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## CONFIDENTIAL

### Comment

## Social control



Despite many beauty companies now saying that digital has become a cornerstone of their marketing strategies, it seems the old fear of losing control of brand image when it comes to the web is still very much alive.

According to a study on specialty retailers' digital IQ by New York-based think tank L2, retail groups' "command and control culture" means they are missing out on opportunities to get the most out of social media. The study found that largely due to a

fear of losing control of their brand, retailers don't do enough to leverage the influence of bloggers and video bloggers (or vloggers). And this is despite the fact that brands' Youtube videos receive more views on bloggers' sites than on their own official channels. L2 cites the example of a Victoria's Secret video, which had more than four million views on user-generated channels, compared with just 1.2 million on the brand's own channel. It also points out that Michelle Phan, a prominent beauty video Youtube blogger, produces product-centered videos that typically attract more than one million views—a lot more than brands can hope to see on their own channels.

Getting over the image fear factor and better using video bloggers could become more important very quickly. L2 predicts that one of the next trends in the digital world will be 'shoppable' product videos or v-commerce, meaning that getting videos seen (whether through getting them in the hands of bloggers or through other means) could have a direct impact on sales.

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### Inside

The buzz	2
The essential news roundup	
The retail view	4
Wellness focus	4
Netwatch	5
The beauty blog review	
Interview	6
Kibio president Isabelle Herbreteau	
Insight	9
India analysis	
Store visit	12
Benow, Paris	

*BW Confidential* will be at all the major industry events this fall.

Meet the team at:

- TFWA Exhibition, Cannes, Sept 18-23
- Intercharm Milano, Sept 24-26
- Luxe Pack Monaco, Oct 19-21
- Intercharm Moscow, Oct 24-27
- Cosmoprof Asia, Hong Kong, Nov 9-11

## The retail view

Paris-based forecasting agency Trend Sourcing founder Pascale Brousse on:



### How beauty retailing will evolve

Today there is practically no evolution in beauty retail. There was a break with the past around 20 years ago with Sephora, but since then not much has happened, apart from a few minor changes. Some stores are making it easier to navigate for their clients, but there is no real innovation or breakthrough.

### What needs improvement

There is a real lack of education in-store and far too much product, which has made cosmetics lose their magic and so there is no pleasure in buying. Stores could do a lot more to become places where people learn things, for example by offering beauty lessons. Or they could offer more accessible services where consumers can have their hair or make-up done quickly and cheaply for a night out. Retailers could also create more of a community in-store or help consumers choose products. Websites have been doing this for years, for example Amazon with its "you liked this product you may also like another". Retailers need to have more synergies between their stores and website, as one is often very isolated from the other. There are more digital initiatives being implemented in-store, for example Sephora has some projects with iPads as does Clinique, but these examples are few and far between. All in all, there needs to be more of an experience and pleasure at retail: retailers need to work out what kind of an experience they want to give. Consumers want to leave a store with the feeling that they have learned or discovered something or that they've had a good time.

### Who is doing great retail

Whole Foods has done great things with how they merchandise product, and if beauty retailers could take on some of that they would hit the jackpot. [Italian produce store] Eataly in New York is great as they offer all kinds of services and you can taste and learn about the products—they have put the humanity back into retailing.

## Wellness focus

US-based spa and wellness company Spa Finder Inc president Susie Ellis



### How can the industry better communicate to consumers?

**SE:** The spa industry needs to use consistent language. If one country or organization uses the term destination spa, for example, and another uses a different term, the consumer and the media are going to be confused. The industry has to come together and define each term, as throwing in additional descriptions delays proper communication. The digital space has a lot of potential to improve this. One example is when the industry moved from a pampering and luxury message to one of wellness. Now the discourse is much more about prevention, stress reduction and treatment. The industry came together behind these new terms and it has impacted the market greatly. This also meant that during the recession, spas were less negatively impacted than hotels, because the spa was already more in the wellness camp than in frills and pampering.

### What do you see as the barriers to growth for the industry?

**SE:** One of the challenges is the strong discounting trend, with new marketers such as Groupon offering 50 to 70% off spa treatments. However, every challenge is also an opportunity. The discounting wave has seen the emergence of budget spa players, like Massage Envy, which are developing well. High-end spas are showing resilience, but the middle-market players need to give some thought to their business model.

Our industry also suffers from a lack of differentiation. The spa chain concept is going to be good for this as it is forcing brands to offer something unique, which is positive for the industry in the long-term.

### How do you see the industry evolving?

**SE:** Spas will embrace scientific methods of stress reduction. They will also be more unique—we are encouraging indigenous and local treatments. In this regard spas are similar to restaurants—sometimes you want Chinese and sometimes Italian, but you don't want the same food all of the time.