TABS Analytics

Webinar Series

COLOR COSMETICS STUDY

Wednesday, November 15, 2017

METHODOLOGY

Survey fielded by Toluna to 1,000 Women 18-75 October 2017

- **Product Types Purchased (20 Across Face, Eye, Nail, Lip and Gift Sets) and Purchase Regularly (3+ times)**
- **Outlets where purchased and purchased regularly**
- **Attitudes towards Cosmetics and Social Media**

TABS Group Tests and Checks for:

- **Internal Data Validity**
- **External Industry Corroboration (correlate data to Market Share, Annual Reports)**

Today We will Review...

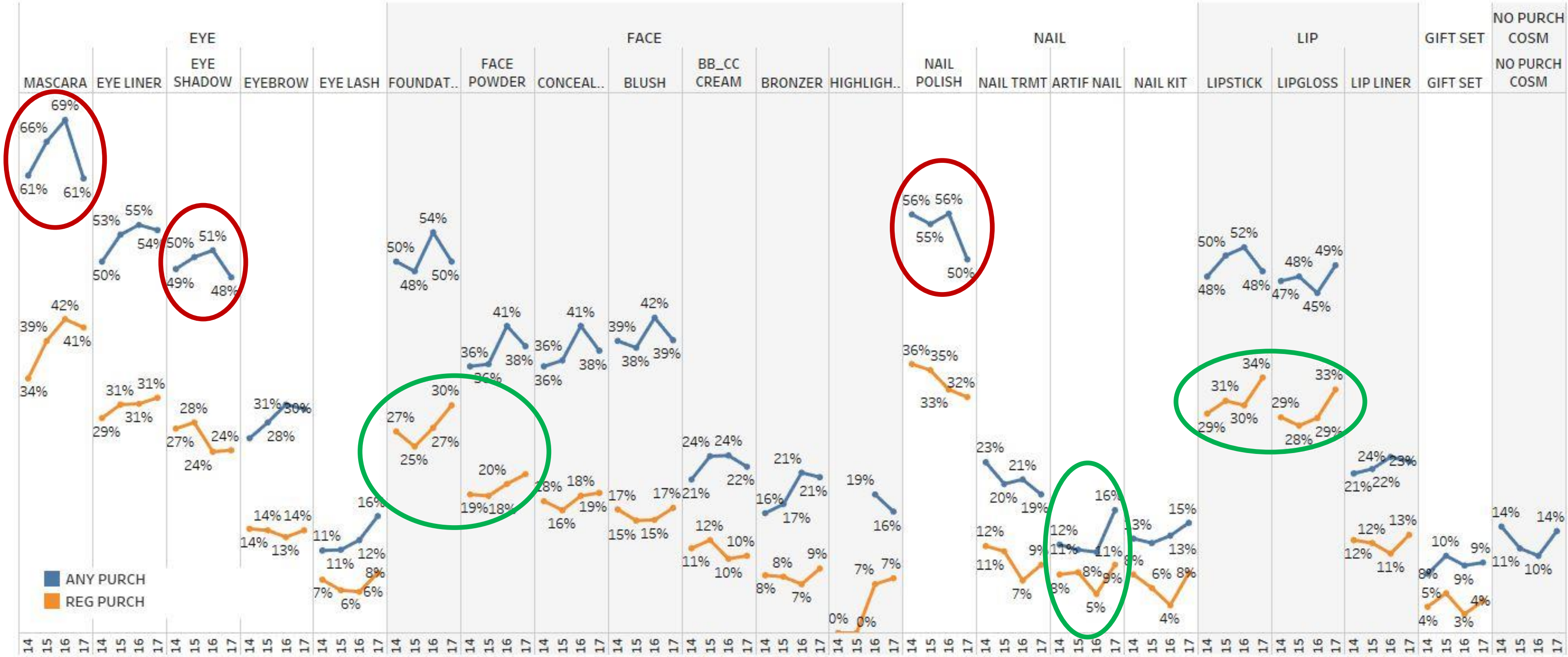
- WHO BUYS COSMETICS?
- WHAT DO THEY BUY?
- WHERE DO THEY BUY?
- WHY DO THEY BUY?
- YEAR-OVER-YEAR TRENDS IN BEHAVIOR AND ATTITUDES
- Three prior webinars can be found at *webinars.tabsanalytics.com*

DEFINITIONS

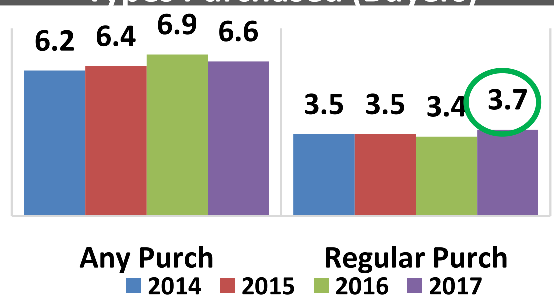
Buyer Group	Cosmetics Types
Light Buyer	1-4
Medium Buyer	5-9
Heavy Buyer	10+

Cosmetic Purchasing by Type

Penetration by Type dropped, in general, but Regular Purchasing grew quite a bit.



Annual Cosmetic Types Purchased (Buyers)



GAINS: Reg Face Cosm and Lip Cosm Purch, Eye Lash, Artificial Nail

DECLINES: Mascara and Eye Shadow, Nail Polish

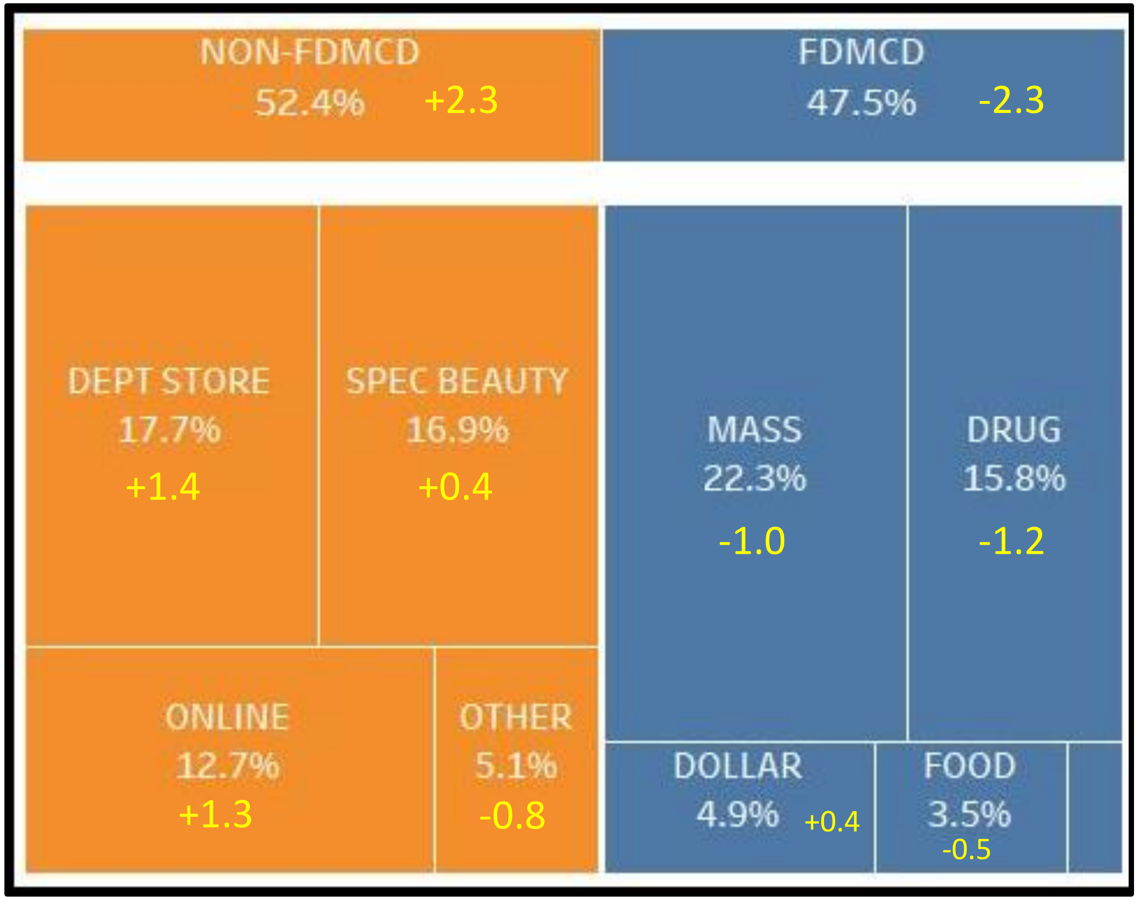
Cosmetic Demographics

Age 18-24 remain the heaviest buyers, but there was an interesting shift between Age 25-34 (decline) and Age 35-44 (gain). Hispanics and Upper Middle Incomes also show the highest rate of Heavy Buying.

% of Demo Group that are Heavy Cosm Buyers

Color Cosmetics Weighted Share of Mentions by Outlet

There was a meaningful shift away from Mass Market, as influence of Social Media on emerging brands has had more impact.



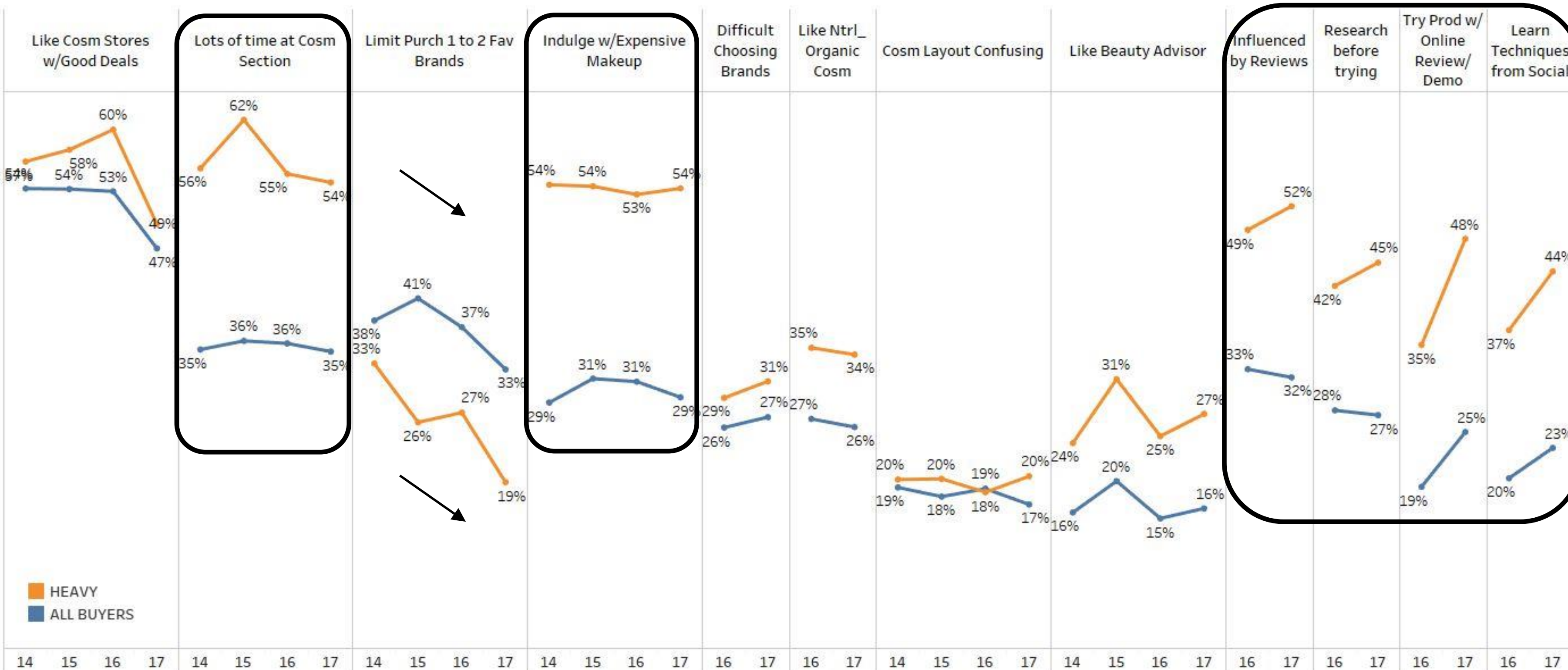
WINNERS: Walmart and Target.com, Amazon, Sephora, Kohl's, Macy's

LOSERS: Big 3 Drug, MLM, Grocery

Walmart and Target's business saw a *Net Gain.*

Cosmetic and Beauty Attitudes – Annual Trends

We can see the degree to which Heavy Buyers are highly involved in the category. From indulgence to seeking information, this category has very high importance.



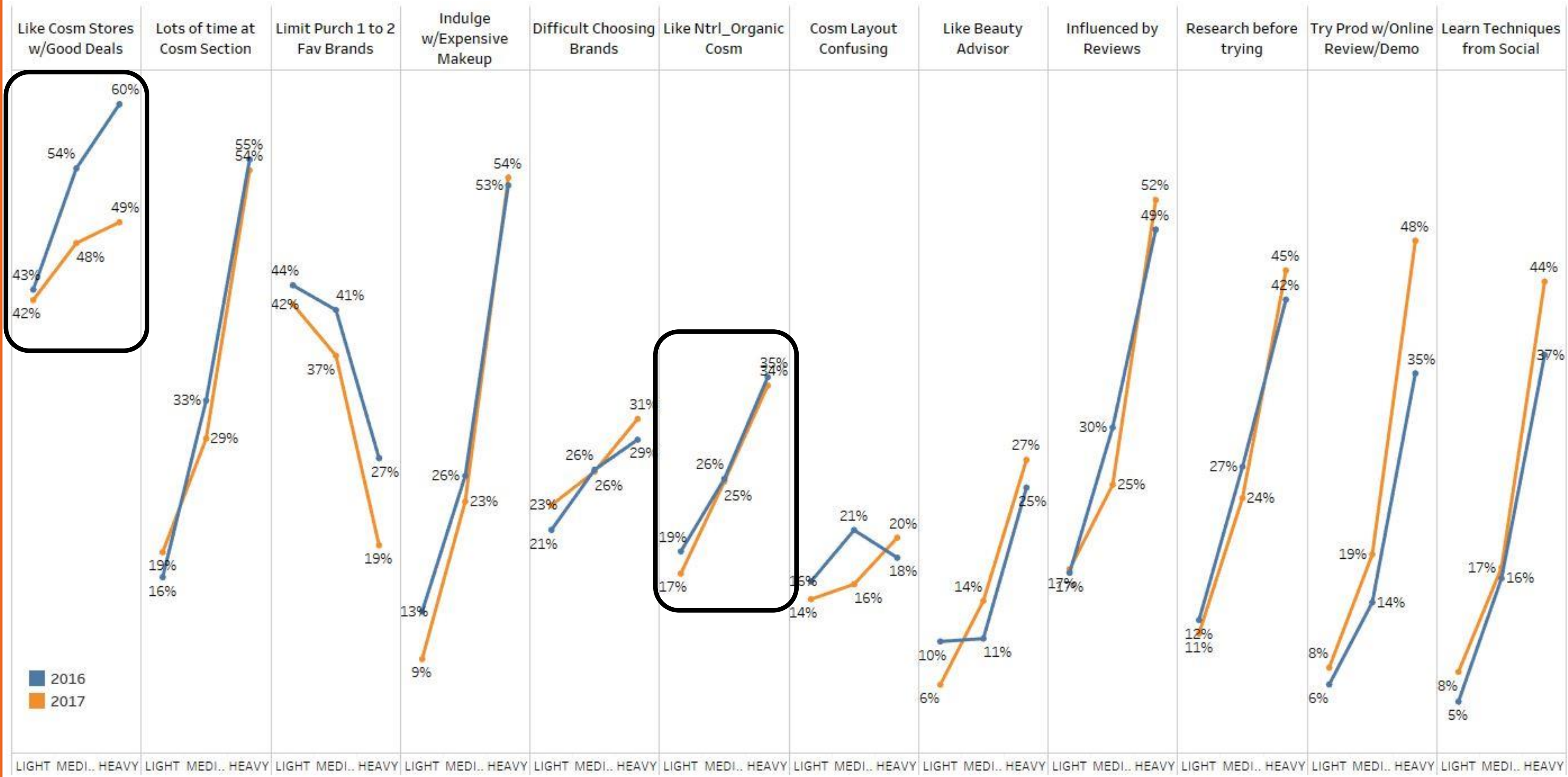
❖ There was big drop in buyers keeping to **1 or 2 brands.**

❖ There was a big jump in the number of people trying products due to online reviews.

❖ **Beauty Advisors** are not popular, even among Heavy Buyers.

Cosmetic and Beauty Attitudes – By Buyer Group

Deal importance dropped significantly this year, as the importance of information starts to take priority in the decision tree for Heavy Buyers.

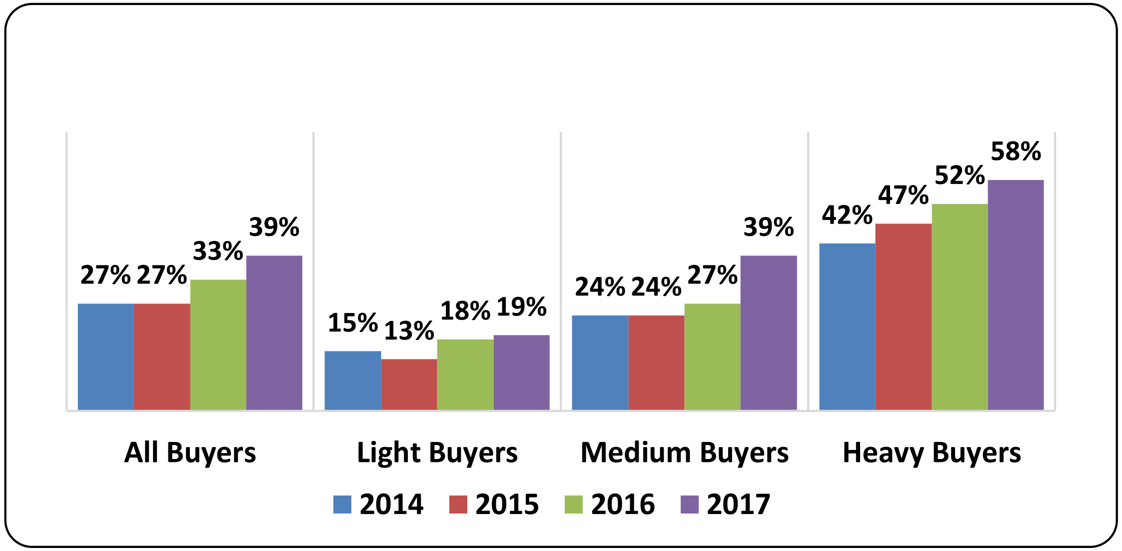


- We get a better feel for the major role online information has for Heavy Buyers.
- Deals decline in importance among Medium and Heavy Buyers.
- Importance of Natural/Organics as a niche, but is not expanding in its importance.

Social Media Engagement

Social Media is now "Very Important" to almost 40% of All Buyers and 60% of Heavy Buyers in making Cosmetics purchases.

% Saying Any Social
"Very Important"

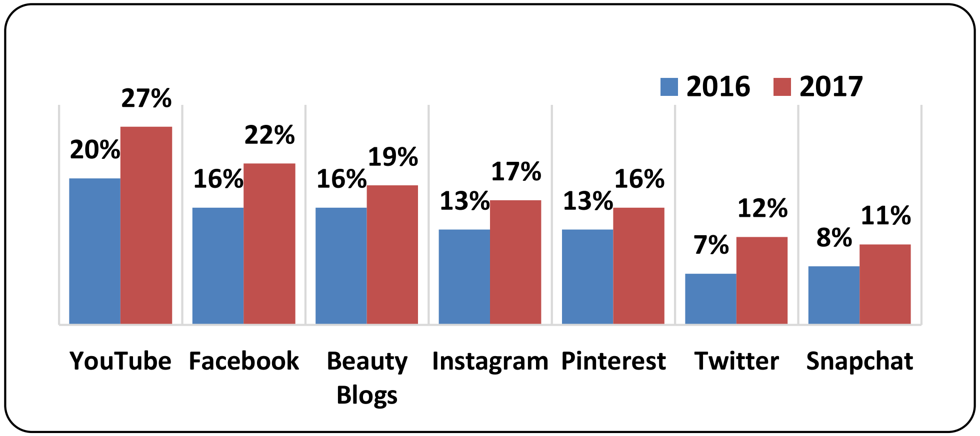


The big jump among Medium Buyers (27% to 39%) is highly suggestive that Social Media is fast becoming a <u>mainstream</u> media platform for this category.

Social Media Engagement

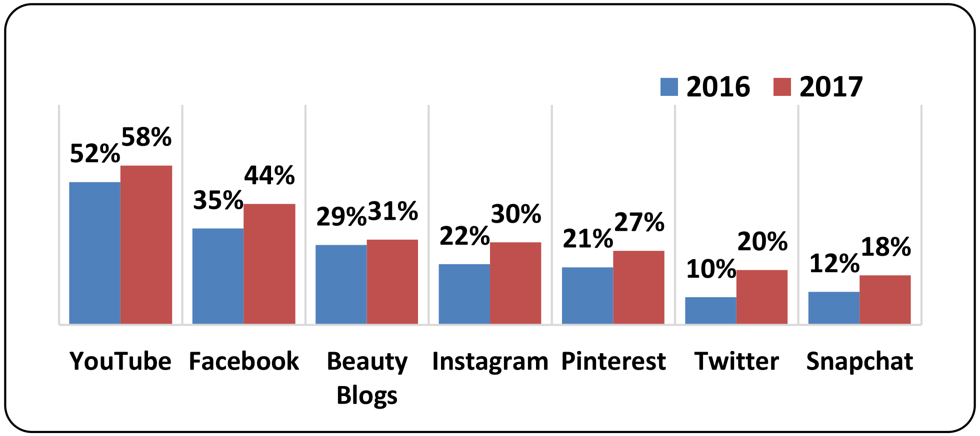
All Social Media platforms saw gains in importance, with YouTube still being the most preferred. Interest in Beauty Blogs has subsided over the past four years.

% All Buyers Saying Social Platform "Very Important"



Avg # - 2016 1.26
Avg # - 2017 1.63

% Heavy Buyers Saying Social Platform "Very Important"



Avg # - 2016 2.04
Avg # - 2017 2.61

Conclusions

- Cosmetics continues to see growth, but may be decelerating a bit, particularly in Mass Market.
- Dollar growth is still very robust, driven by the growth in more expensive brands in the Specialty and Online channels.
- Department Stores saw big gains this year, but these gains were limited to Macy's and Kohl's. They may be doing something different than the other Department Stores.
- Online growth was significant, with Walmart.com and Target.com particularly pronounced.
- The Cosmetics strategy for Drug – Beauty Advisors and exclusive brands – is not working. They lost a significant amount of share.
  - They need to give some serious thought as to whether this sector deserves is strategic level of importance given the dominance of younger consumers in the market.
- Deals are very important but declined significantly vs. last year. Information platforms are becoming more important in the decision hierarchy for Heavy Buyers.
- Social Media is becoming a critical component of how consumers gain information. Any brand with high aspirations cannot ignore these platforms.

Cosmetics Tracker

- Quarterly Survey to 2,000 Women
- Types Purchased
- Brand Awareness, Favorability and Purchasing – Mass Market and Specialty
- Outlets where Purchased
- Demographics and Key Buyers Groups: e.g. Millennials, Amazon Buyers
- $4,000 per quarter; limited to 8 manufacturers.

http://www.tabsanalytics.com/2017-beauty-survey