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Understanding Prestige Cosmetics/Skincare 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

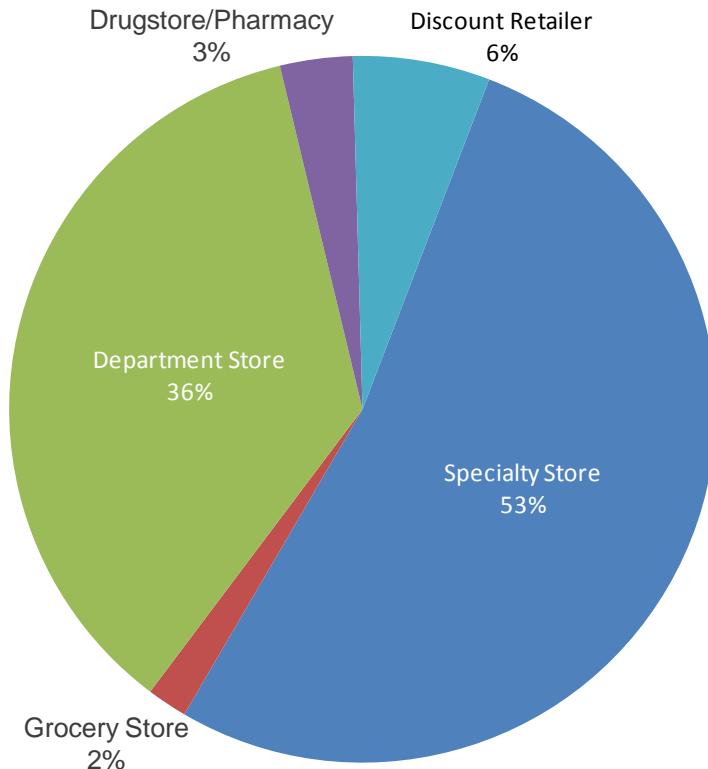
Definitions for Survey Data (which were self reported):

- 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 prestige cosmetics/skincare sales occur in **specialty** or **department stores**

Place of purchase for in-store prestige cosmetics/skincare
Among in-store prestige cosmetics/skincare purchasers



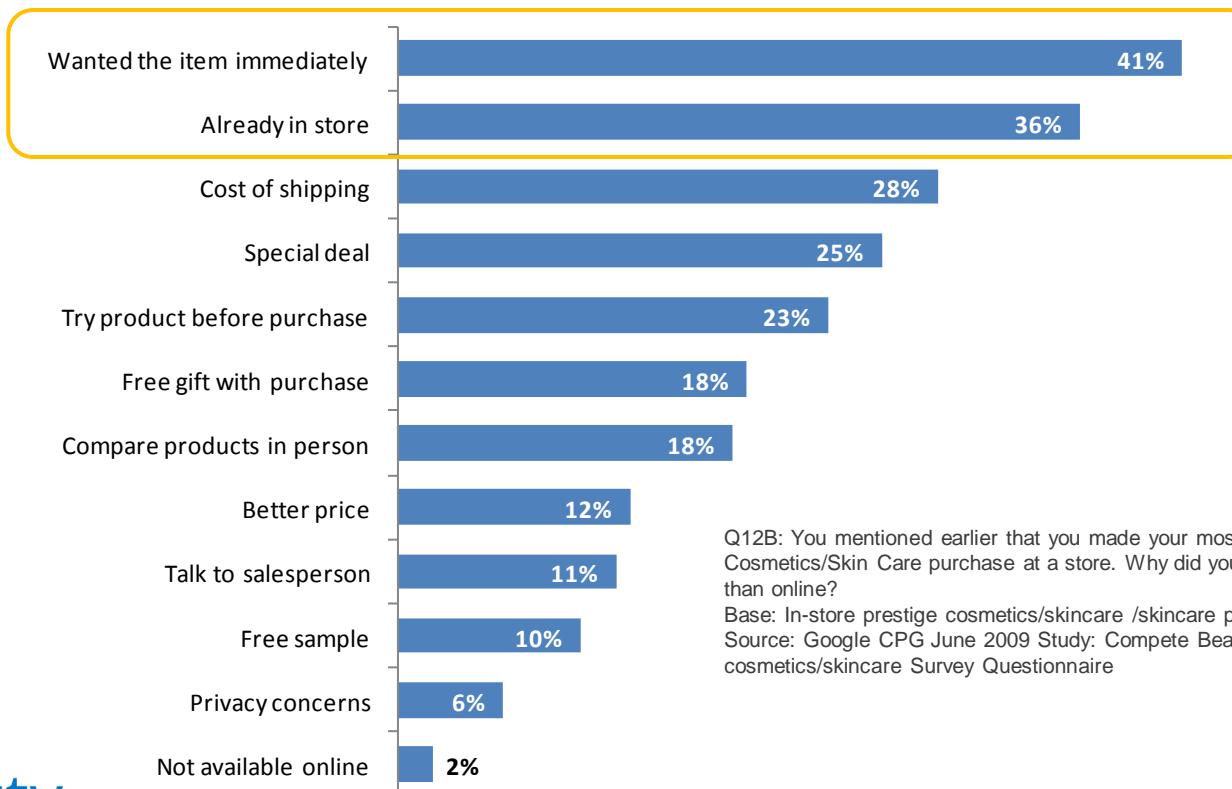
Q5: You mentioned that you bought your most recent Cosmetics/Skin Care purchase at a store. From which of the following kinds of stores did you make this purchase?

Base: In-store prestige cosmetics/skincare purchasers, n=542

Source: Google CPG June 2009 Study: Compete Beauty Products and cosmetics/skincare Survey Questionnaire

Prestige cosmetics/skincare purchasers who buy in-store do so in part to get the items immediately and because they are already in the store

Reasons for purchasing prestige cosmetics/skincare offline
Among in-store prestige cosmetics/skincare purchasers

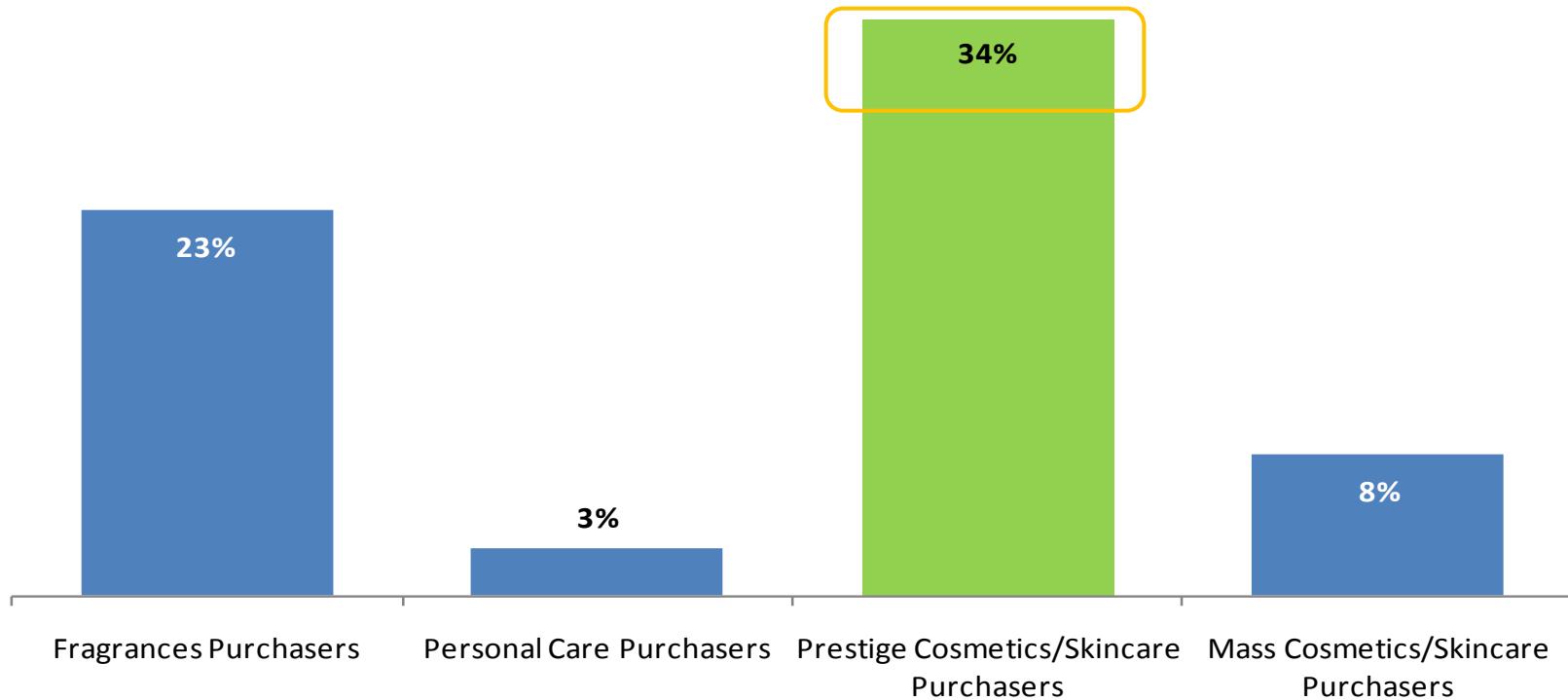


Q12B: You mentioned earlier that you made your most recent Cosmetics/Skin Care purchase at a store. Why did you buy at a store rather than online?

Base: In-store prestige cosmetics/skincare purchasers, n=542
Source: Google CPG June 2009 Study: Compete Beauty Products and cosmetics/skincare Survey Questionnaire

34% of prestige cosmetics/skincare shoppers purchase online, **twice** the rate of beauty purchasers in general

Propensity to purchase beauty products online



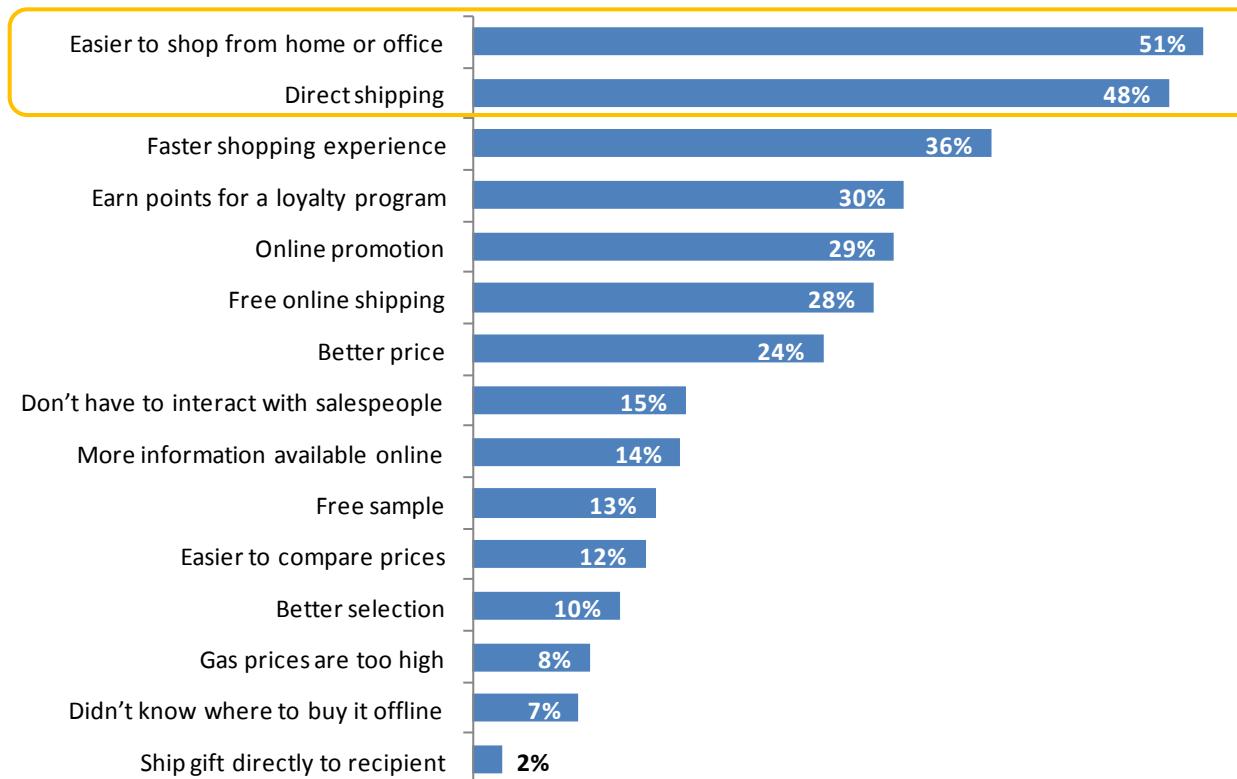
Q4: Where did you buy your most recent {Insert "Cosmetics/Skin Care", "Fragrance" or "Personal Care"} purchase?

Base: Fragrance purchasers, n=1050; Personal care purchasers, n=1061; Prestige cosmetics/skincare purchasers, n=1060; Mass cosmetics/skincare purchasers, n=1073

Source: Google CPG June 2009 Study: Compete Beauty Products and cosmetics/skincare Survey Questionnaire

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

Reasons for purchasing prestige cosmetics/skincare online
Among online prestige cosmetics/skincare purchasers



Q12A: You mentioned earlier that you made your most recent Cosmetics/Skin Care purchase online.

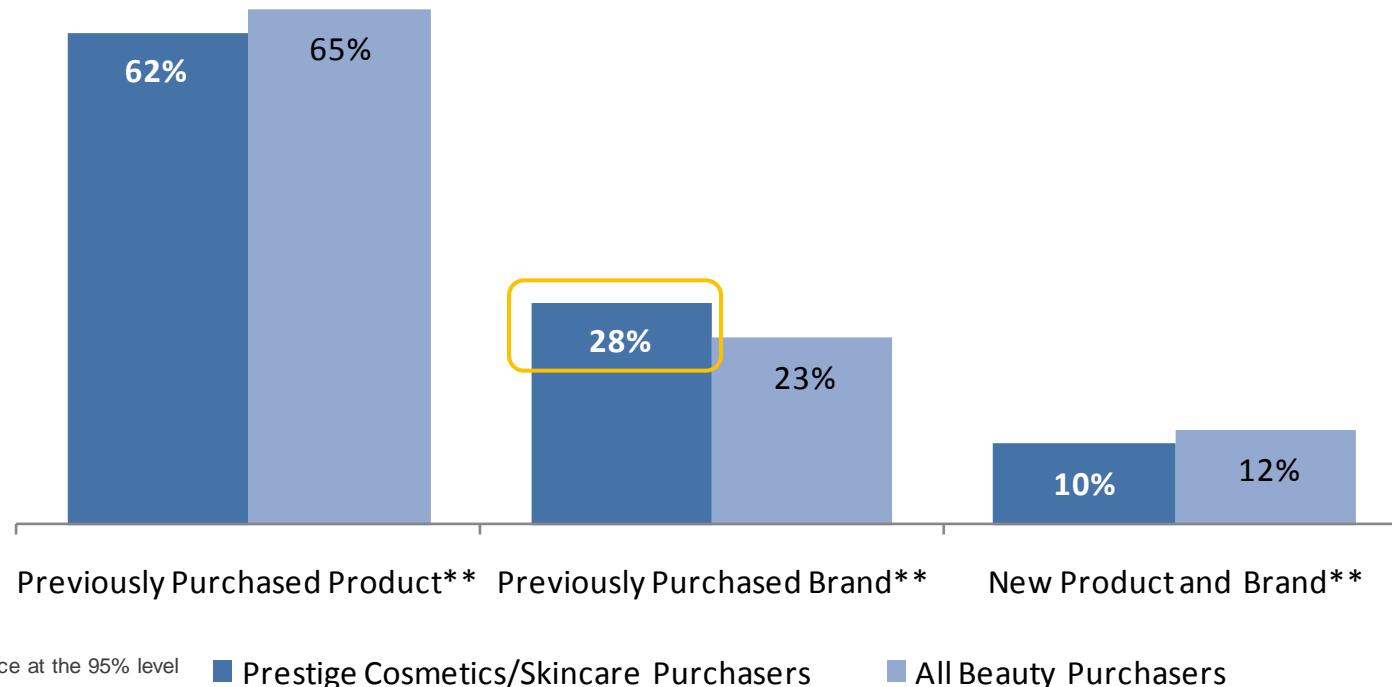
Why did you buy online rather than at a store?

Base: Online prestige cosmetics/skincare purchasers, n=283

Source: Google CPG June 2009 Study: Compete Beauty Products and cosmetics/skincare Survey Questionnaire

Prestige cosmetics/skincare shoppers are more likely than other beauty shoppers to try a new product manufactured by a trusted brand

Type of product purchased most recently



** indicates significance at the 95% level

■ Prestige Cosmetics/Skincare Purchasers ■ All Beauty Purchasers

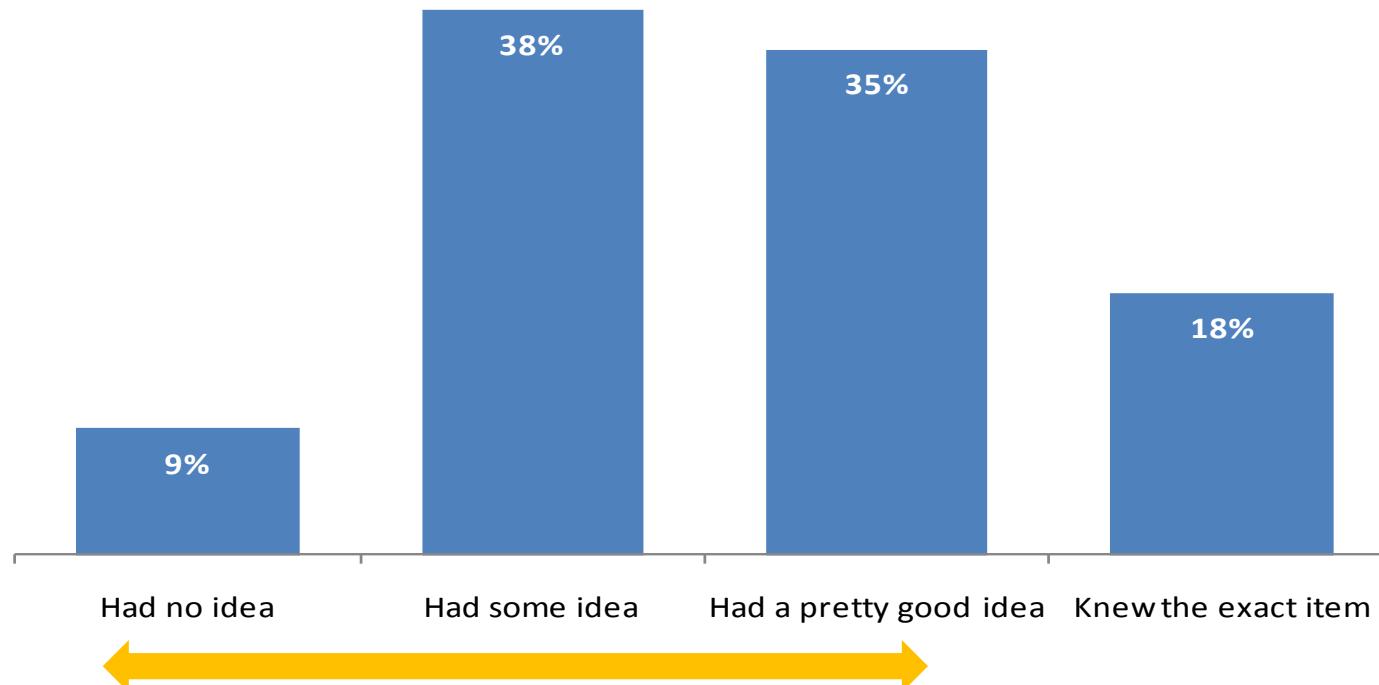
Q10: Which statement best describes your most recent Cosmetics/Skin Care purchase?

Base: Prestige cosmetics/skincare purchasers, N=1060; All beauty purchasers, n=4244

Source: Google CPG June 2009 Study: Compete Beauty Products and cosmetics/skincare Survey Questionnaire

8 out of 10 purchasers who conduct research do not know which prestige cosmetic they intend to buy when they start shopping

Mindset about most recent prestige cosmetics/skincare purchase
Among prestige cosmetics/skincare purchasers who conducted research prior to most recent purchase



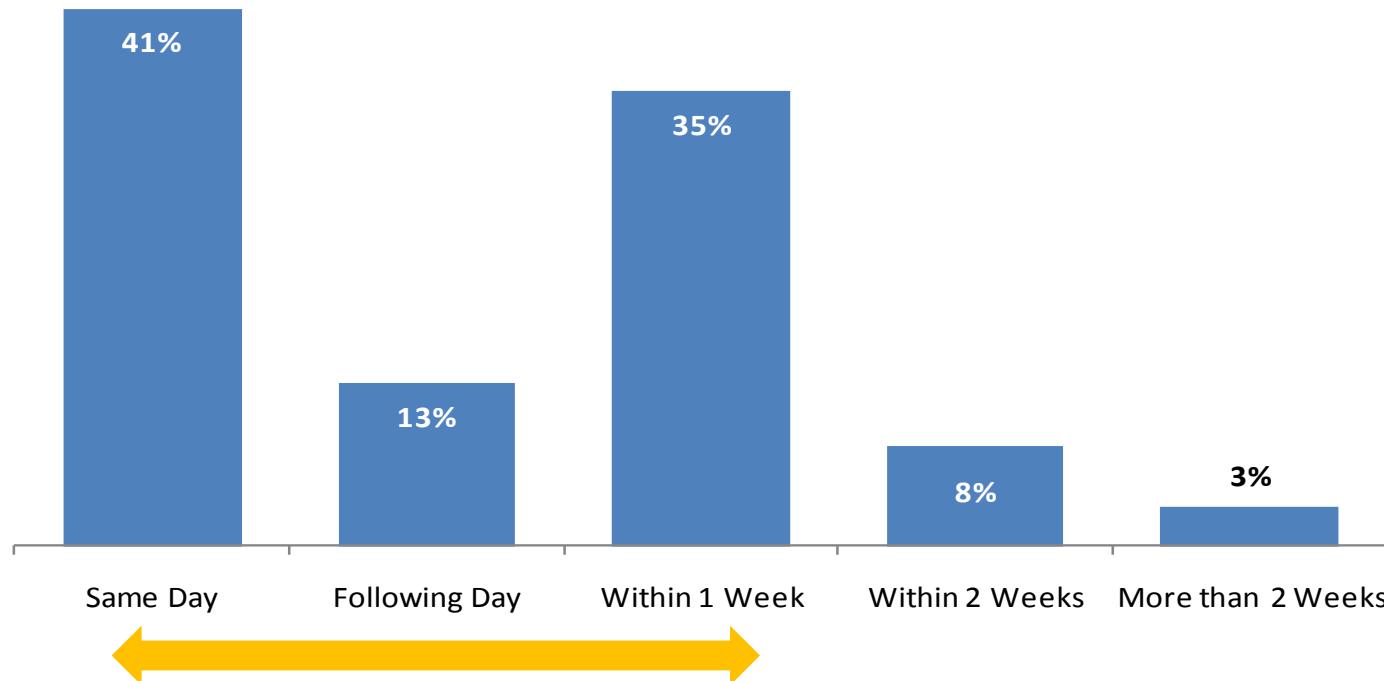
Q9: Which statement best describes your mindset about your most recent Cosmetics/Skin Care purchase when you *first started* looking at sources?

Base: Prestige cosmetics/skincare purchasers who conducted research prior to purchase, n=521 (24% of prestige cosmetics/skincare purchasers)

Source: Google CPG June 2009 Study: Compete Beauty Products and cosmetics/skincare Survey Questionnaire

9 out of 10 prestige cosmetics/skincare purchasers buy within a week of starting their product research

Time between initial research and purchase for most recent purchase
Among prestige cosmetics/skincare purchasers who conducted research prior to most recent purchase



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

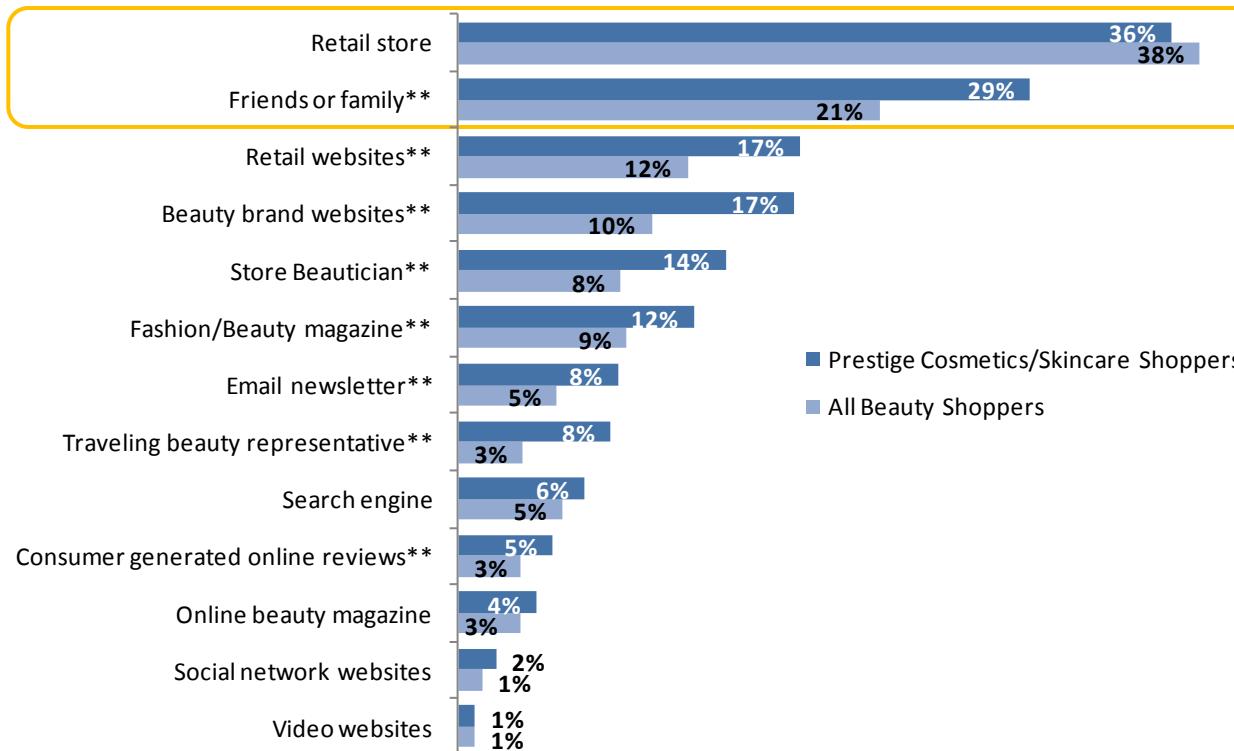
Base: Prestige cosmetics/skincare purchasers who conducted research prior to purchase, n=521 (24% of prestige cosmetics/skincare purchasers)

Source: Google CPG June 2009 Study: Compete Beauty Products and cosmetics/skincare Survey Questionnaire

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Online resources are frequently used by prestige cosmetics/skincare shoppers

Resources used by prestige cosmetics/skincare purchasers



** indicates significance at the 95% level

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: Prestige cosmetics/skincare purchasers, n=1060; Beauty purchasers, n=4244

Source: Google CPG June 2009 Study: Compete Beauty Products and cosmetics/skincare Survey Questionnaire

Prestige cosmetics/skincare purchasers use online sites to conduct research after initial exposure from e-mail newsletters

Timing of resources used by prestige cosmetics/skincare purchasers
Among prestige cosmetics/skincare purchasers who used each resource
to shop for their most recent prestige cosmetics/skincare product

Resource	Initial product exposure	General product research	Specific product comparison	Final decision
Beauty Brand Websites	21%	60%	22%	28%
Beauty Magazine*	23%	65%	26%	3%
Email Newsletter*	47%	38%	16%	16%
Friends or Family	33%	47%	24%	22%
Retail Store	12%	44%	27%	32%
Retail Websites	22%	59%	25%	26%
Store Beautician	8%	51%	27%	37%
Traveling Beauty Representative*	28%	63%	30%	38%

*small sample

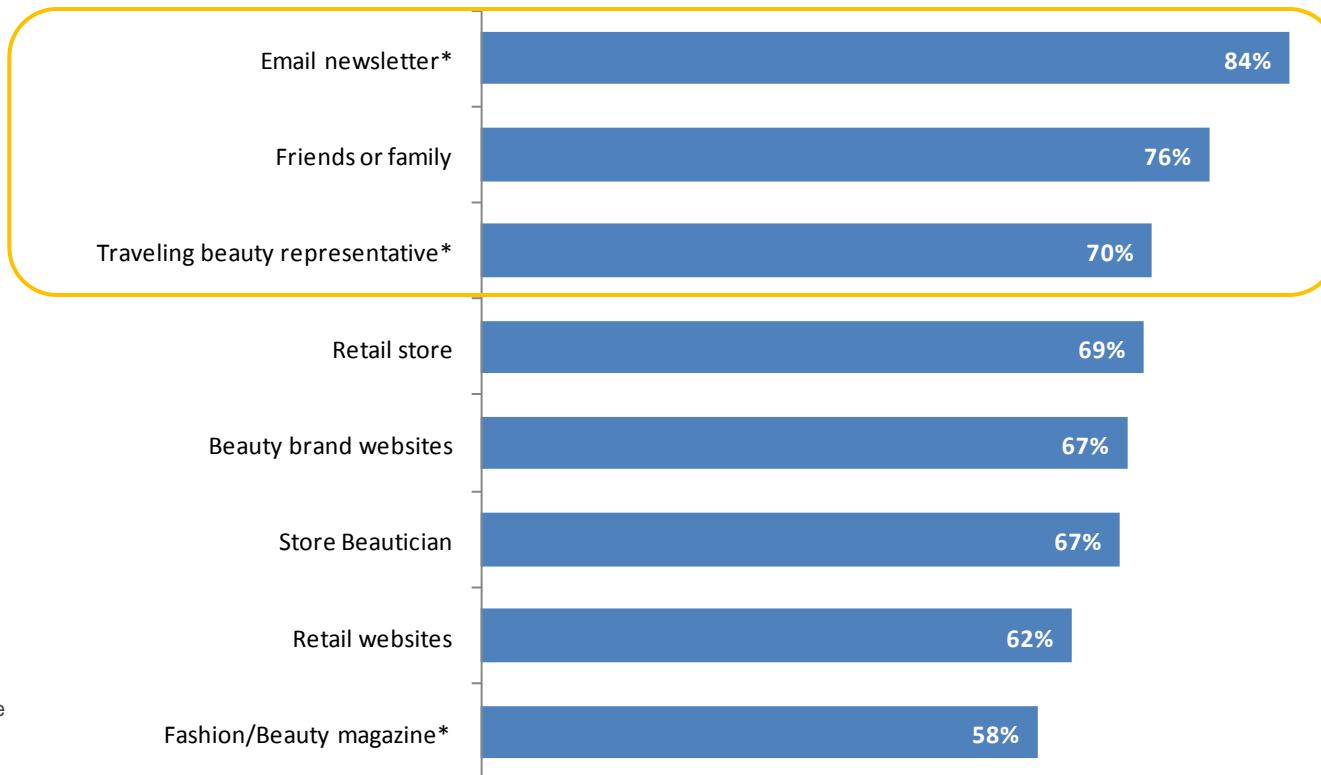
Q8. Thinking about your most recent Cosmetics/Skin Care purchase, when did you use each of the sources during your decision about what to buy?

Base: Prestige cosmetics/skincare purchasers who used each resource to shop for their most recent prestige cosmetic products, n= variable (31-150)

Source: Google CPG June 2009 Study: Compete Beauty Products and cosmetics/skincare Survey Questionnaire

Recommendations from trusted advisors are top influencers for prestige cosmetics/skincare shoppers

Influence of resources used by prestige cosmetics/skincare shoppers
prestige cosmetics/skincare purchasers stating “Often” or “Frequently”



*small sample

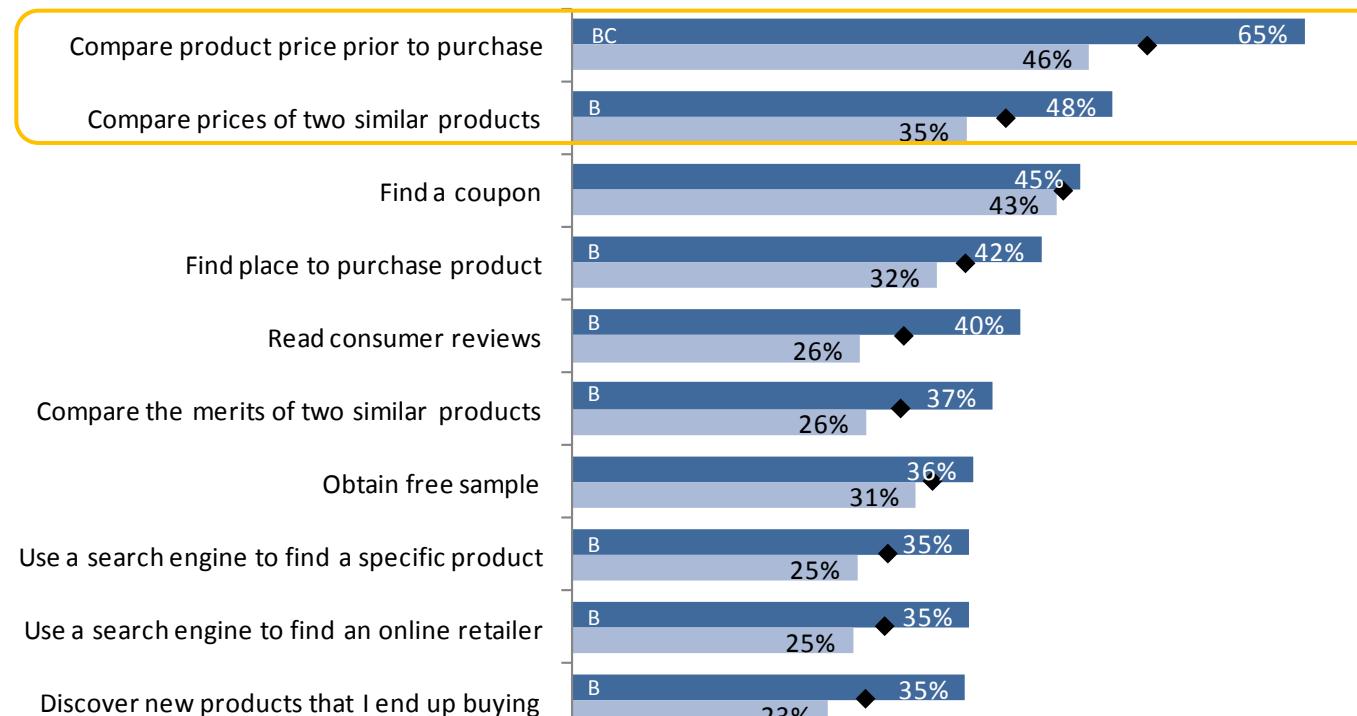
Q7: Thinking about your most recent Cosmetics/Skin Care purchase, how influential was each of the sources you used in making your final decision about what to buy? (5-point scale)

Base : Prestige cosmetics/skincare purchasers who used each resource to shop for their most recent prestige cosmetic products, n= variable (31-150)

Source: Google CPG June 2009 Study: Compete Beauty Products and cosmetics/skincare Survey Google Confidential and Proprietary Questionnaire

Online prestige cosmetics/skincare shoppers are more price savvy than offline buyers

Tendency to perform specific actions when shopping online for prestige cosmetics/skincare
Prestige cosmetics/skincare purchasers stating “Often” or “Frequently”



Uppercase indicates 95% significant level

■ Online Prestige Cosmetics/Skincare Purchasers (A) ■ Offline Prestige Cosmetics/Skincare Purchasers (B) ◆ Prestige Cosmetics/Skincare Purchasers

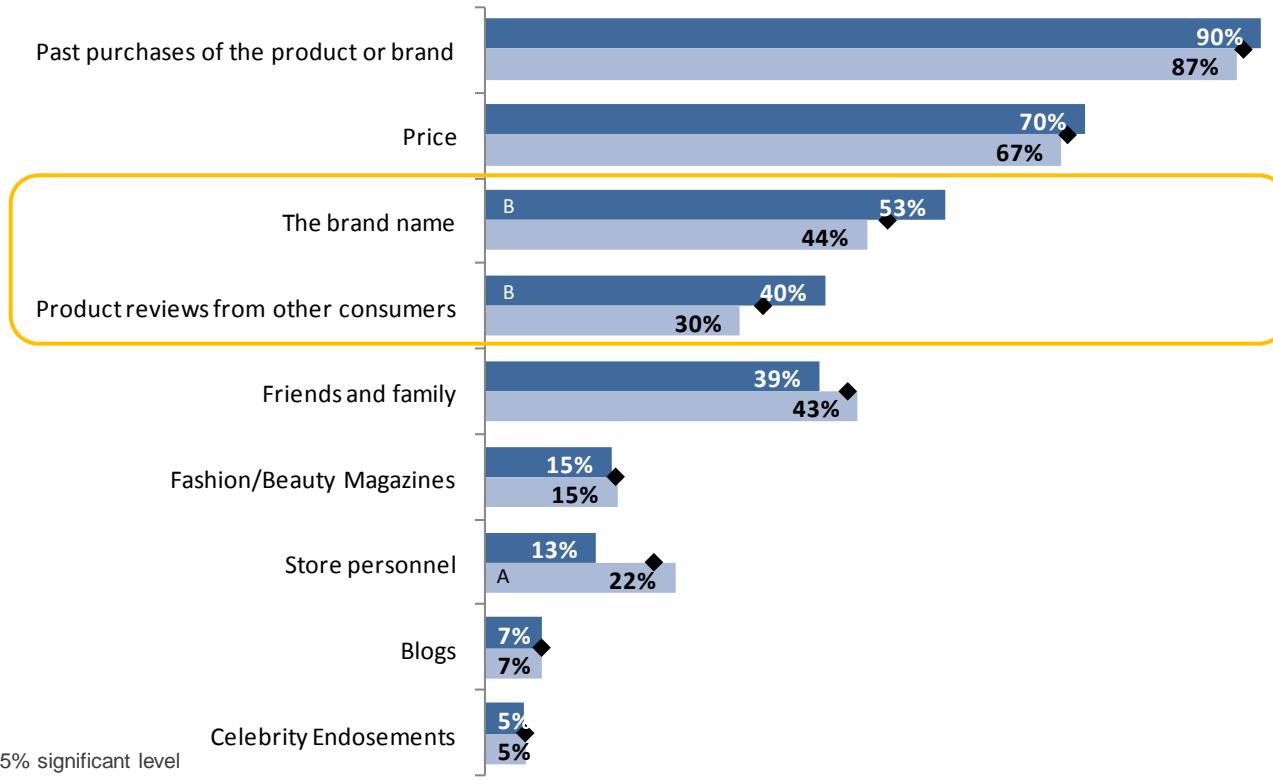
look for information about what Cosmetics/Skin Care products and brands to buy?

Base: Online prestige cosmetics/skincare purchasers, n=283; Offline prestige cosmetics/skincare purchasers, n=777; prestige cosmetics/skincare purchasers, n=1060 (5-point scale)

Source: Google CPG June 2009 Study: Compete Beauty Products and cosmetics/skincare Survey Questionnaire

Brand name and consumer generated reviews are more influential to online purchasers than offline purchasers

Influence of sources on purchase decision
prestige cosmetics/skincare purchasers stating “Extremely Influential” or “Very Influential”



Uppercase indicates 95% significant level

■ Online Prestige Cosmetics/Skincare Purchasers (A) ■ Offline Prestige Cosmetics/Skincare Purchasers (B) ◆ Prestige Cosmetics/Skincare Purchasers

Q18. When considering a Cosmetics/Skin Care purchase, how influential are the following on your decision? (5-point scale)

Base: Online prestige cosmetics/skincare purchasers, n=283; Offline prestige cosmetics/skincare purchasers, n=777; prestige cosmetics/skincare purchasers, n=1060

Source: Google CPG June 2009 Study: Compete Beauty Products and cosmetics/skincare Survey Questionnaire

Why should prestige cosmetics/skincare marketers care about the web?

Because online prestige cosmetics/skincare purchasers are ...

Influencers

- Online shoppers are **26%** more likely to be viewed as knowledge about beauty products compared to offline fragrance shoppers ^{A**}



Bigger Spenders

- **40%** more likely to spend more than \$50/month on prestige cosmetics/skincare ^{B**}
- **59%** of online shoppers vs. **5%** of offline shoppers spend more than half of their prestige cosmetics/skincare budget online ^{C**}

** indicates significance at the 95% level

A: 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?

B: Q16: During a typical month, how much would you estimate you spend on Cosmetics/Skin Care products?

C: Q17: Considering all the money you spend on Cosmetics/Skin Care products in a typical month, approximately what percentage of it is spent on purchases made *online*?

All of the Above:

Base: Online prestige cosmetics/skincare purchasers, n=283; Offline prestige cosmetics/skincare purchasers, n=777

Source: Google CPG June 2009 Study: Compete Beauty Products and cosmetics/skincare Survey Questionnaire

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