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# The Role of Search on Beauty Product Shopping

Google Compete Custom Beauty Research Study  
U.S., 2009

# Study Objectives

Understand the role of **online resources** in how the beauty buyers make decisions

Find out **which beauty buyers** are using online resources and for what purpose

Quantify how beauty shoppers are using **Search Engines** in making their decisions

Find out **which beauty buyers** are using Search Engines and for what purpose

Explore how **online** beauty purchasers use the web

# Study Methodology

## Overview

Identify how consumers shop online for beauty products and specifically identify the role of search

## Methodology

### Clickstream Analysis

- Conducted on Compete's panel of 2 million U.S. consumers
- Timeframe: Q1-2007 – Q1-2009
- Products of interest: personal care, fragrances and both premium and standard cosmetics

### Survey Analysis

- 4,244 consumers in December 2008 who had recently purchased beauty products & 1,448 consumers in January 2009 who had recently visited a beauty-related website

# Key Terminology:

**Online Beauty Shopper** – a consumer who visited any beauty-related website, but did not necessarily make an online purchase

**Beauty Searcher** – a consumer who used search to navigate to a beauty related website **(Searchers are a subset of Shoppers)**

**Online Beauty Purchaser** – a consumer who specifically made a purchase on a beauty-related website **(Purchasers are a subset of Shoppers)**

## Beauty Websites

- **Beauty Manufacturer sites** – Websites of leading beauty brands **(e.g. Olay.com, Clinique.com)**
- **Research sites** – Websites that host information on beauty brands and products **(e.g. NewBeauty.com)**
- **Retailer sites** – Merchants selling beauty products **(e.g. Sephora.com)**

# Key Findings:

**Online resources** are important information sources for all beauty purchasers

The online beauty shopper is **more valuable, influential and engaged** than her counterpart who doesn't use online resources

The beauty shopper who uses Search Engines is **more valuable** than one that does not

**Competition** for beauty shoppers is fierce in the online space

Beauty purchasers search on **branded and non-branded** keywords

Those who buy online use **online resources** throughout the process

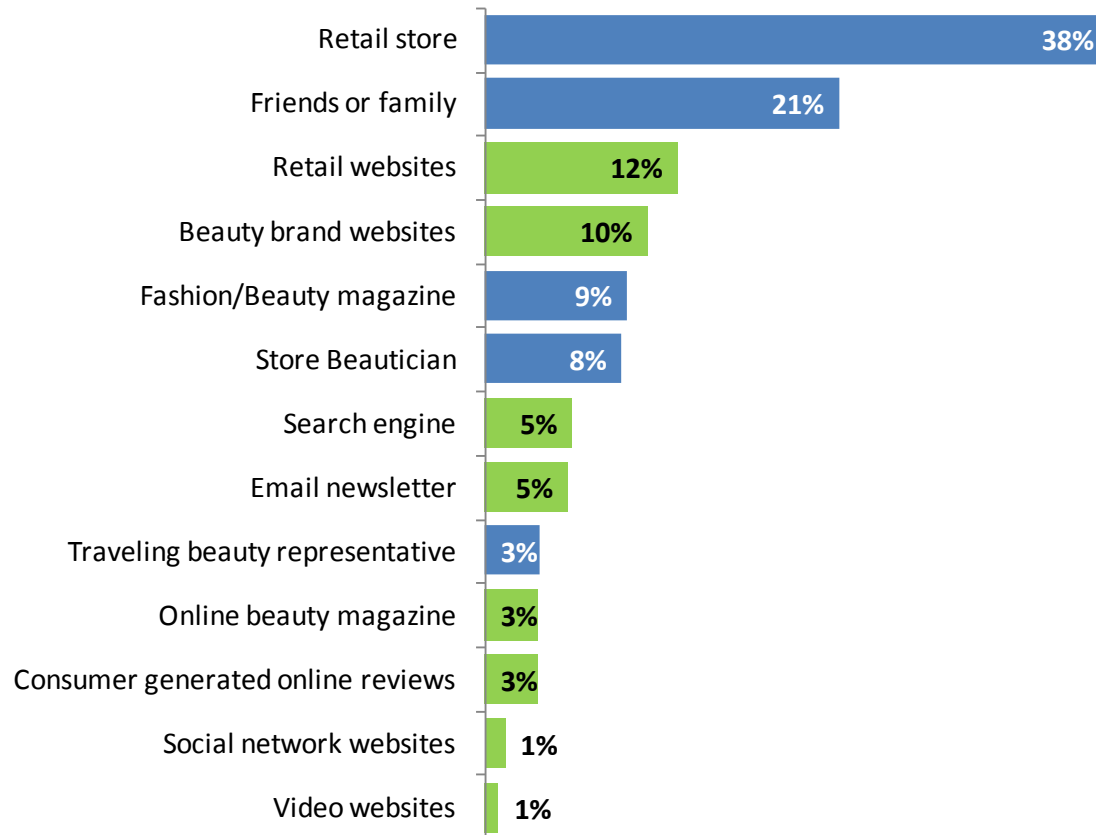
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Why should **beauty** marketers care about the web?



# Beauty shoppers get their information from a variety of sources, including online

Resources Used by Beauty Shoppers  
Among purchasers who used a resource to shop for their most recent beauty product



Q2: Thinking about the {Insert "Cosmetics/Skin Care", "Fragrance" or "Personal Care"} products you purchased in the past three months, what sources did you use to find information about what products and brands to buy?

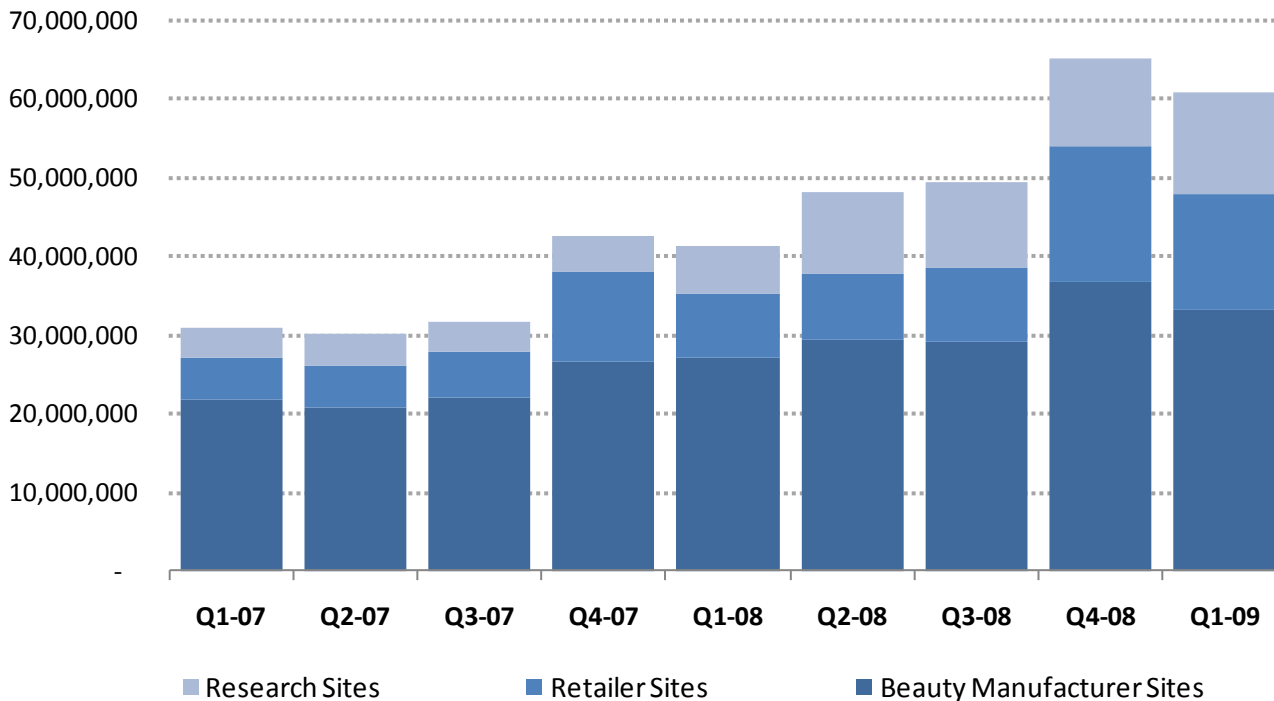
Base: Beauty purchasers, n=4244

Source: Google CPG June 2009 Study: Compete Beauty Products and Cosmetics Survey Questionnaire



# The role of the online channel has increased in importance over the past several quarters

Average Monthly Visits to Beauty Related Websites  
Q4 2006 – Q1 2009

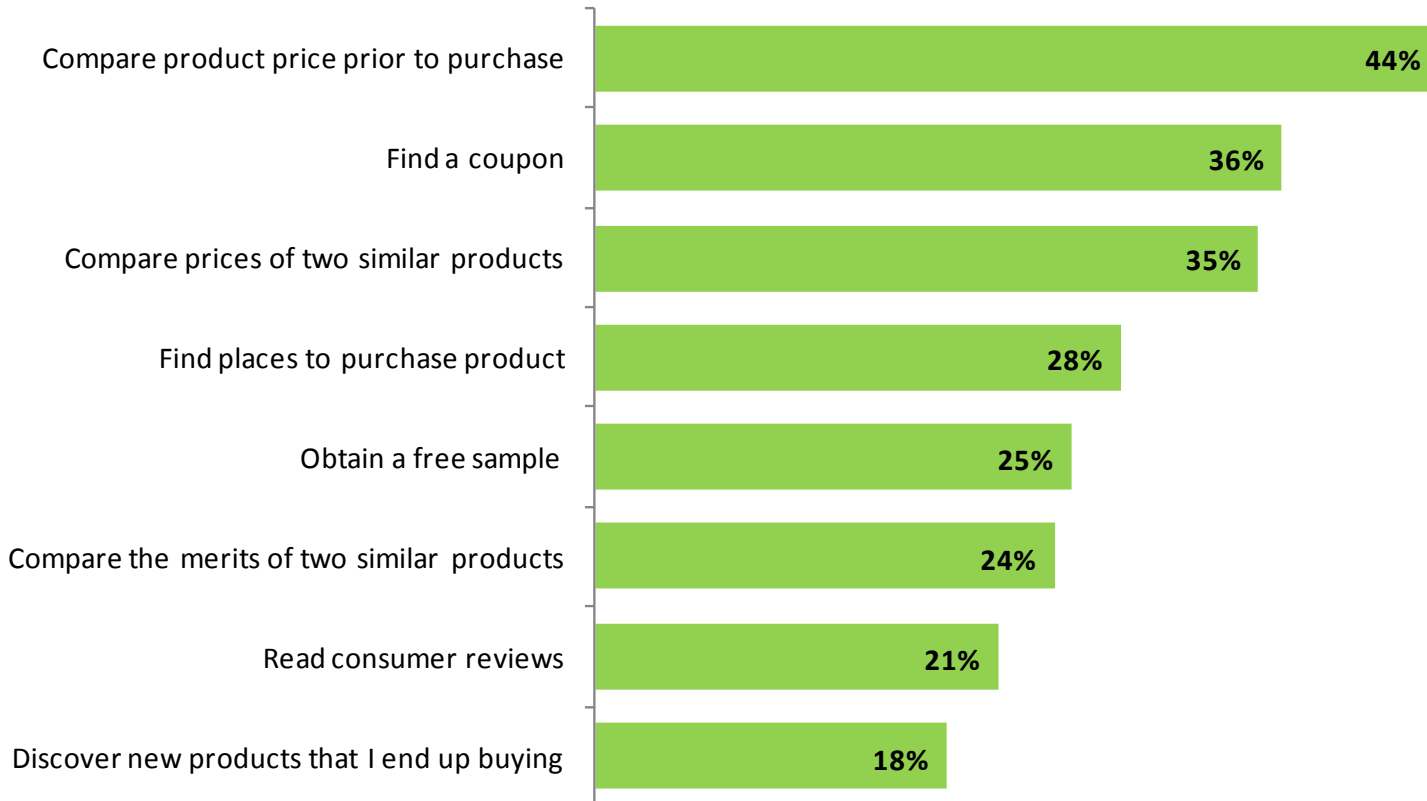


% Beauty Site Growth  
Q1 2007 vs. Q1 2009

94%

# How do beauty shoppers use the web?

Tendency to Perform Specific Actions when Shopping Online for Beauty Products  
Beauty product purchasers stating “Often” or “Frequently”



Q14: Please indicate how often you do any of the following activities when you go online to look for information about what {Insert “Cosmetics/Skin Care”, “Fragrance” or “Personal Care”} products and brands to buy? (5-point scale)

Base: Beauty purchasers, n=4244

Source: Google CPG June 2009 Study: *Compete Beauty Products and Cosmetics Survey Questionnaire*

# Who are these online beauty shoppers?

**43%** are between the ages of 25-44 (vs. 37% for non online shoppers)

**50%** have a household income above \$60K (vs. 46% for non online shoppers)

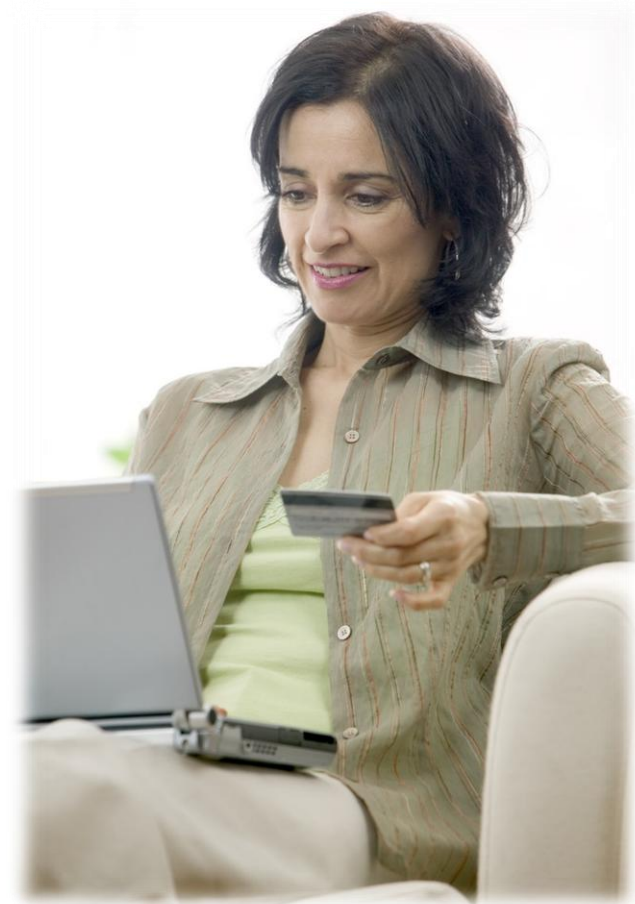
**20%** use 6 or more different brands of beauty products (vs. 1 in 10 non online shoppers)

**48%** use the web to research beauty products at least once a month

**60%** spend more than \$25/month on beauty products (vs. 40% among consumers who don't shop online)

Each month **20%** use search to shop for and research beauty products

**Twice** as likely to read beauty magazines



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How are beauty shoppers using Search?

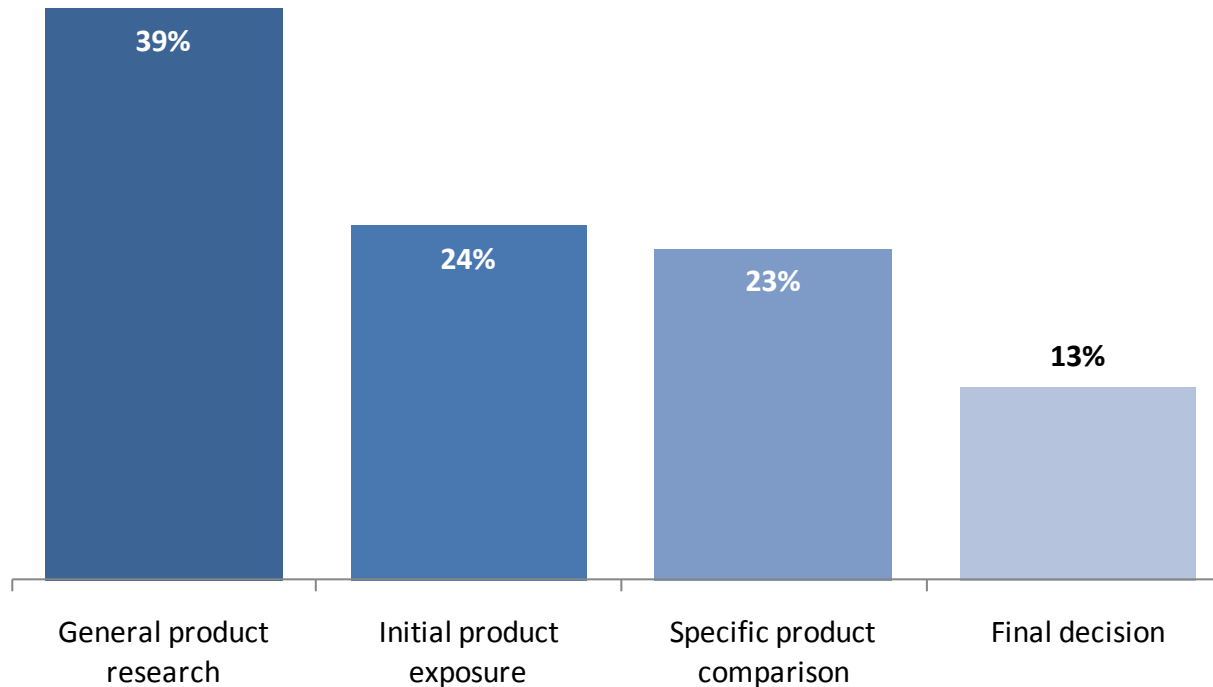


**Between May and October 2008, 26 million unique beauty shoppers used search to arrive at a beauty website, accounting for 52% of all visitors.**



# Search is used throughout consumers' shopping consideration process

Timing of Initial Beauty Search  
Among beauty searchers



Q8. Thinking about your most recent {Insert "Cosmetics/Skin Care", "Fragrance" or "Personal Care"} purchase, when did you use each of the sources during your decision about what to buy?

Base: Beauty searchers who used a resource to shop for their most recent beauty product, n=175

Source: Google CPG June 2009 Study: Compete Beauty Products and Cosmetics Survey Questionnaire

# How do beauty shoppers use search when shopping online for beauty products?

% who use search to **find** a specific product:

67%

% who use search to find where to **purchase** a product:

56%

\*Beauty product purchasers stating “Often” or “Frequently”

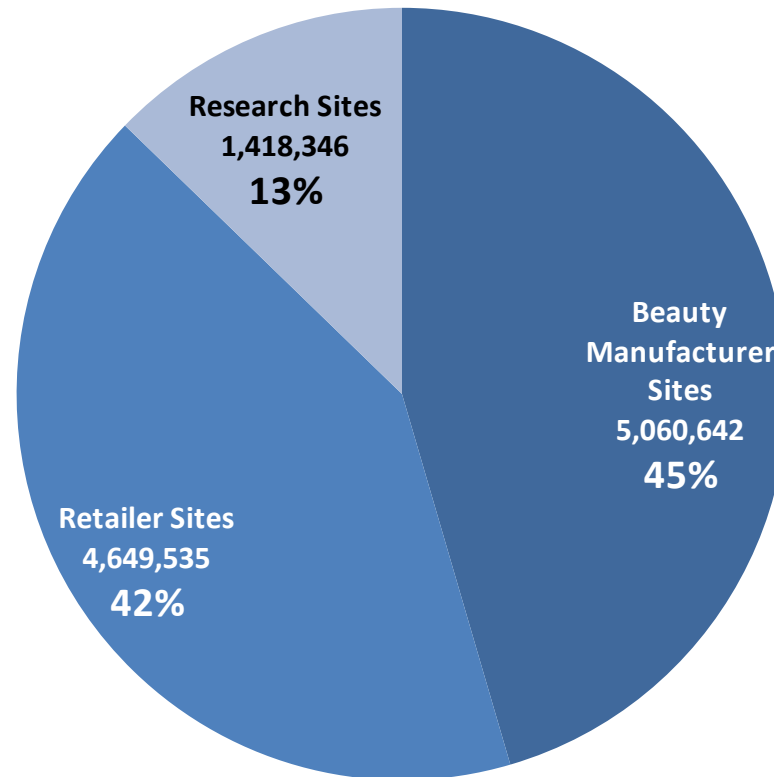
Q14: Please indicate how often you do any of the following activities when you go online to look for information about what {Insert “Cosmetics/Skin Care”, “Fragrance” or “Personal Care”} products and brands to buy? (5-point scale)

Base: Beauty searchers, n=224

Source: Google CPG June 2009 Study: *Compete Beauty Products and Cosmetics Survey Questionnaire*

# Where do beauty shoppers go post-click?

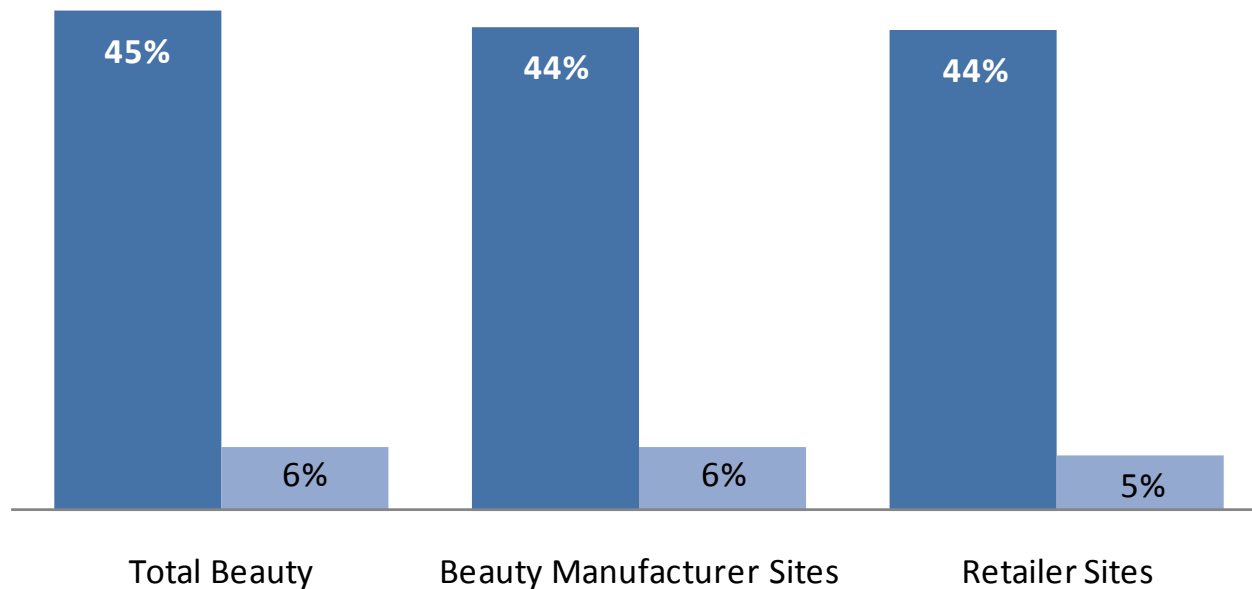
Search Click-through Type Breakdown  
Among shoppers arriving at beauty sites via search engine, Q3 2008





# What do you beauty searchers do post click?

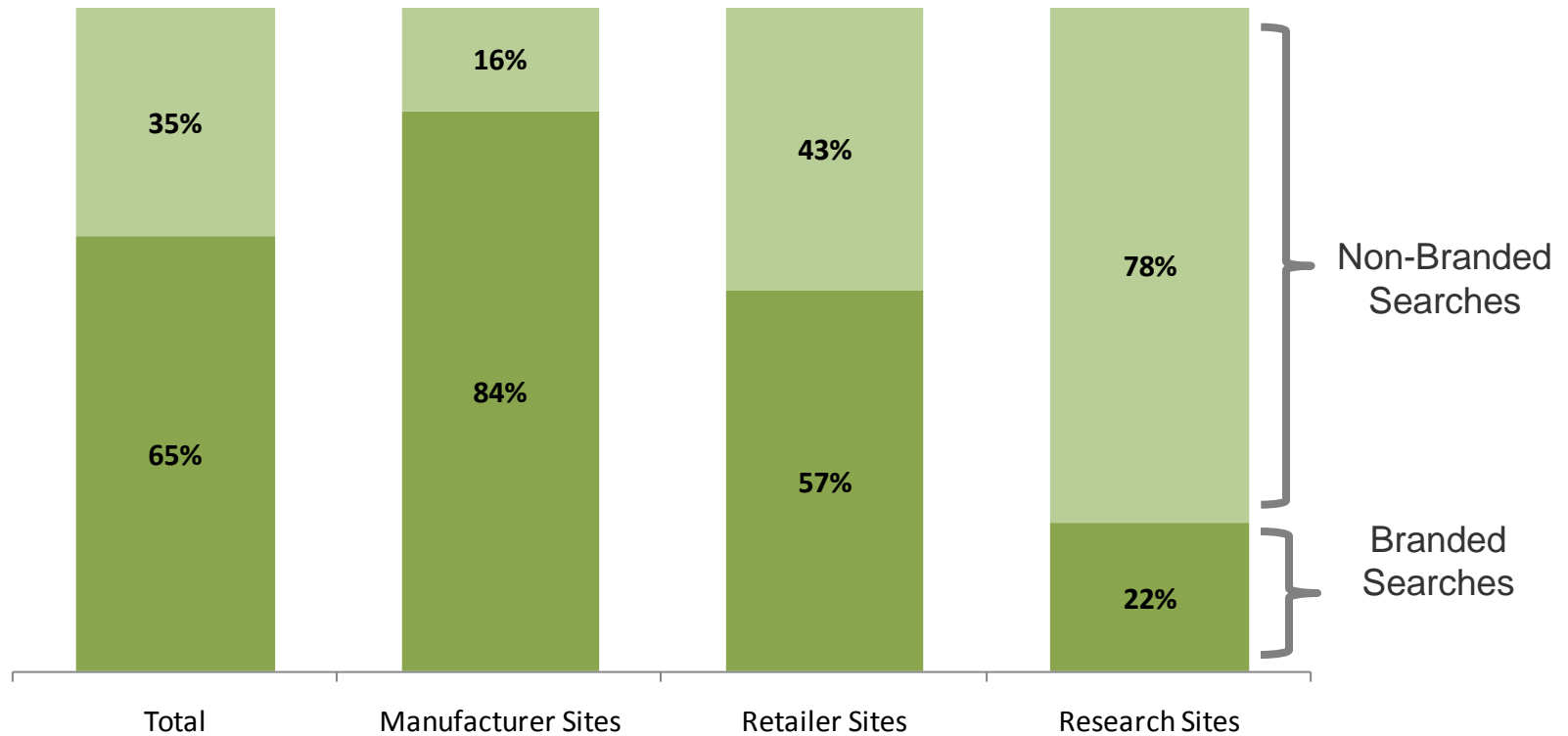
Post Click-Through Activity  
Among shoppers arriving at beauty sites via search engine, Q3 2008



# Different categories of beauty sites capture traffic from various types of keywords

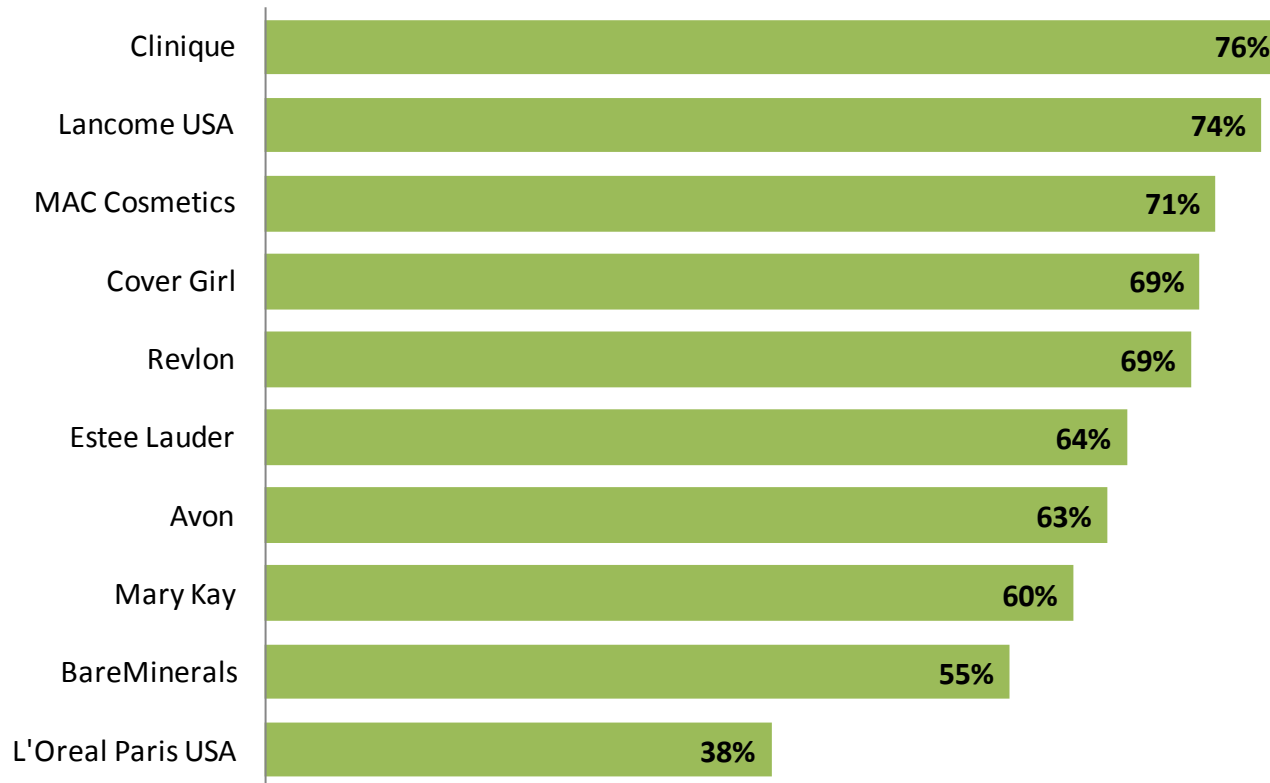
## Search Click-through Type Breakdown

Among shoppers arriving at beauty sites via branded and non branded search terms, Q3 2008



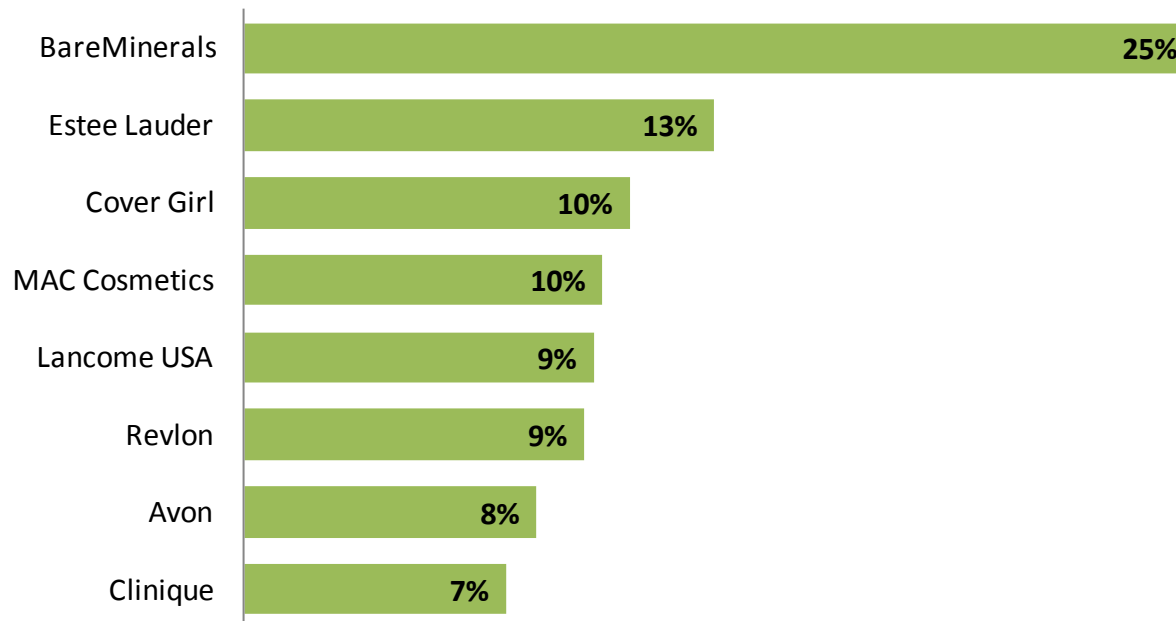
# Competition for beauty shoppers is fierce in the online space

Brand (Broad matched) Click-Through Loss Rate  
Among shoppers arriving at a beauty site via search engine, Q3 2008



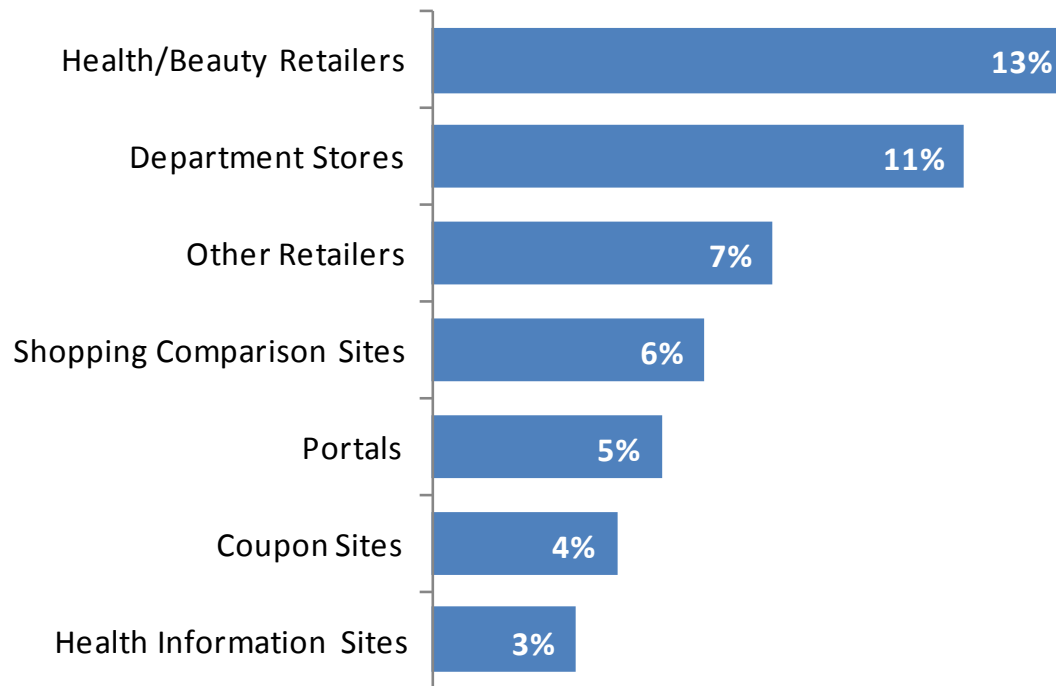
# Search marketing plays an important role in this competition

Brand (Broad matched) Sponsored Click-Through Loss Rate  
Among lost click-through referrals to each beauty site, Q3 2008



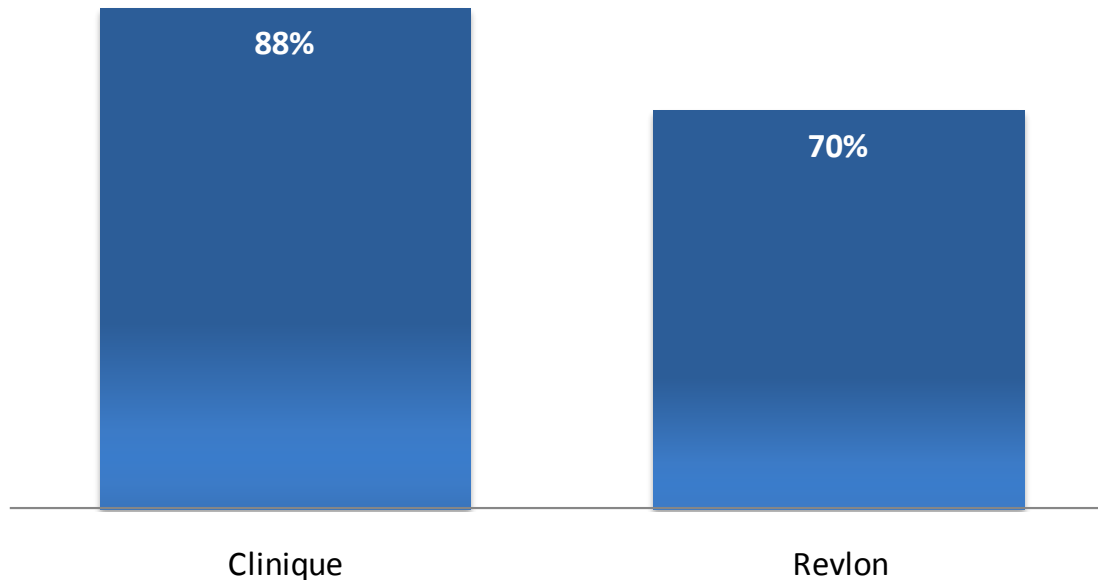
# While retailers capture nearly a third of lost branded click-throughs...

Destination of Lost Branded Click-Throughs  
Among lost branded click-through referrals, Q3 2008



# ...the majority of shoppers continue to shop for the brand on the retailer's website

Brand Interaction Following a Lost Click-Through  
Among lost brand click-through referrals to each retailer, Q3 2008



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How are **searchers** different than non searchers?



# Beauty searchers are more **valuable** for marketers

## Compared to beauty shoppers who don't use search, searchers are:

- Younger and more affluent
- **64%** more likely to make an online beauty purchase
- **4X** more likely to spent over \$50/month on beauty products
- Beauty searchers are **70%** more likely to try new beauty products
- **29%** of beauty searchers use 6 or more beauty brands (vs. 11% of non beauty searchers)





# Beauty searchers are more **influential** and **engaged**

Compared to beauty shoppers who don't use search, searchers are:

- **Nearly twice** as likely to tell friends about the products they use
- **160%** more likely to be viewed by peers as knowledgeable about beauty products
- Beauty searchers are **25%** more likely to use social networks and return 60% more often
- **25%** of searchers state their beauty purchases are influenced by beauty magazines (vs. 10% for non beauty searchers)



**33% of beauty searchers spend \$50 or more a month on beauty products versus 10% of non beauty searchers\*\***



\*\* indicates significance at the 95% level

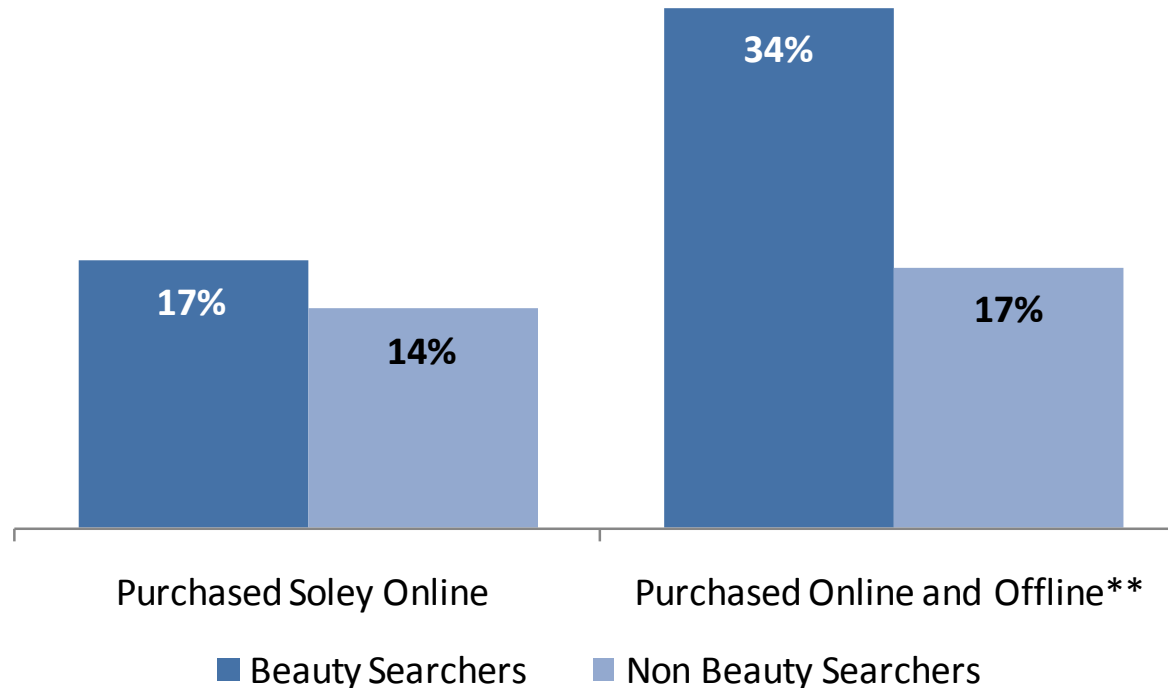
Q16; During a typical month, how much would you estimate you spend on personal care products?

Base: Beauty searchers, n=224; Non beauty searchers, n=4020

Source: Google CPG June 2009 Study: *Compete Beauty Products and Cosmetics Survey Questionnaire*

# Beauty searchers are more likely to purchase beauty products online

Percent of Beauty Shoppers Purchasing Online  
Among all beauty researchers



\*\* indicates significance at the 95% level

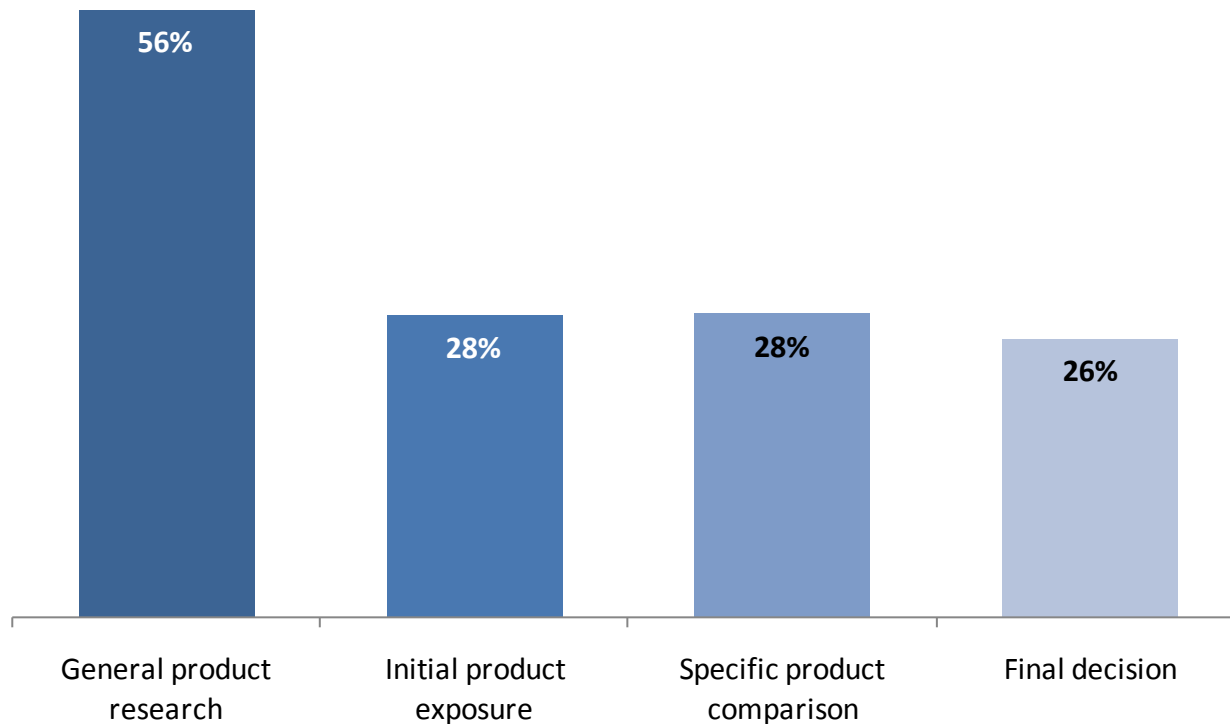
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How do beauty purchasers use the web?



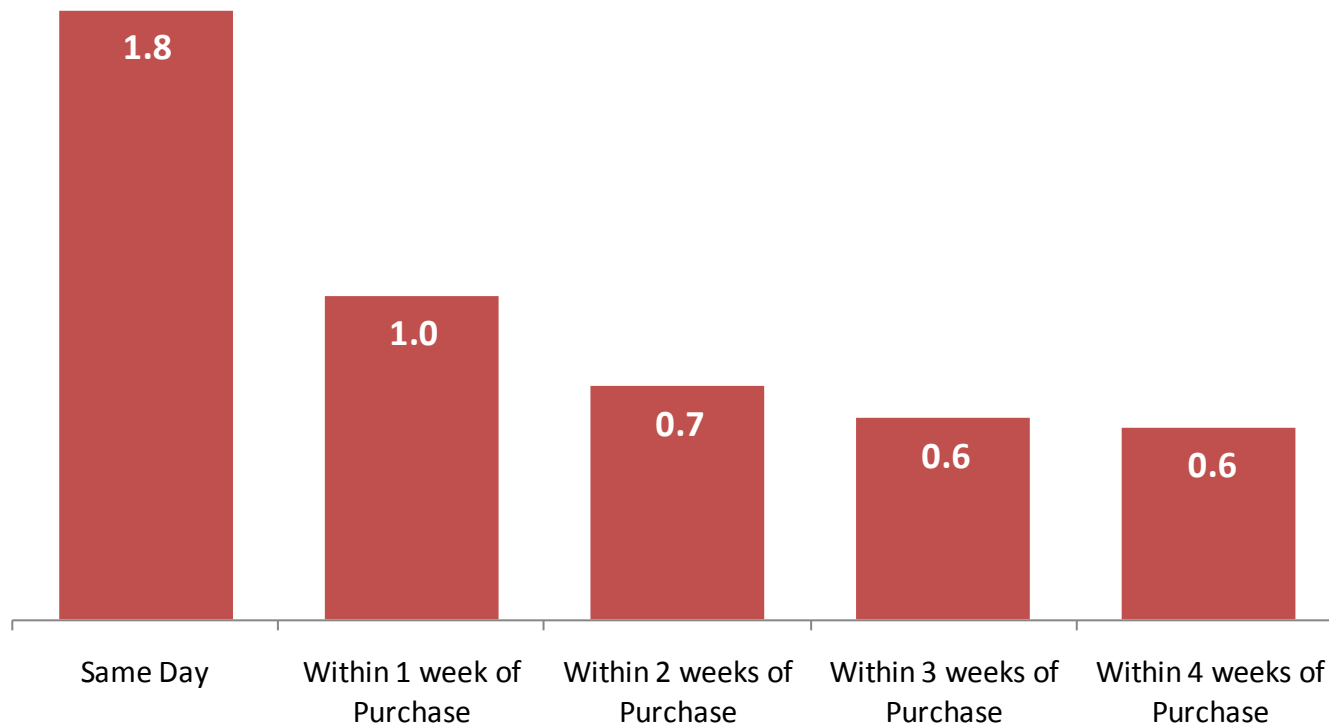
# Beauty purchasers use online beauty resources throughout their shopping consideration process

Use of Online Beauty Sites  
Among beauty shoppers who used an online resource



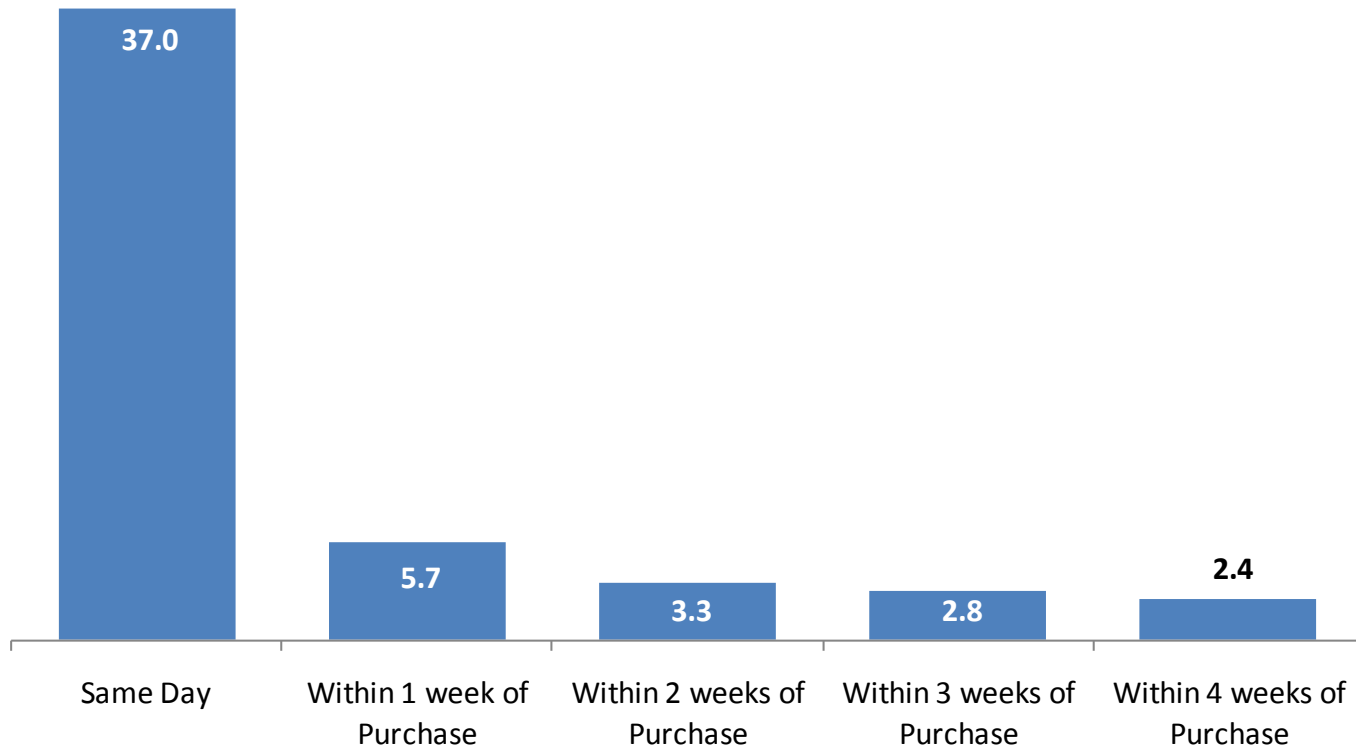
# Beauty site visitation increases as consumers approach the day of purchase

Beauty Site Visitation Frequency (Non-Cumulative)  
Among converting beauty site visitors, Q3 2008



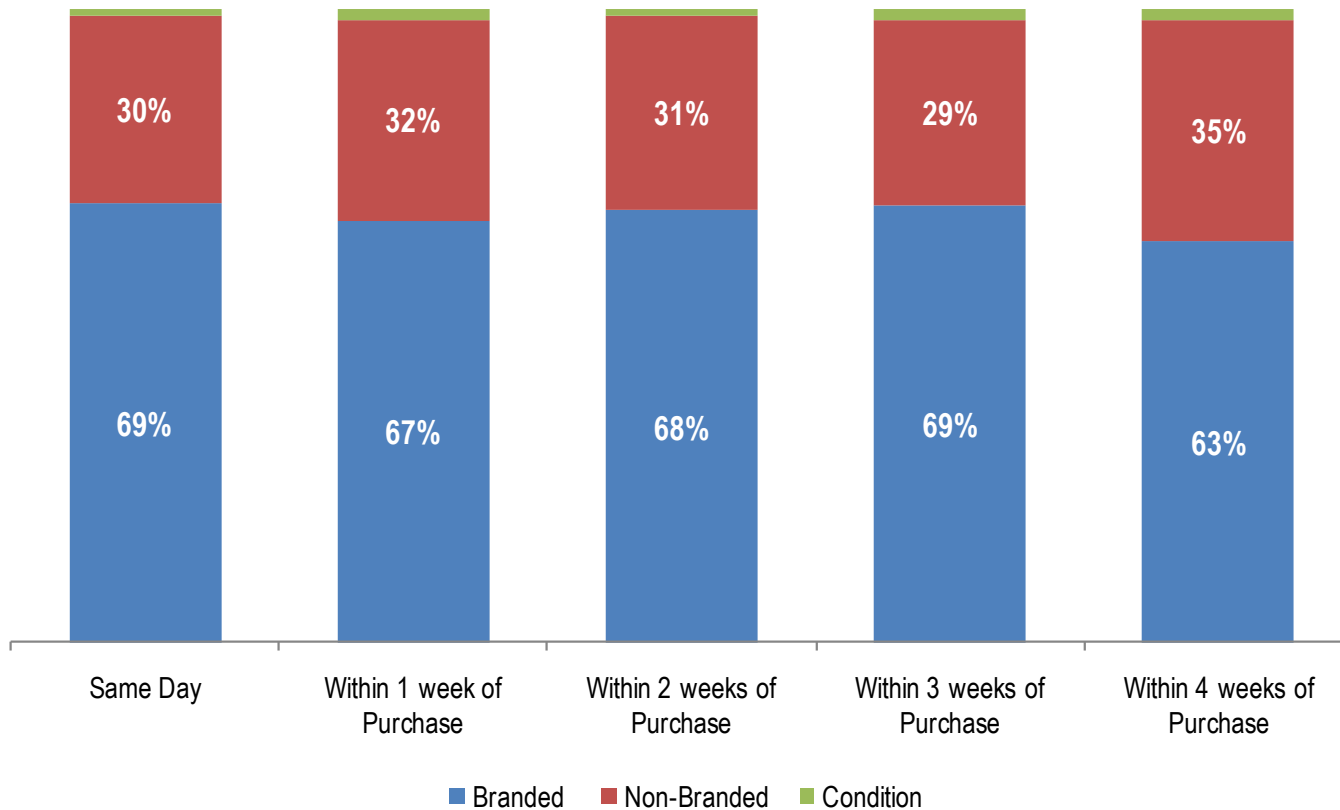
# Beauty shoppers consume a lot of content on the day of purchase

Beauty Site Visitation Duration in Average Minutes (Non-Cumulative)  
Among converting beauty site visitors, Q3 2008



# Branded term use increases slightly as consumers approach the day of purchase

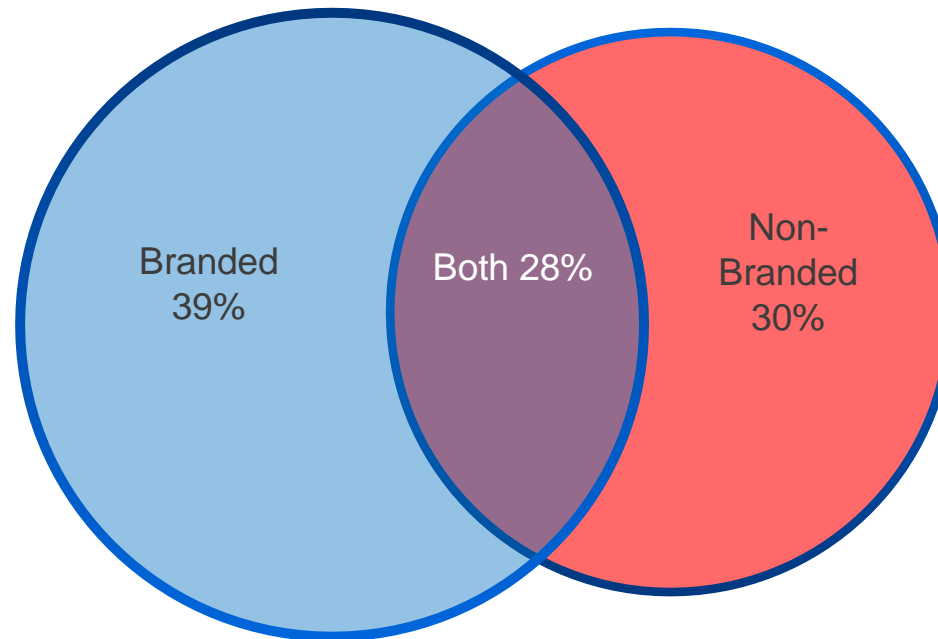
Beauty Site Visitation Frequency by Term Type (Non-Cumulative)  
Among search driven beauty site visits, Q3 2008





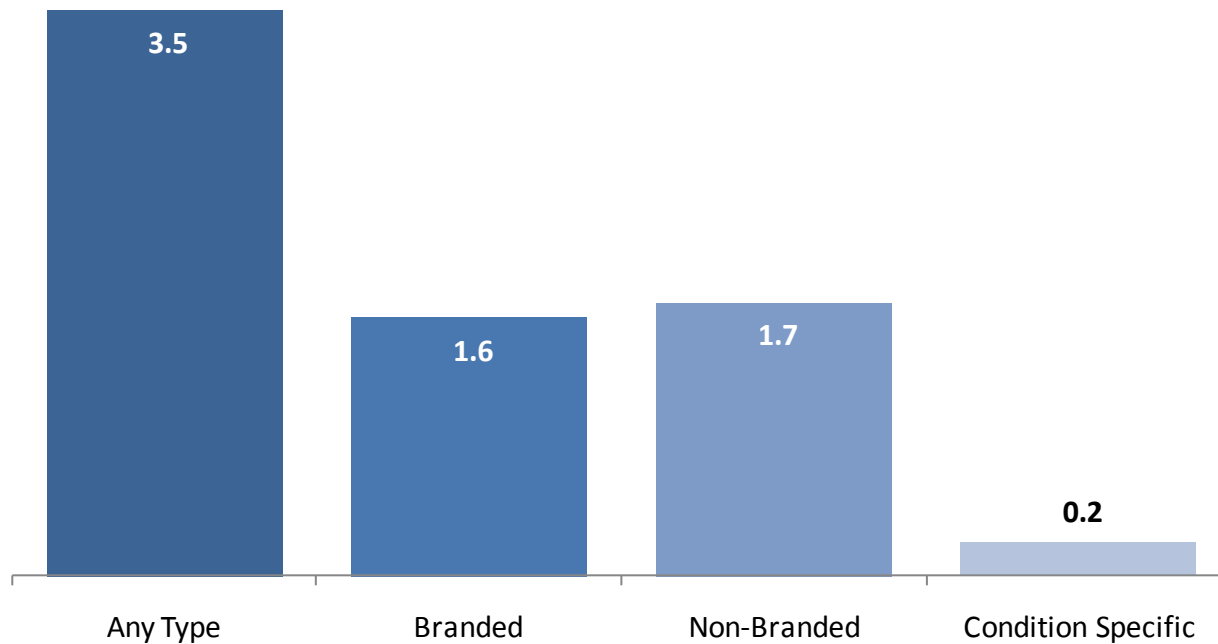
# Online purchasers show little preference between branded and non branded searches

Searcher Penetration by Term Type  
Among search driven beauty converters, Q3 2008



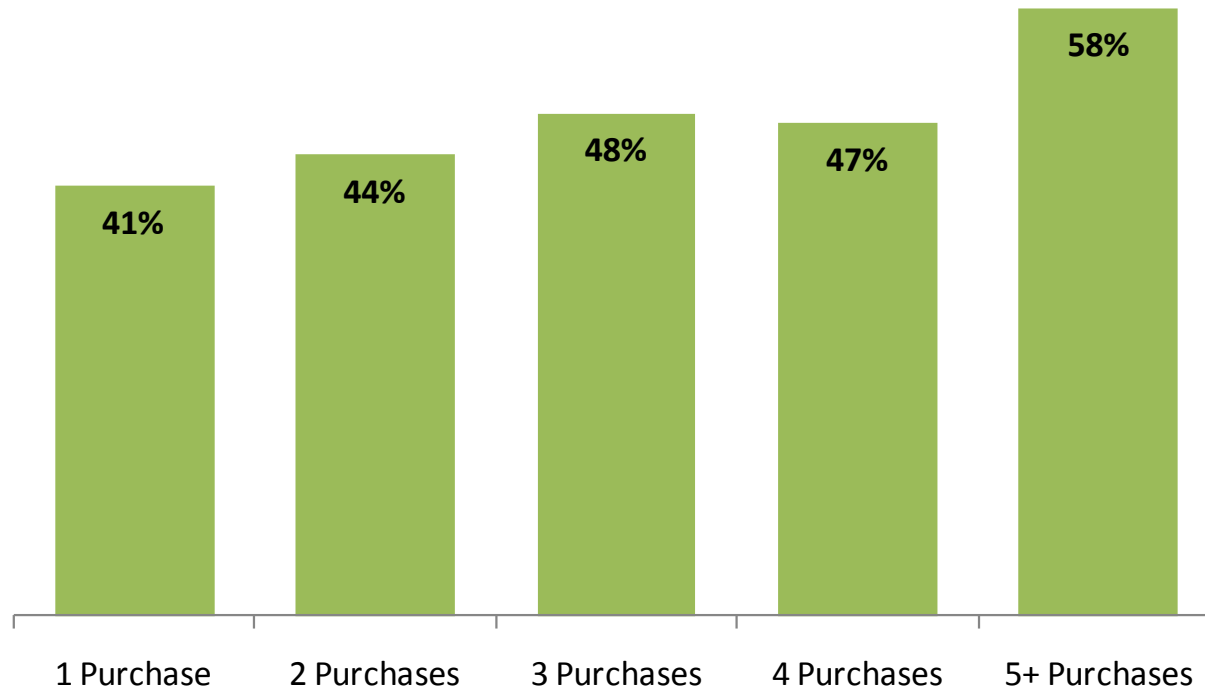
# Purchasers show no preference between branded and non-branded keywords

Search Query Type Classification Among Converters  
Among search driven beauty converters, Q3 2008



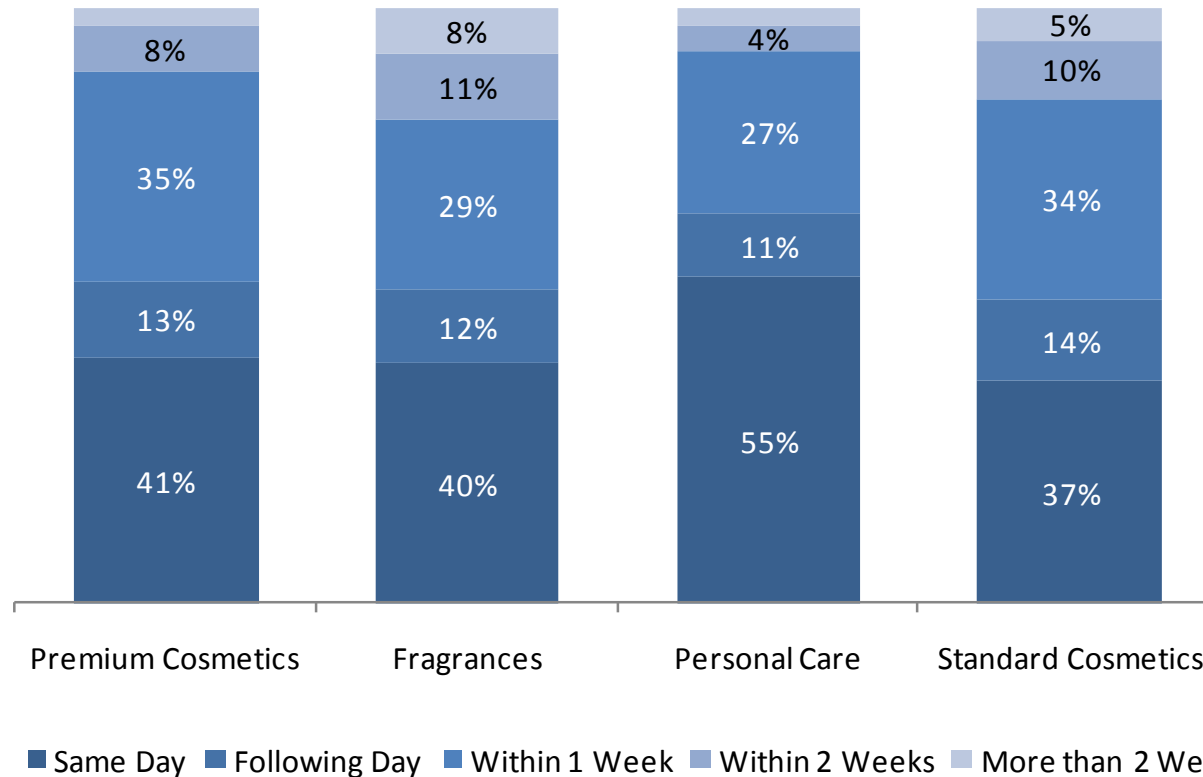
# The more a shopper clicks on paid beauty search ads, the more often she buys

Share of Beauty Searchers Clicking on Paid Search Results  
Among beauty site visitors arriving via paid search result, May – Oct 2008



# 86% of beauty purchasers begin researching within a week of purchase

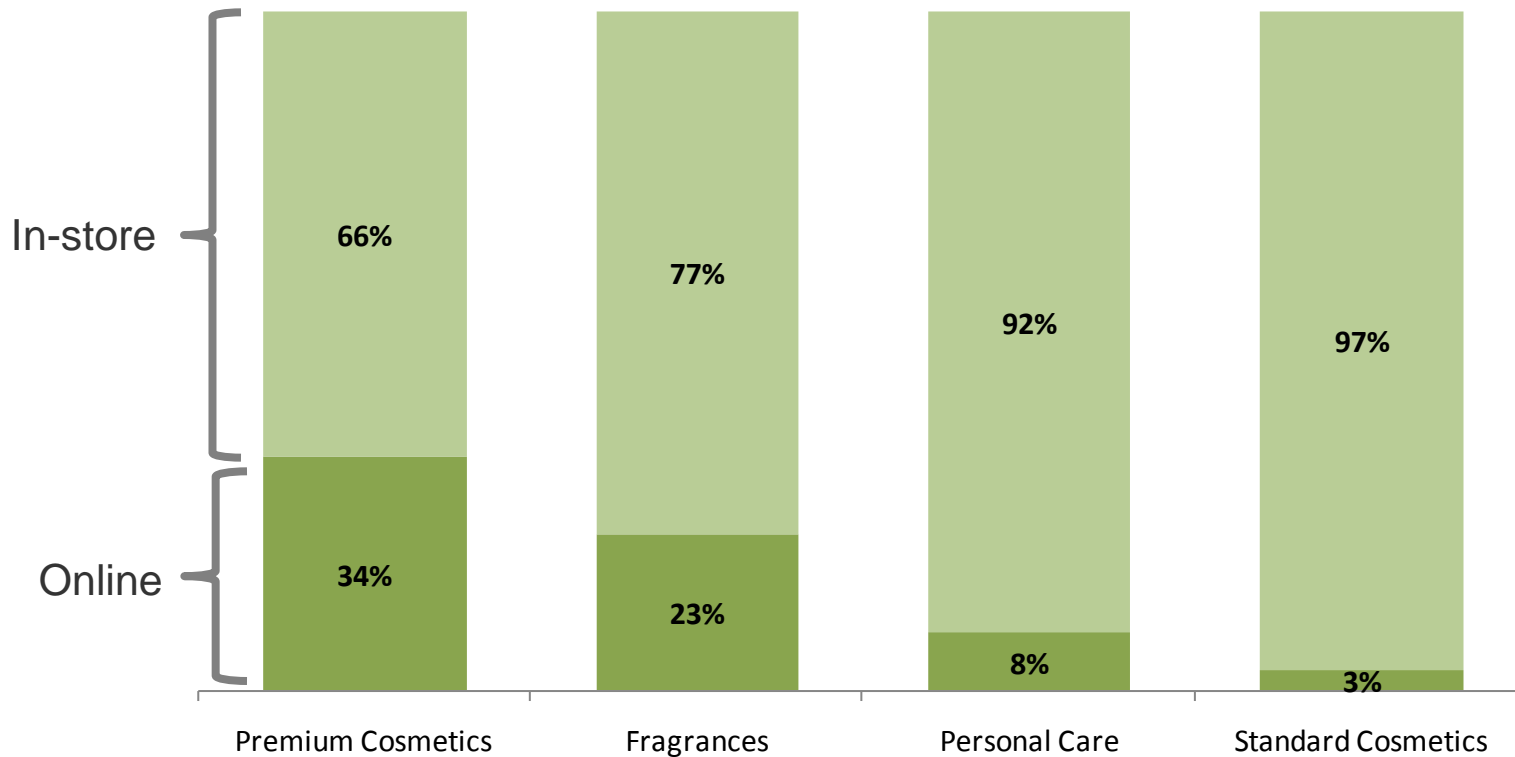
Time Between Initial Research and Purchase for Most Recent Purchase  
Among beauty purchasers who conducted research prior to purchase



Q11: Thinking about your most recent {Insert "Cosmetics/Skin Care", "Fragrance" or "Personal Care"} purchase, approximately how soon after you started looking for information about what items and brands to buy did you make your purchase?  
Base: Premium cosmetics purchasers who conducted research prior to purchase, n=512; Fragrance purchasers who conducted research prior to purchase, n=605; Personal care purchasers who conducted research prior to purchase, n=241; Standard cosmetics purchasers who conducted research prior to purchase, n=442  
Source: Google CPG June 2009 Study: *Compete Beauty Products and Cosmetics Survey Questionnaire*

# A third of premium cosmetics purchases are made online

Location of Most-Recent Beauty Product Purchase  
Among beauty product purchasers



Q4: Where did you buy your most recent {Insert "Cosmetics/Skin Care", "Fragrance" or "Personal Care"} purchase?

Base: Fragrance purchasers, n=1050; Personal care purchasers, n=1061; Premium cosmetics purchasers, n=1060; Standard cosmetics purchasers, n=1073

Source: Google CPG June 2009 Study: Compete Beauty Products and Cosmetics Survey Questionnaire



## Key Takeaways and Marketing Implications

# Six Key Takeaways and Implications

## Takeaway

## Marketing Implications

1

**Retail websites and Brand websites** each are a more important resource than beauty magazines

- Beauty Advertisers should leverage online as a top resource their consumers use to obtain information. Also, use online to close the loop with any beauty magazine efforts

2

The online beauty shopper is more **valuable, influential and engaged** than her counterpart who doesn't use online resources

- Use online as a strategic tactic to target heavy users/spenders of the category, and the younger influencers

3

The beauty shopper who uses Search Engines is **more valuable** than one that does not

- Be present, visible and relevant on the search engine results page when beauty shoppers use search

# Six Key Takeaways and Implications, cont.

## Takeaway

## Marketing Implications

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**4** **Competition** for beauty shoppers is fierce in the online space

- Beauty Advertisers can increase their budgets on their branded keywords to ensure they own all clicks for their brand

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**5** Online purchasers show little preference between **branded and non-branded** keywords

- Beauty Advertisers should incorporate non-branded keywords to their paid search campaigns

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**6** Those who buy online use online resources **throughout** the purchase process

- Beauty Advertisers should run an always on search campaign because they never know when a consumer is raising their hand for information
-



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