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Understanding Fragrance Purchasers

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

Study Methodology

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

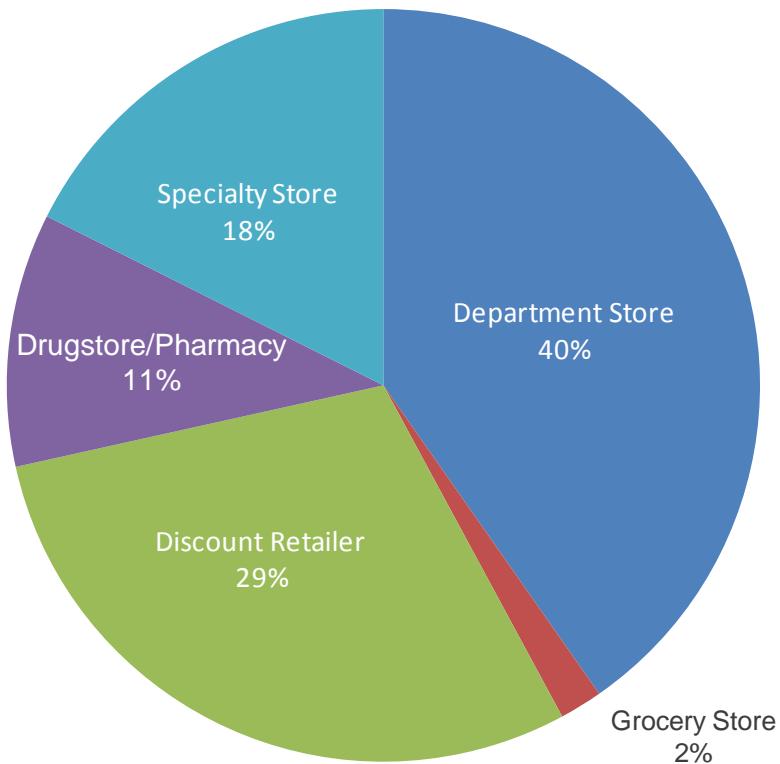
Definitions for Survey Data (which were self reported):

- To obtain a data cut across the beauty sub-verticals, the surveys asked respondents about their most recent purchase and whether or not it was:
 - Fragrance
 - Personal care (soap, body wash, razors, deodorant)
 - Cosmetics/skincare
- If respondent chose cosmetics/skincare, they were then to check off what brand they purchased among a set of brands here which lead to the classification of prestige vs. mass cosmetics/skincare

| Prestige | – Avon | – Lancome | Mass | – Maybelline |
|----------|---------------------|----------------------------|------|------------------|
| | – Mary Kay | – Clinique | | – Revlon |
| | – Bobbi Brown | – M.A.C cosmetics/skincare | | – L’Oreal |
| | – Elizabeth Arden | – Chanel | | – Neutrogena |
| | – Bath & Body Works | – Aveda | | – CoverGirl |
| | – The Body Shop | – Estee Lauder | | – Olay |
| | – L’Occitane | – Bare Escentuals | | – Dove |
| | – Dior | – Origins | | – New York Color |
| | – Other* | – Clarins | | – Sally Hansen |
| | | – Benefit | | – Nivea |
| | | – Prescriptives | | – Clearasil |
| | | | | – Other* |

Most in-store fragrance sales occur in department stores or discount retailer stores

Place of purchase for in-store fragrance
Among in-store fragrance purchasers



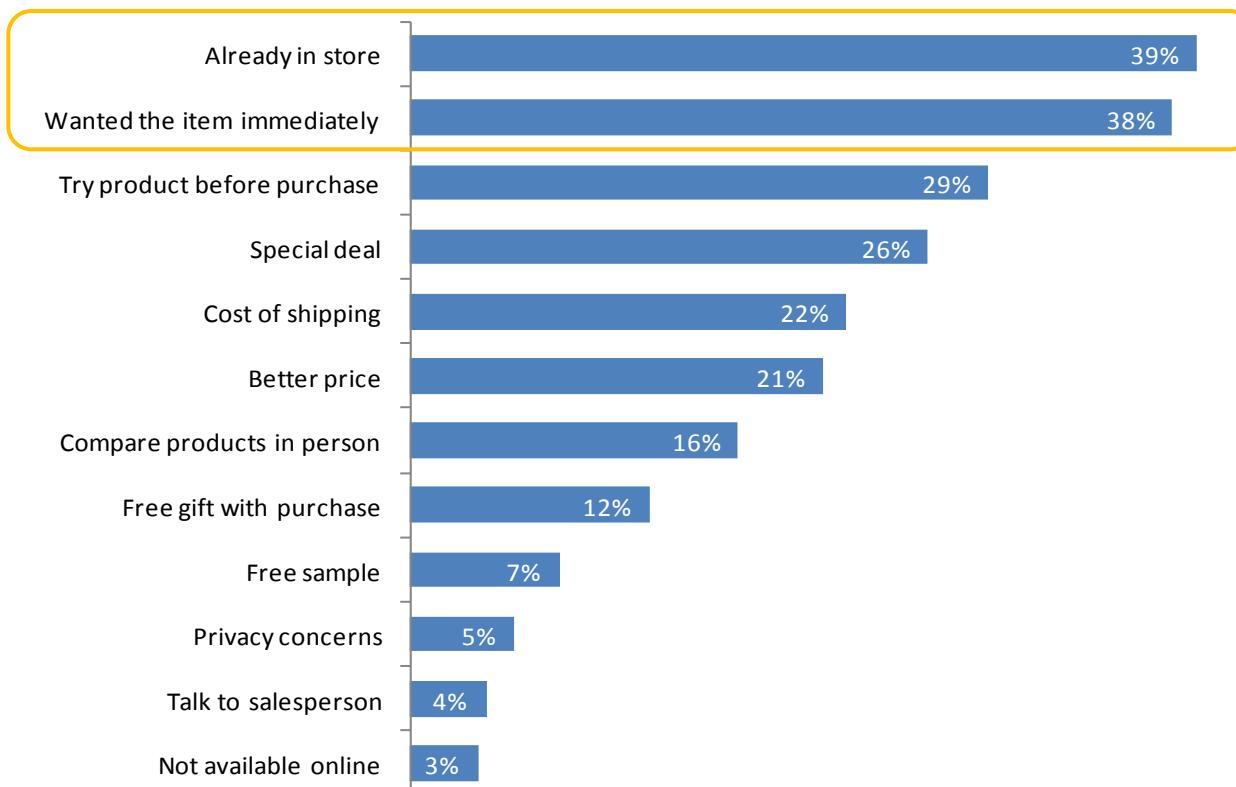
Q5: You mentioned that you bought your most recent Fragrance purchase at a store. From which of the following kinds of stores did you make this purchase?

Base: In-store fragrance purchasers, n=762

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

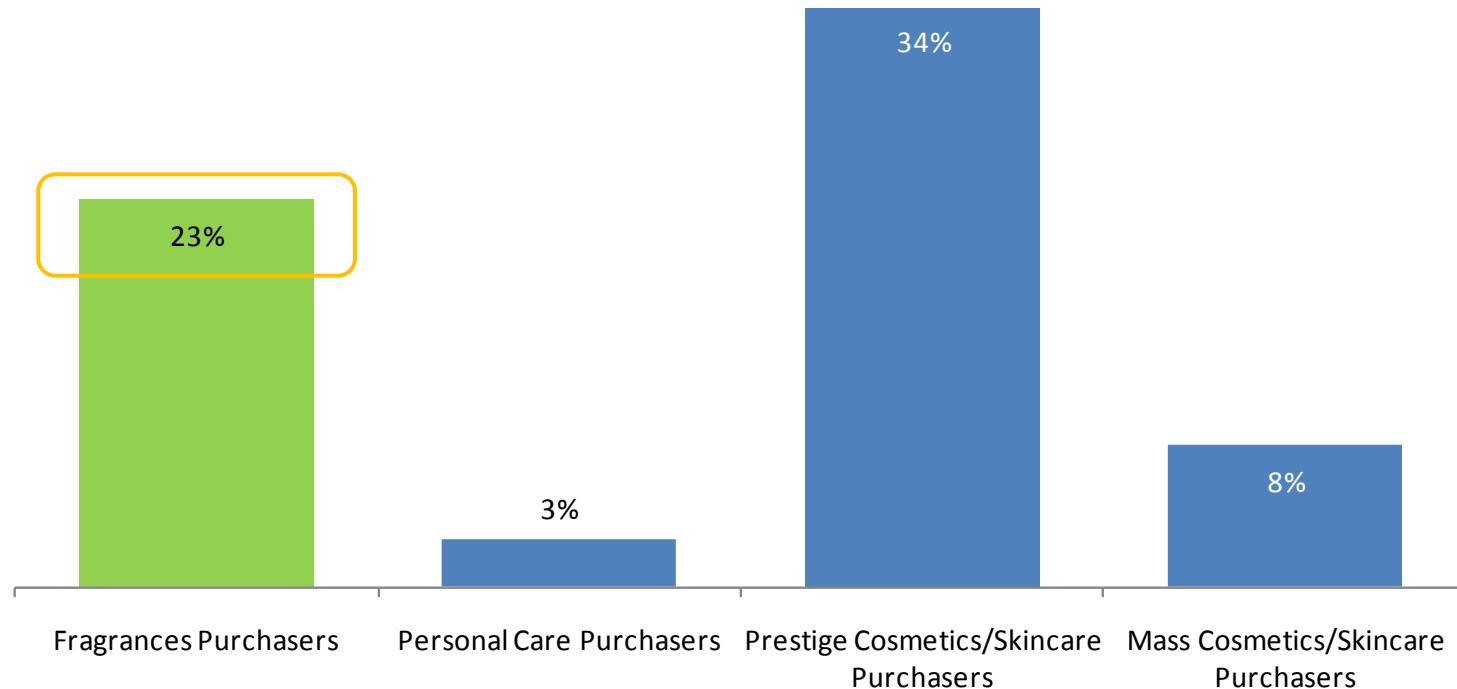
Fragrance purchasers who buy in-store do so because they are already in the store and they want to get the items immediately

Reasons for purchasing fragrance offline
Among in-store fragrance purchasers



23% of fragrance shoppers purchase online, 43% higher than the rate of beauty purchasers in general

Propensity to purchase beauty products online



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

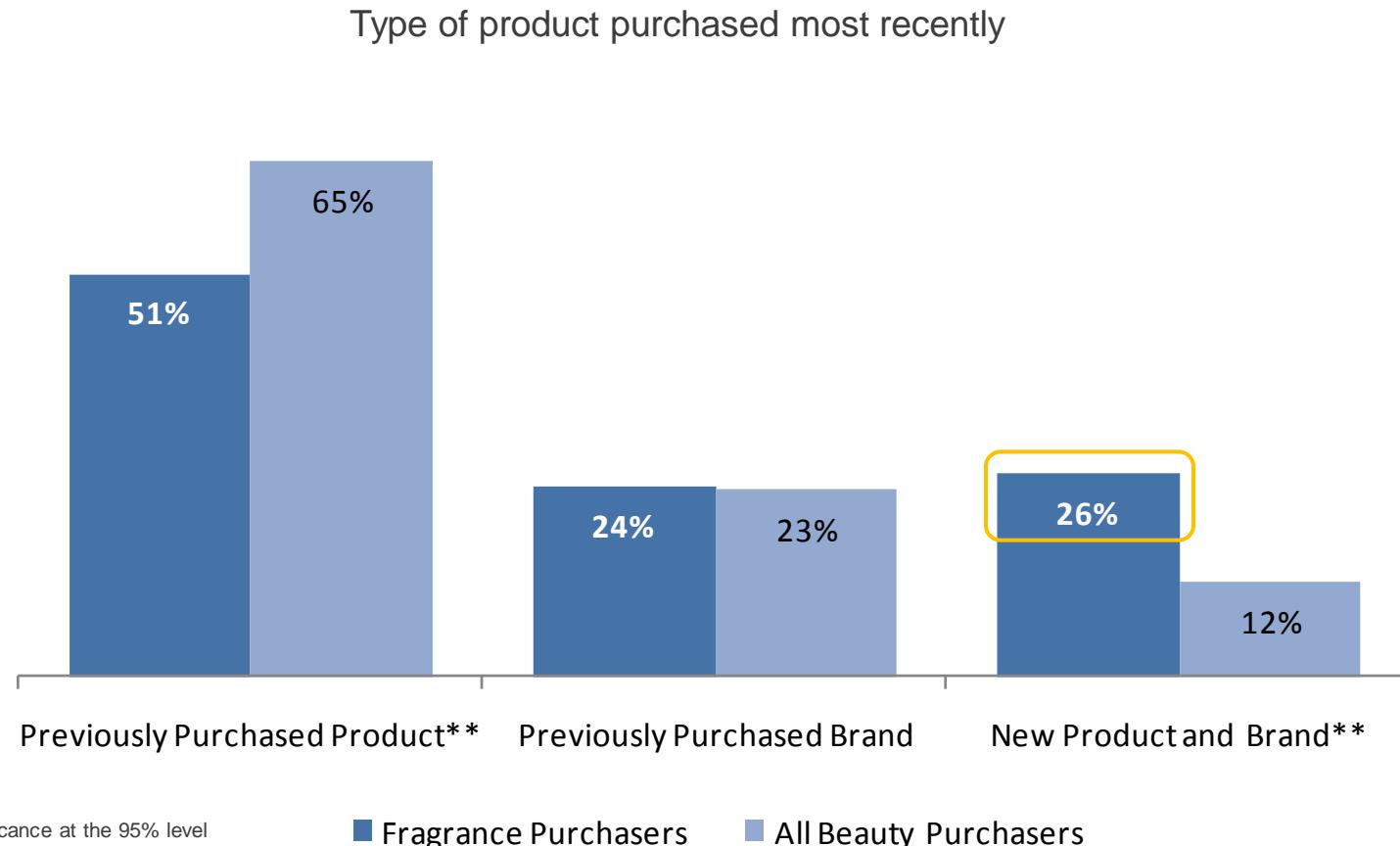
Online purchasers are price savvy and prefer the ease and convenience of ordering online and home delivery

Reasons for purchasing fragrance online

Among online fragrance purchasers



Fragrance shoppers are more likely than other beauty shoppers to try a new brand



Q10: Which statement best describes your most recent Fragrance purchase?

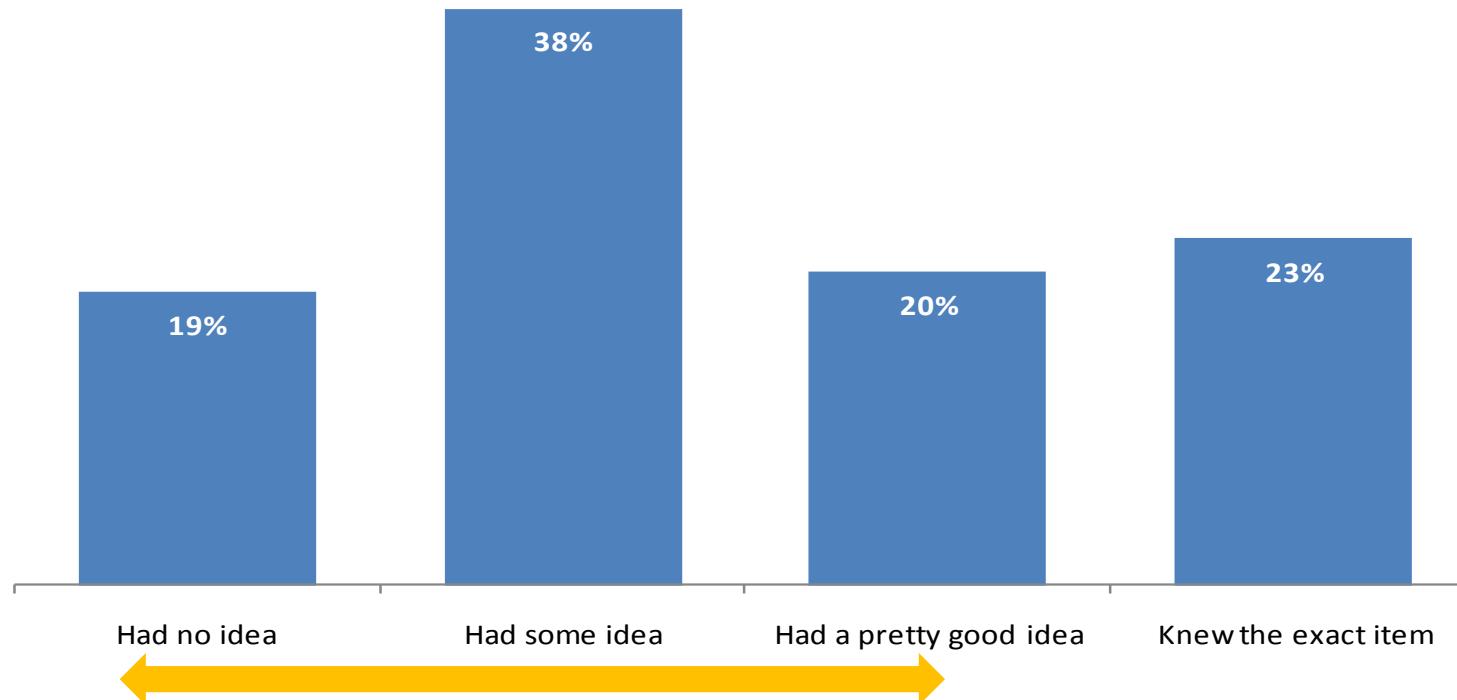
Base: Fragrance purchasers, N=1050; All beauty purchasers, n=4244

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

3 out of 4 purchasers who conduct research do not know which fragrance they intend to buy when they start shopping

Mindset about most recent fragrance purchase

Among fragrance purchasers who conducted research prior to purchase



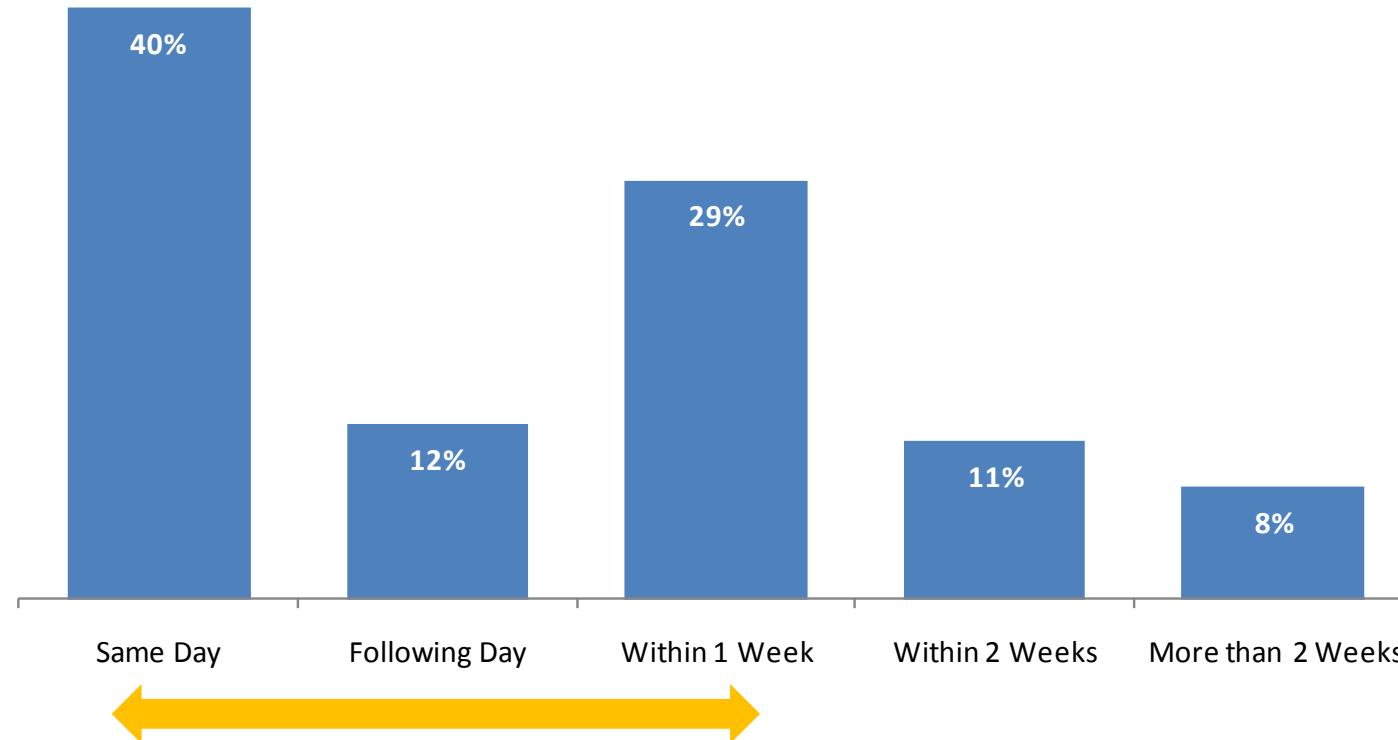
Q9: Which statement best describes your mindset about your most recent Fragrance purchase when you *first started looking at sources*?

Base: Fragrance purchasers who conducted research prior to purchase, n=605 (58% of fragrance purchasers)

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

8 out of 10 fragrance purchasers buy within a week of starting their product research

Time between initial research and purchase for most recent purchase
Among fragrance purchasers who conducted research prior to purchase



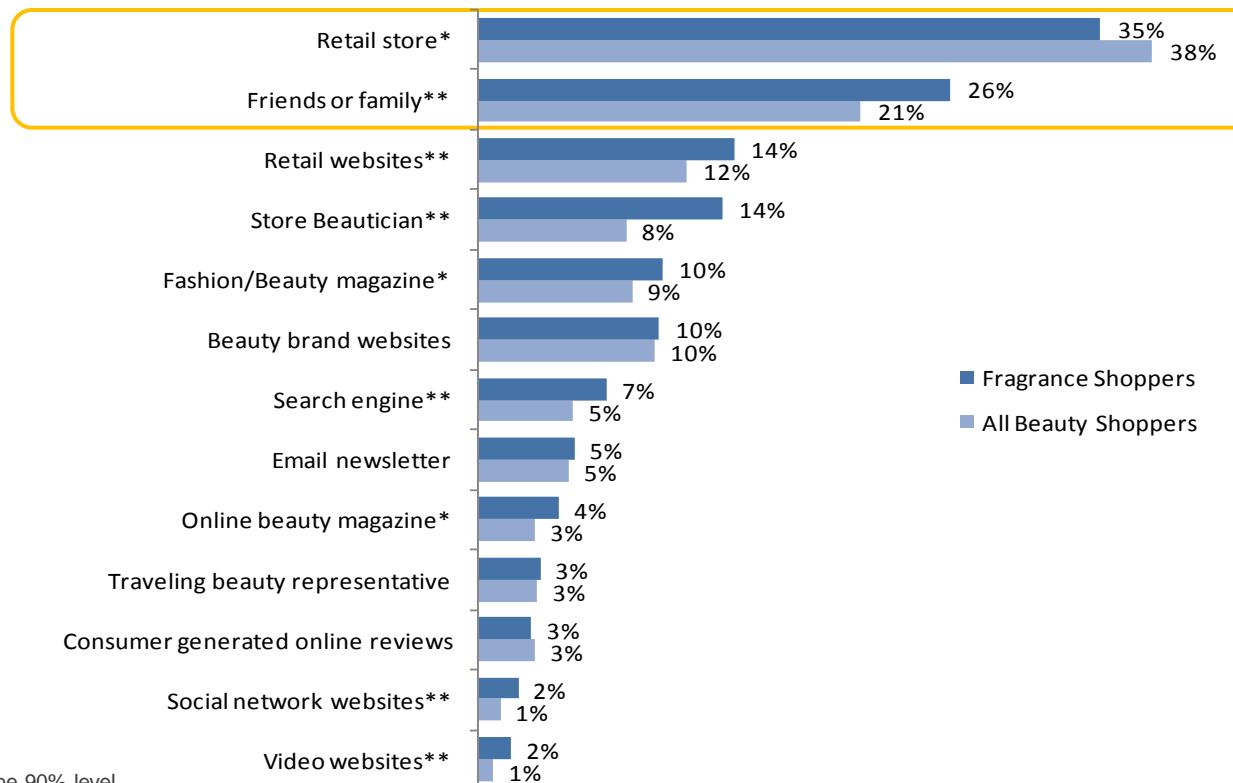
Q11: Thinking about your most recent Fragrance purchase, approximately how soon after you started looking for information about what items and brands to buy did you make your purchase?

Base: Fragrance purchasers who conducted research prior to purchase, n=605 (58% of fragrance purchasers)

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

Online resources are frequently used by fragrance shoppers

Resources used by fragrance purchasers
Fragrance purchasers who used a resource to shop for their most recent beauty products



* indicates significance at the 90% level

** indicates significance at the 95% level

Q2: Thinking about the {Insert "Fragrance", "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: Fragrance purchasers, n=1050; Beauty purchasers, n=4244

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

Fragrance purchasers use online sites to conduct research after initial exposure from search engines

Timing of resources used by fragrance purchasers

Among fragrance purchasers who used each resource to shop for their most recent fragrance product

| Resource | Initial product exposure | General product research | Specific product comparison | Final decision |
|-----------------------|--------------------------|--------------------------|-----------------------------|----------------|
| Beauty Brand Websites | 20% | 55% | 24% | 14% |
| Beauty Magazine | 33% | 57% | 22% | 6% |
| Email Newsletter* | 26% | 42% | 39% | 16% |
| Friends or Family | 32% | 24% | 19% | 31% |
| Retail Store | 17% | 47% | 29% | 29% |
| Retail Websites | 24% | 48% | 27% | 22% |
| Search Engine | 38% | 46% | 26% | 20% |
| Store Beautician | 15% | 47% | 39% | 24% |

*small sample

Q8. Thinking about your most recent Fragrance purchase, when did you use each of the sources during your decision about what to buy?

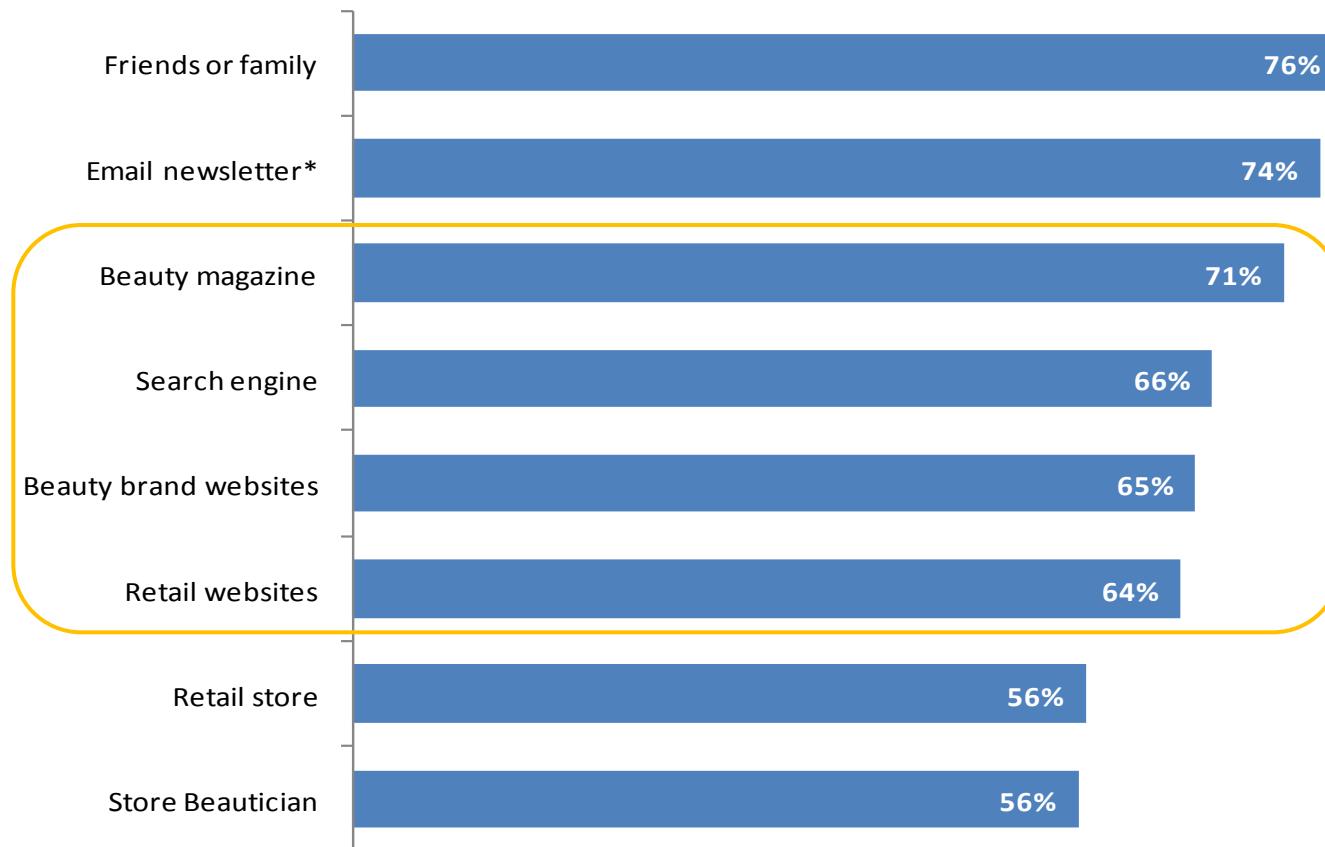
Base: Premium cosmetics purchasers who used each resource to shop for their most recent premium cosmetic products,

n= variable (31-187)

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

Recommendations from trusted advisors are top influencers for fragrance shoppers

Influence of resources used by fragrance shoppers
Fragrance purchasers stating “Often” or “Frequently”



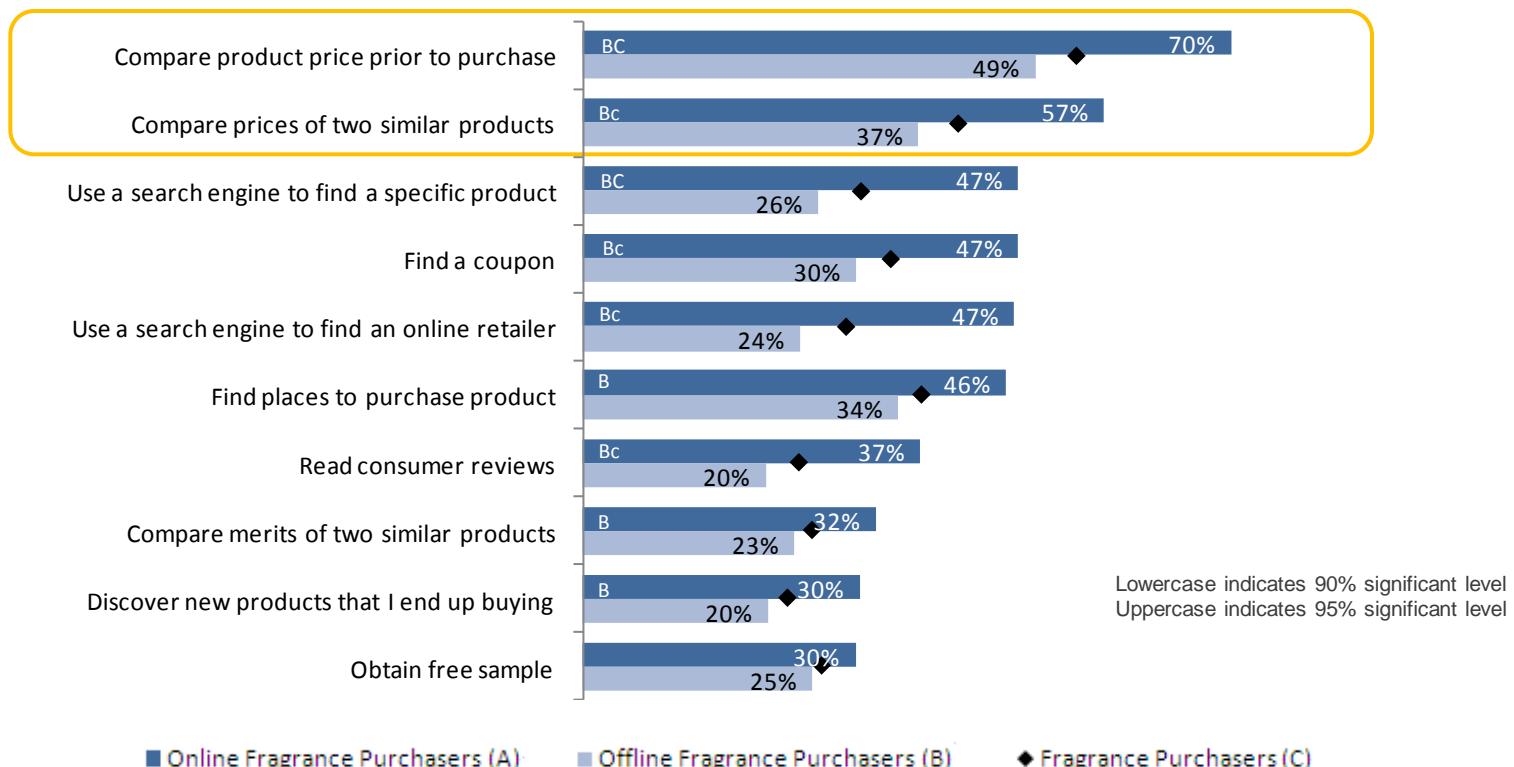
*small sample

Q7: Thinking about your most recent Fragrance purchase, how influential was each of the sources you used in making your final decision about what to buy? (5-point scale.)

Base : Premium cosmetics purchasers who used each resource to shop for their most recent premium cosmetic products, n= variable (31-187)
Source: Google CPG June 2009 Study: Compete Beauty Products and Cosmetics Survey Questionnaire

Online fragrance shoppers exhibit prudent shopping habits

Tendency to perform specific actions when shopping online for fragrances
Fragrance purchasers stating “Often” or “Frequently”



Q14: Please indicate how often you do any of the following activities when you online to look for information about what Fragrance products and brands to buy? (5-point scale)

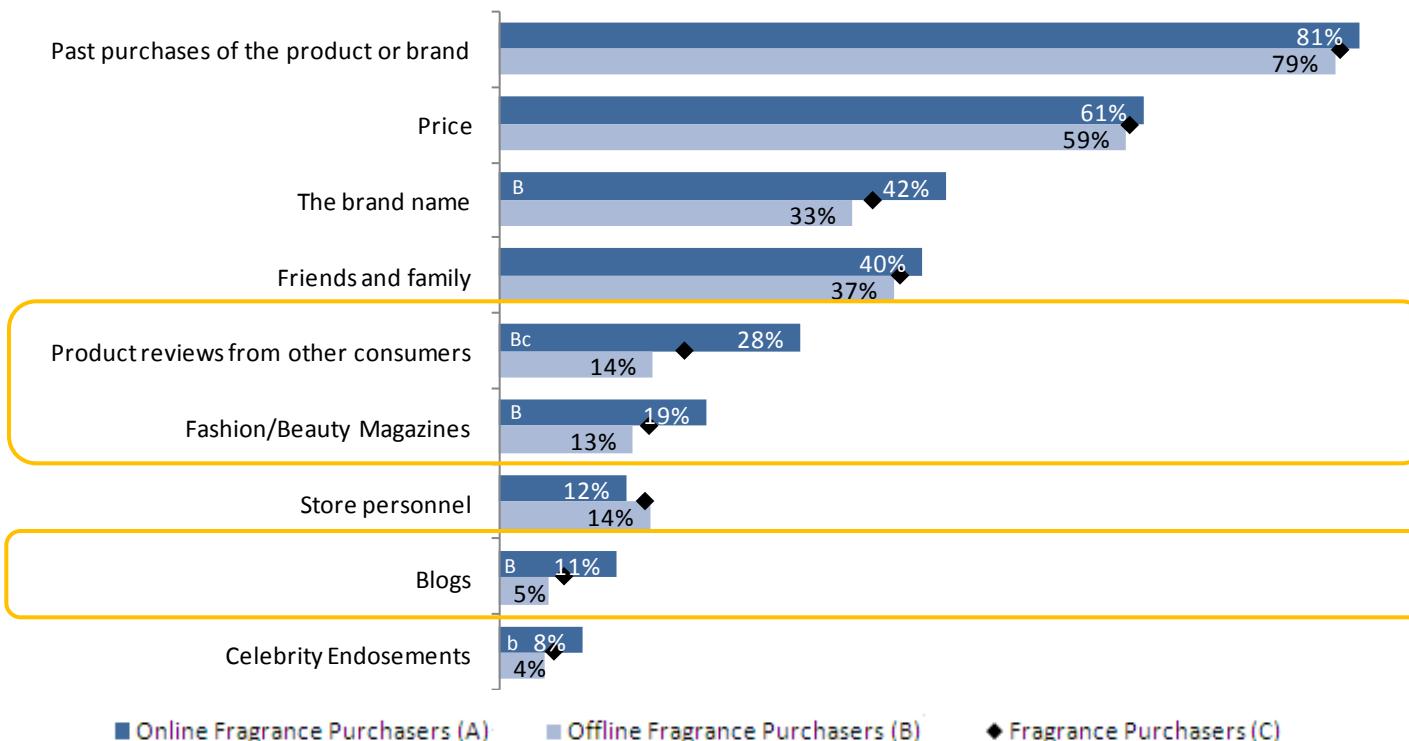
Base: Online fragrance purchasers, n=226; Offline fragrance purchasers, n=824; Fragrance purchasers, n=1050

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

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Reviews and advice from third parties are more influential to online purchasers than offline purchasers

Influence of sources on purchase decision
Fragrance purchasers stating “Extremely Influential” or “Very Influential”



Why should fragrance marketers care about the web?

Because online fragrance purchasers are ...

Younger and more affluent



- **42%** of online purchasers vs. **37%** of offline purchasers are between the ages of 25-44 ^A
- **53%** of online purchasers vs. **45%** of offline purchasers have a household income above \$60K ^{B**}

Influencers

- Online shoppers are **23%** more likely to tell others about their favorite brands and products compared to offline fragrance shoppers ^{C**}
- Online shoppers are **50%** more likely to be viewed as knowledgeable about beauty products compared to offline fragrance shoppers ^{C**}

** indicates significance at the 95% level

A: D2: Please select your age.

B: D3: What is your annual household income?

C: Q19: Below is a list of statements related to Fragrances. How much do you agree or disagree that each of the following statements describe you, using the 5-point scale below?

All of the Above:

Base: Online fragrance purchasers, n=226; Offline fragrance purchasers, n=824

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

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Why should fragrance marketers care about the web?

Because *online fragrance purchasers are ...*

Bigger spenders

- **22%** of online shoppers vs. **14%** of offline shoppers spend more than \$50/month on fragrances ^{A**}
- **65%** of online shoppers vs. **4%** of offline shoppers spend more than half of their fragrance budget online ^{B**}

^{**} indicates significance at the 95% level

A: Q16: During a typical month, how much would you estimate you spend on Fragrance products?

Base: Online fragrance purchasers, n=226; Offline fragrance purchasers, n=824

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

B: Q17: Considering all the money you spend on Fragrance products in a typical month, approximately what percentage of it is spent on purchases made *online*?

Base: Online fragrance purchasers, n=226; Offline fragrance purchasers, n=824

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

C: Q15: Thinking about all the Fragrances you use regularly, how many different brands do you use?

Base: Online fragrance purchasers, n=226; Offline fragrance purchasers, n=824

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

D: Q13: You mentioned earlier that you go online to find information about what Fragrances and brands to buy.

Approximately how often do you go *online* to look for information on Fragrance?

Base: Online fragrance purchasers, n=226; Offline fragrance purchasers, n=824

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

E: Q20: How many beauty-related magazines (such as InStyle, Vogue, or Self) do you either subscribe to or regularly read?

Base: Online fragrance purchasers, n=226; Offline fragrance purchasers, n=824

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

More engaged consumers

- **16%** of online shoppers use 6 or more different fragrance brands whereas **half** of all offline shoppers use only 1 or 2 different fragrance brands ^C
- **23%** of online shoppers vs. **7%** of offline shoppers use the web to research fragrances at least once a month ^{D**}
- Online shoppers are **twice** as likely to read multiple beauty magazines compared to offline fragrance shoppers ^{E**}

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