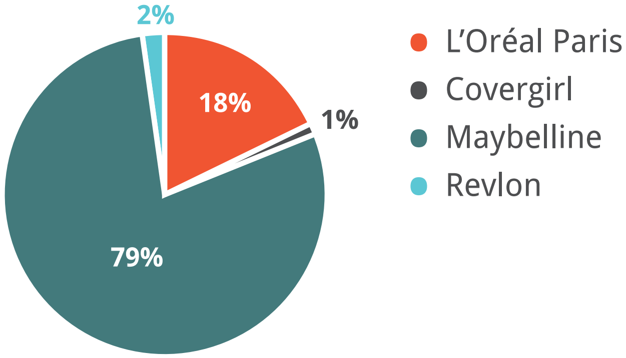
When considering the mobile platform, industry leaders have concentrated on mobile web rather than in-app advertising. 55% of all ads were text or hybrid ads as opposed to 45% banners indicating that advertisers, and by extension mobile audiences, may have a greater demand for content that loads rapidly such as text based ads (Fig. 10). WhatRunsWhere located over 320 unique mobile creatives placed by these four advertisers.

Interestingly, although Revlon held the largest desktop SOV, Maybelline virtually has a monopoly on the observed mobile platform with a SOV of 79% (Fig. 11). L'Oréal Paris possesses the second largest mobile SOV at 18%, followed by Revlon at 2% and finally Covergirl at 1%.

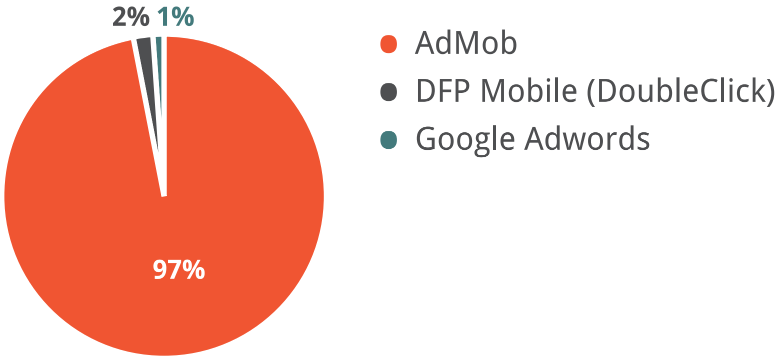
Type of Ad Breakdown (Fig. 10)



Advertiser SOV - Mobile (Fig. 11)



Mobile Channel Mix (Fig. 12)

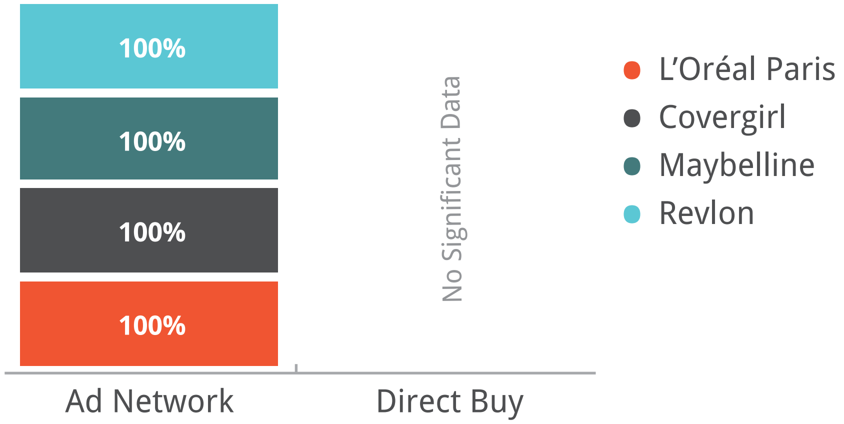


Channel Mix

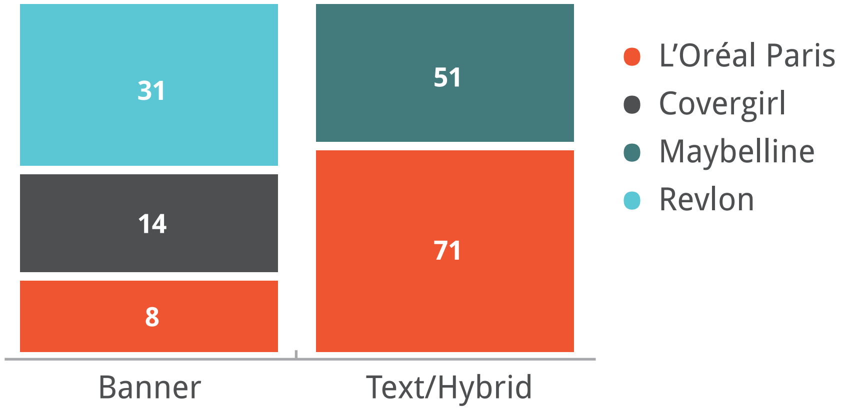
On the mobile platform, industry leaders including L'Oréal Paris and Maybelline have chosen to advertise on Android Tablets over other devices. Similar to their media buying strategies on desktop, on the mobile platform advertisers have chosen almost exclusively to use ad networks (Fig. 13). Additionally the majority of advertisers have placed ads on Android Tablets as opposed to other devices. As a buying strategy, direct buys on the mobile platform may not be as valuable to these industry leaders.

However the lack of competition on the mobile space among these industry leaders, save for Maybelline, presents opportunity for other advertisers in the same industry to contend for an ever increasing SOV. A diverse media buying strategy across multiple platforms may be the key to garnering a larger SOV.

Channel Mix Breakdown (Fig. 13)

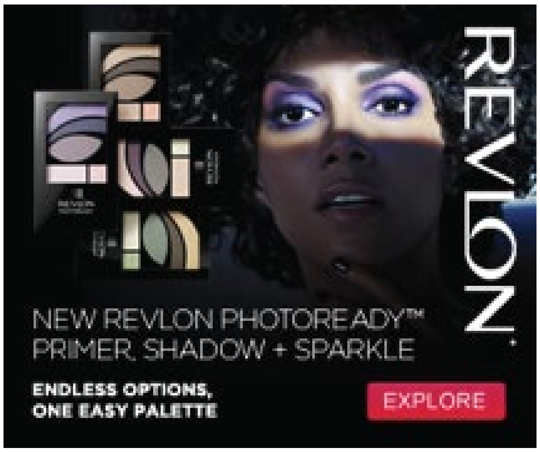


Total Ad Types (Fig. 14)



Top Performing Ads

The following is a selection of top performing mobile ads placed in the United States by the aforementioned industry leaders.



Conclusion

Research regarding the online advertising landscape for the cosmetics and beauty industry indicates an overall lack of competing advertisers on the mobile and in-app platforms. This may be the result of industry leaders determining that their ad content, and therefore their products and services, are more accessible to audiences through desktop.

There are two key points to note: firstly, Maybelline holds the largest overall SOV but this result is likely due to its dominance on the mobile platform. Secondly, on desktop – where the majority of advertisers have chosen to place ads – it is actually Revlon that holds the largest SOV (Fig. 3 and 4). Finally, Revlon possesses the most diverse media buying strategy that includes a combination of ad network placements and direct media buys across all platforms. Considering the success that Revlon's diverse media buying strategy has potentially reaped, it may therefore be beneficial for competing advertisers in this industry to employ an equally diverse campaign strategy.

Ultimately, however, analysis reveals that the absence of competing advertisers on the mobile and in-app space presents many opportunities for competing advertisers in the industry. By strategically expanding into these platforms competing advertisers can take advantage of this vacuum, potentially edge out competitors and increase ROI.