

Report | Spring 2016

The 2016

State of Beauty Online

Qualified Traffic | Content Marketing | Social Influencers



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Why Read This Report?

We used the DemandJump platform to discover the top qualified traffic sources, content marketing keywords, and social influencers within online beauty. In addition to brick and mortar stores, many beauty retailers are making moves to capitalize on eCommerce sales. **According to eMarketer, the online marketplace now makes up around 7% of total beauty sales, growing from around 4% just a few years ago.**

Our study focuses primarily on digital, but it is important to note that 7% eCommerce penetration means approximately 93% of beauty retail sales are still happening in store. While rapid growth in eCommerce revenue is important, we recognize that brick and mortar sales cannot be ignored.

There are no indications of this growth slowing down, and as more retailers expand into the online marketplace, brands will be locked into a constant battle for attention, traffic, and revenue. There are many digital strategies for capturing new customers, including qualified traffic sources, content marketing, social influencer outreach, social networking, video, and display / remarketing advertisements.

Our study will focus specifically on the first three—qualified traffic sources, content, and social influencers. It highlights some key insights within the state of online beauty, and guides senior marketers in identifying some of the top opportunities when constructing their digital strategy in 2016.

There is a lot of opportunity within this ecosystem, and knowing where to advertise, what's trending, and which social influencers to target will be critical to success.

Key Insights and Takeaways

Affiliate websites make up well over 70% of total referral traffic for online beauty retailers.

Qualified traffic sources are a must for any beauty retailer selling products via the online marketplace. Affiliate, blog, news, and eCommerce websites drive millions of qualified customers to beauty retailers every month, with the majority of that traffic coming directly from affiliate sites. Marketers should identify which affiliate opportunities will drive the greatest amount of qualified traffic in order to maximize revenue.

Top trending content topics: “Beauty Products”, “Makeup Products”, and “Cosmetic Tips”.

Over a period of 30 days, we analyzed 23 top beauty blogs and 1200 unique posts. The result was a list of 33 significant topics or keywords that beauty marketers are successfully using to drive web traffic and revenue. “Beauty Products”, “Makeup Products”, and “Cosmetic Tips” ranked the highest.

Top Twitter influencers include Byrdie, MakeUp Addicted, and Beauty tips.

Social influencers provide an opportunity for brands to leverage someone else's relevant audience. They are a trusted voice to their followers, and a great way to drive qualified customers to your website. Using the Social Influencer feature on DemandJump we analyzed unique topics related to beauty and personal care. Byrdie, MakeUp Addicted, Beauty Tips, Refinery 29, and Temptalia were among the most influential.

Every desired outcome has a
unique path to success.

Part 1: Qualified Traffic

Driving highly qualified traffic to your site with a high propensity to convert is vital in any successful eCommerce operation. There are four primary categories of qualified traffic sources to consider that represent the largest revenue driving opportunities for the beauty category.

- 1. **Affiliate and Lead Generation Sites**
- 2. **Blogs**
- 3. **Commerce Marketplaces**
- 4. **News Sites**

Though each group will be used in a slightly different way, they are all centered around the same goal—drive qualified traffic to your website, and convert that traffic into revenue.

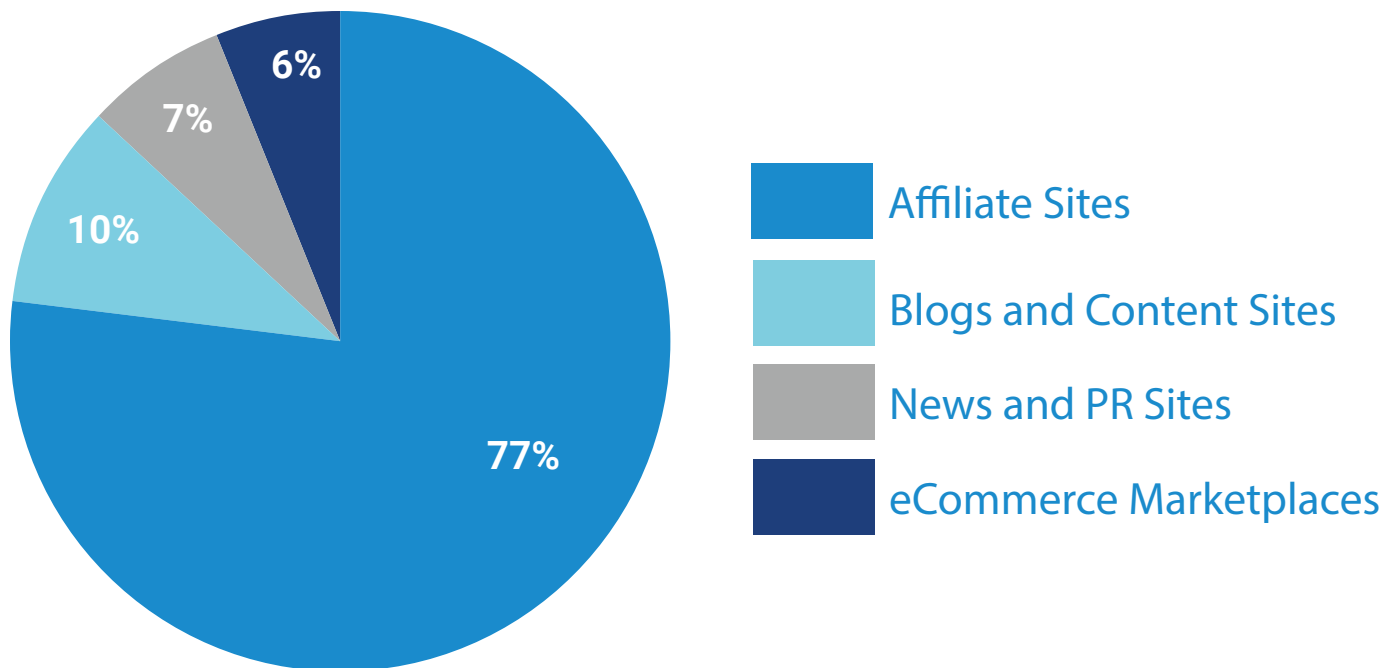
Online beauty referrals are unmistakably dominated by affiliate marketing (Figure 1).

In the last year, affiliates alone drove over 22 million visitors to retail beauty websites. The other 3 categories drove approximately 6.5 million visitors combined.

That is not to undermine the value of utilizing Blog, News, and Commerce websites to drive qualified traffic. Each has its place when it comes to referral marketing and revenue growth. Understanding how to use each efficiently will allow marketers to maximize the value of their digital efforts.

Figure 1

Percent of Qualified Traffic by Referral Category



Affiliates & LeadGen

As demonstrated by Figure 1, affiliate websites are the largest traffic driver in online beauty. Among the top beauty retailers, DemandJump identified over 250 affiliates that represent the lion-share of qualified traffic and revenue in the affiliate category.

The top five affiliate websites for the beauty category are:

1. **rewardStyle**
2. **Ebates**
3. **Slickdeals**
4. **RetailMeNot**
5. **Dealmoon**

Over the past year, these five websites alone accounted for over 22 million visits to beauty retailers including ULTA, Sephora, and Folica. rewardStyle made up 22.9% of total referral traffic for Sephora—around 8.5 million total visitors.

Ebates was an important affiliate partner for ULTA and Bath and Body Works, driving over 1.1 million visitors between the pair (Figure 3).

Of the 26 beauty retailers examined in this study, RetailMeNot drove significant traffic to 18 of them.

Qualified affiliate partners create a wealth of opportunity for any beauty retailer attempting to accelerate digital commerce. If long-term strategy places any emphasis towards online retail growth, brands should be looking towards affiliate websites to drive traffic.

Figure 2

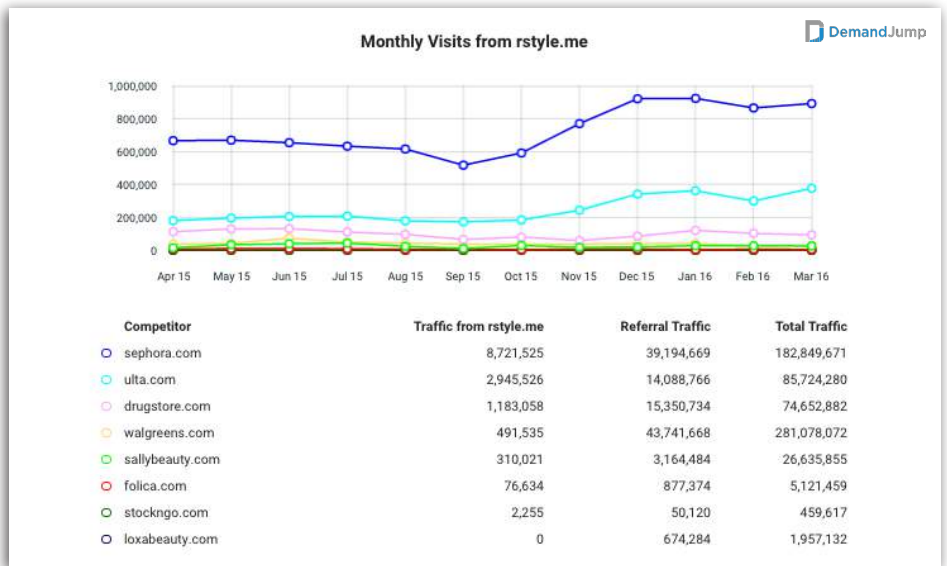
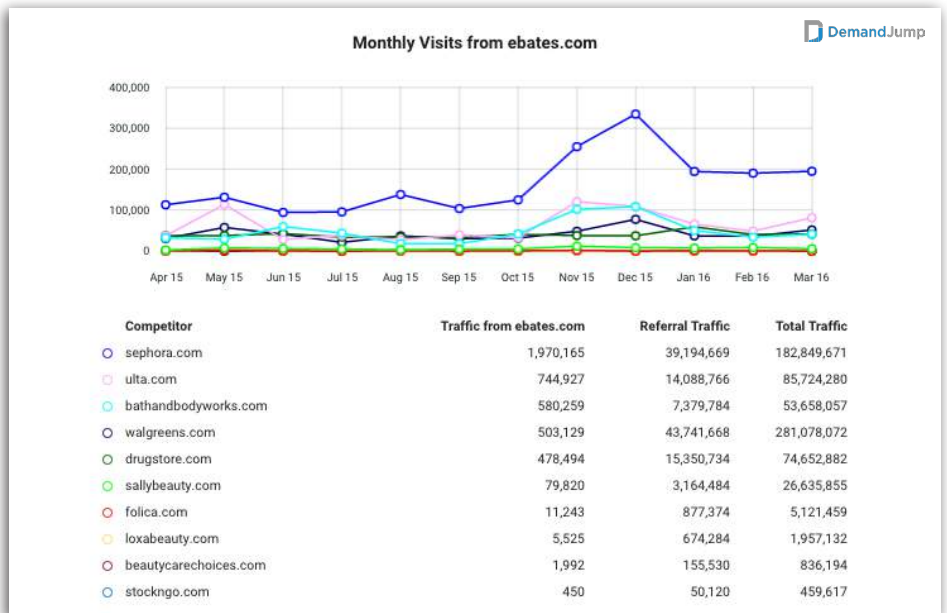


Figure 3



Blogs

It is important to identify blogs and influencers in your space for traffic partnership deals. Websites like rewardStyle (mentioned above) were built around the idea of connecting bloggers and brands.

Beauty bloggers and niche content websites allow marketers to reach a highly targeted audience. The top five most influential sites within online beauty include:

1. **Buzzfeed**
2. **Byrdie**
3. **Temptalia**
4. **Nouveau Cheap**
5. **Musings of a Muse**

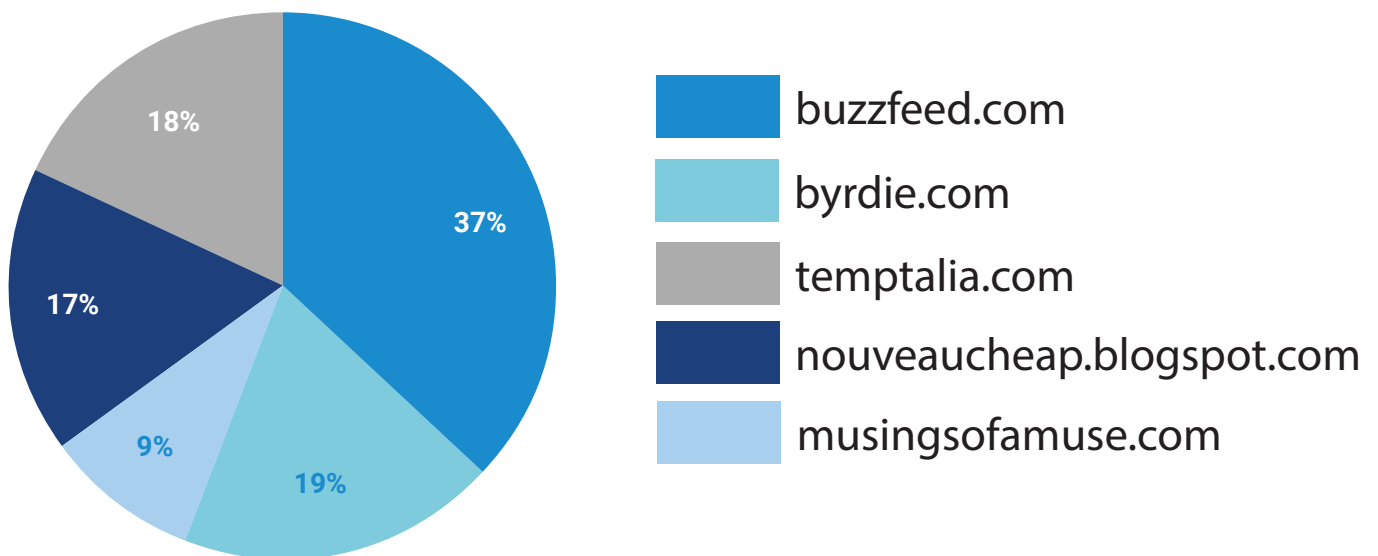
Buzzfeed is a powerful driver across the board, accounting for over 1.1 million visitors to the top 26 beauty sites over the course of one year. This is more than the next 3 blog sites combined.

Byrdie is a major driver of traffic. The popular beauty blog refers thousands of visitors every month to Sephora, ULTA, Folica, Matrix, and Sleekhair.

Nouveau Cheap is also a powerful referral partner. Beauty brands should be positioned to take advantage of this audience.

Figure 4

Percent of Traffic by Blog Website



The most relevant blogs change frequently around sets of topics in beauty.



Commerce Marketplaces

Advertising through the right commerce and marketplace partners is another powerful way to drive qualified traffic to a website. There are many available options, however, and narrowing focus to the best partners can be a challenge.

Of the 26 beauty retailers analyzed in this study, these five commerce sites emerged as the best traffic drivers:

1. **Beauty.com**
2. **Amazon**
3. **eBay**
4. **Women's Health Magazine**
5. **The Zoe Report**

Our study did not focus on the direct sales capability of various marketplaces that make up the category, which is a significant percentage of

overall revenue for most savvy beauty retailers. With that said, eCommerce sites tend to drive less referral traffic than affiliate partners and blogs. They do, however, tend to drive visitors to a **greater number of retailers**.

For example, content and news pages each only drive traffic to 14 of the 26 sites used for this study. Affiliates drive traffic to 20 of 26, and eCommerce websites drive traffic to 25 of 26.

Beyond driving direct marketplace revenue, with the right strategy, eCommerce marketplaces are valuable in generating qualified referral traffic. The top 5 referrers drove more than 2 million visitors over the course of 2015.

News

News sites are often a significant traffic driver for retailers. Marketers can enhance traffic and grow revenue through new and existing news and public relations outlets.

Five websites owning referral marketing for online beauty are:

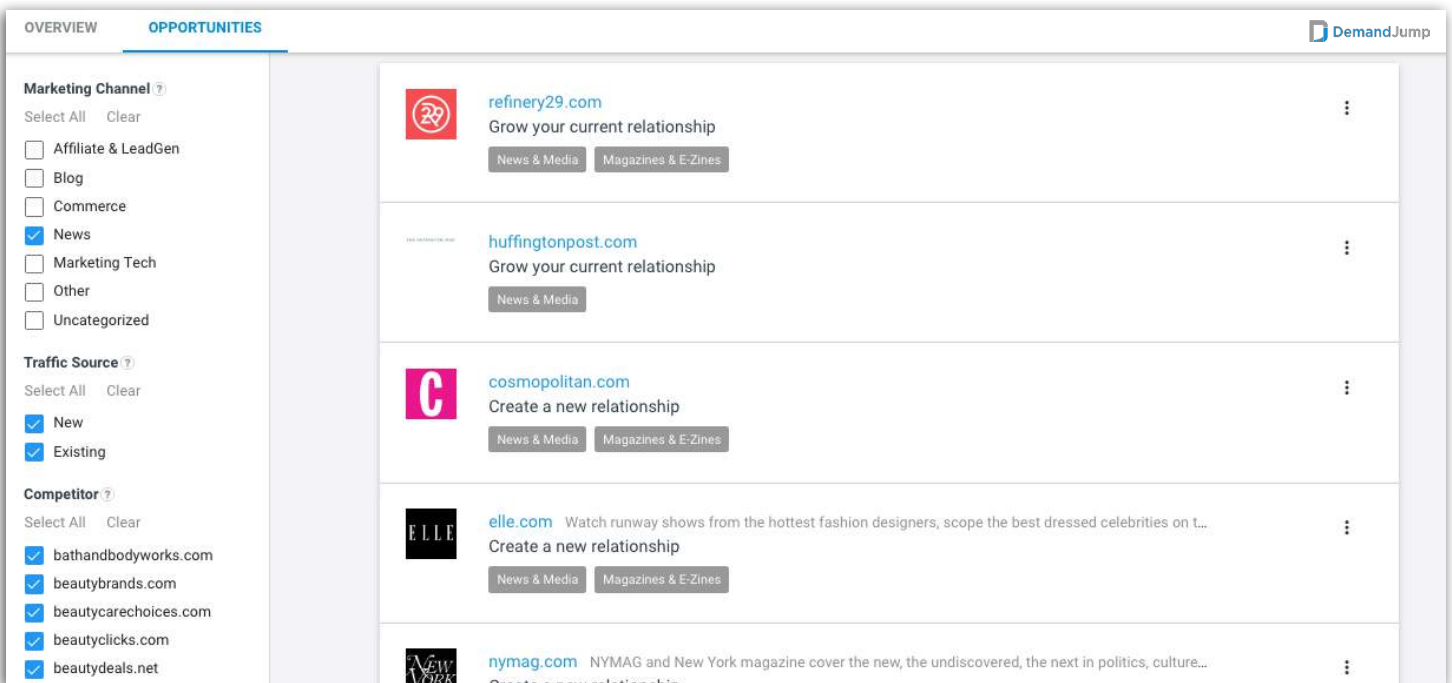
1. **Refinery29**
2. **Huffington Post**
3. **Cosmopolitan**
4. **Elle**
5. **NYMag.com**

Over the past year, news and PR sites drove the least amount of overall referral traffic compared to the other three categories, at just over 1.5 million visitors (from the top 5 referrers).

An important takeaway here is that while news sites may not drive the most traffic, they still carry a high degree of influence for today's online beauty buyer. It's also important to note that Refinery29 is not only the top news site but also a powerful social influencer source, which is covered in more detail later.

Refinery29 drives more than half a million visitors to Sephora and Ulta combined.

Figure 5



Part 2: Content

Content is still king, especially in beauty. More and more, businesses are using storytelling and helpful information to grow large audiences. These audiences are engaging with brands on their own volition, and it makes for easier nurturing and targeting.

Due to its prevalence in marketing strategy today, content is fast becoming a staple pillar for search engine optimization, lead generation, lead nurturing, customer retention, and referrals. It also helps add credibility to a brand.

The challenge is that with so much content out there, it can be difficult to cut through the noise and produce something that actually moves the needle in terms of revenue growth.

Knowing what to write about, what's trending, and

what your competitors are doing are all critical variables that can mean the success or failure of a content initiative.

Online beauty, like many other industries, is completely saturated with content and content producers. From individual bloggers and influencers, to celebrities and name brands, it is a cutthroat world where differentiation is critical to success.

Over a period of 30 days, across just 23 of the top beauty blogs and websites, the DemandJump platform curated over 1200 unique posts. Within those 1200 posts the platform also isolated more than 30 unique topics or keywords.

Figure 6

The screenshot displays the DemandJump platform interface. On the left, there is a sidebar with filters for Websites, Recency, and Topics. The main content area shows a grid of eight content cards, each featuring a thumbnail image, a date, a title, and a brief description. The cards include:

- Laura Mercier Extreme Neutrals Eyeshadow Palette** (04/22/2016) from temptalia.com
- Madison Reed Root Touch Up debuts on QVC!** (04/22/2016) from beauty411.net
- Etude House Berry Delicious Color in Liquid Lips Juicy Review & Swatches** (04/22/2016) from musingsofamuse.com
- My Natural Everyday Makeup Look** (04/22/2016) from tanyaburr.co.uk
- Globe-trotter** (04/22/2016) from barefootblonde.com
- Hell No! I Won't Pay \$17.99 for a Revlon Palette** (04/22/2016) from musingsofamuse.com
- Free for Haul Friday, Volume #337** (04/22/2016) from temptalia.com
- Homage To Mother Earth: 7 All-Natural Products To Buy Today** (04/22/2016) from beautybanter.com

The interface also includes a search bar at the top left, a 'DemandJump' logo at the top right, and a 'Help & Feedback' button on the right side.

Ten of the most popular topics include:

1. Beauty Products
2. Makeup Products
3. Cosmetic Tips
4. Moisturizers
5. Foundation
6. 'Exclusive' or 'Backstage'
7. Highlighters
8. Exfoliators
9. Makeup Ingredients
10. Collections

In the same time frame and blog set, we discovered the best performing posts included 351 related to "beauty products", 187 related to "cosmetic tips", and 115 related to "makeup ingredients". These

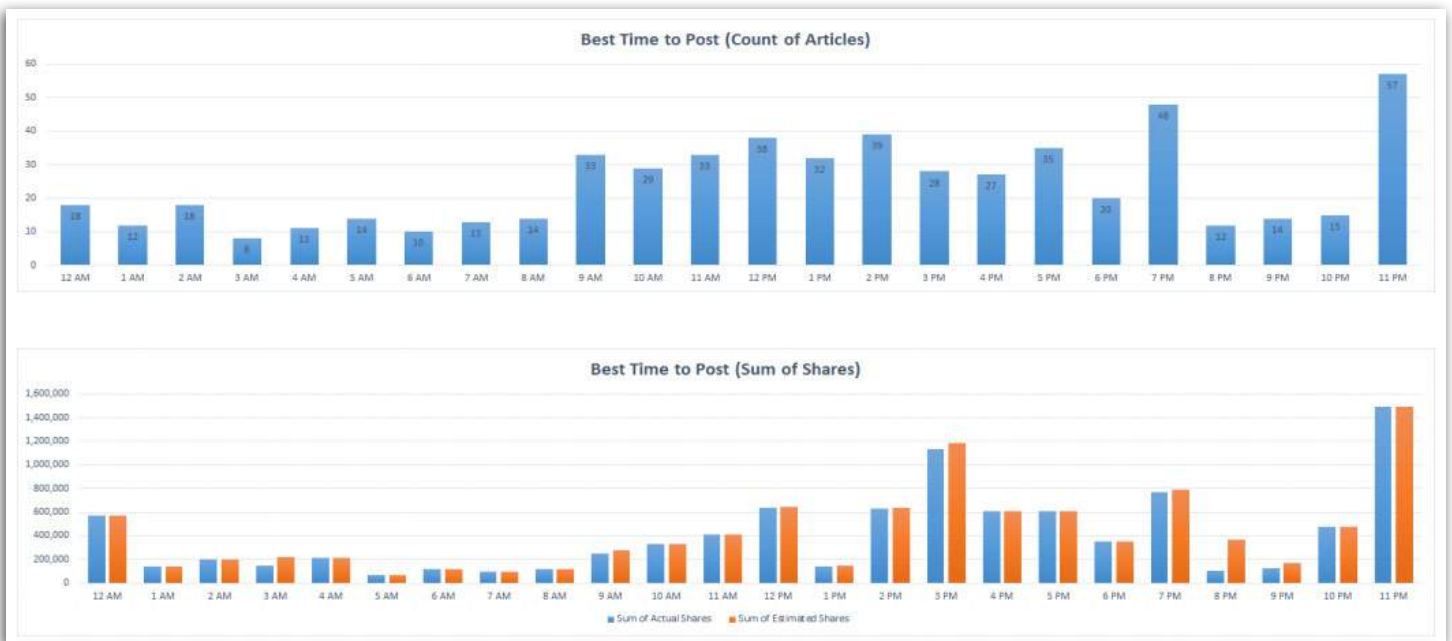
topics and keywords are all trending on some of the most well known and highly trafficked beauty blogs on the web.

Our study also revealed that using a number in the title of any piece of content leads to increased social sharing across all platforms, **and posting a blog between 11 PM and 12 AM will earn 3x as many shares as all posts made between 5 AM and 12 PM combined (Figure 7).**

Nearly 25% of all beauty related articles are originally posted on Tuesdays. Only 10% of articles or blogs are posted on Friday, however they receive more than 20% of the total social shares compared to any other day.

Tuesday and Friday are the best days to post blogs to increase social sharing

Figure 7



Part 3: Social Influencers

Influencer marketing is the idea of leveraging existing audience from someone who has an established and loyal following.

There are many ways in which this can be done, but often it takes time, effort, and relationship building to make effective use of this tactic.

One of the biggest challenges of influencer marketing, is knowing which influencers to reach out to.

Influence is a highly transient quantity, making it difficult for marketers to manually identify and rank the most relevant influencers on a continual basis, especially as the conversation is constantly changing.

There are thousands of people within online beauty that could be considered an influencer. But how do you know:

1. Which one(s) is interested in sharing or talking about your product/content/event/etc...?
2. Which one(s) is willing to pass that information on to their audience?
3. Which one(s) has the right audience that will turn into customers or additional revenue?
4. How to go about building those relationships?

We analyzed over 60 unique pieces of content with the DemandJump social influencer feature, to discover the top people and brands that are influencing online beauty on Twitter today.

Accounts are flagged due to their actual degree of influence, not just based on follower count or total potential impressions.

The top 5 influencers are listed in Figure 8-12.

Figure 8

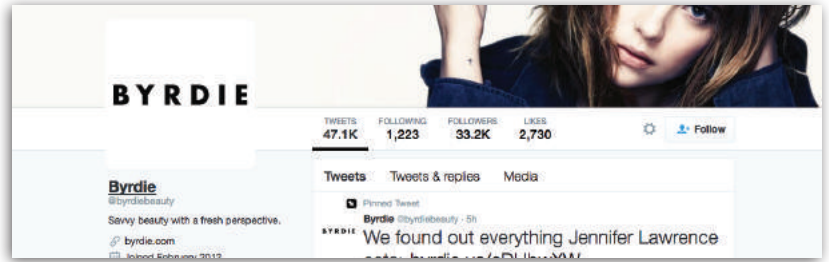


Figure 9

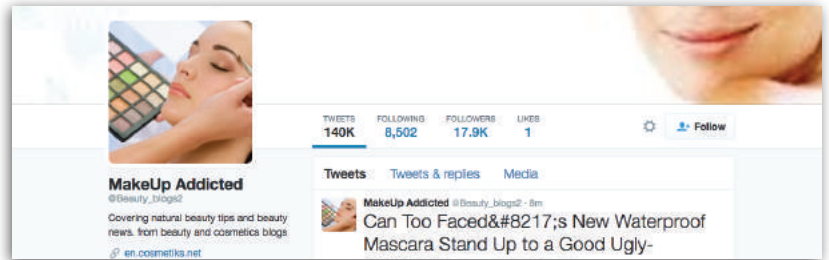


Figure 10

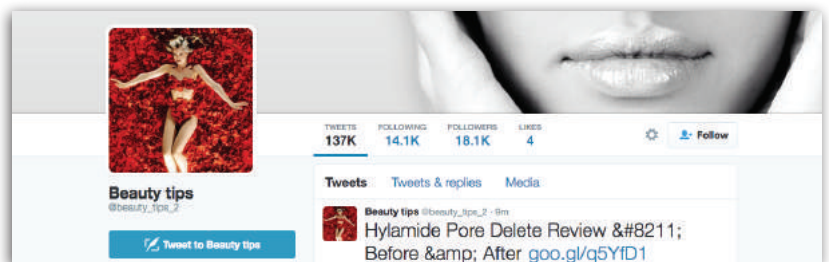


Figure 11



Figure 12



Figure 13

The screenshot shows a DemandJump interface for a product article titled "Becca Dahlia Shimmering Skin Perfector Luminous Blush" dated 19/04/2016. The main heading is "INFLUENCERS" and the section is titled "Recommended Influencers". Below this is a table with two columns: "Name" and "URL".

| Name | URL |
|---------------------|---|
| COVERGIRL | http://www.twitter.com/COVERGIRL |
| Temptalia | http://www.twitter.com/temptalia |
| Acheter aux USA | http://www.twitter.com/AcheterauxUSA |
| MommyandBabyReviews | http://www.twitter.com/momnbabyreviews |
| 247PerfumeShop.com | http://www.twitter.com/247PerfumeShop |
| نوره اللحيانى كورد | http://www.twitter.com/norahbeautybox |
| EI | http://www.twitter.com/EI_MakeUpSchool |
| kubitzi | http://www.twitter.com/kubitzi |

The types of influencers best suited for your needs could change drastically based on the company, the product, and especially the specific set of topics, thoughts, or information you, as a marketer, are promoting. As you can see in Figure 13, the social influencers identified for this piece of content are different from the top influencers identified for the industry as a whole.

These influencers are not flagged simply because of follower count or total reach—a common misconception when it comes to influencer marketing. They are flagged because of what they

are tweeting, who they are tweeting at, what type of audience they have, how they are interacting with their followers, and even the engagement of that audience with *their own* followers.

Byrdie, MakeUp Addicted, Beauty tips, Refinery29, and Temptalia are relevant for those key reasons.

Each is active across all 10 keywords identified in Section 2, and each has access to a relevant audience based on the online beauty social influencer inputs used for this analysis.

Conclusion

Beauty retailers need to focus on the digital marketplace as a powerful opportunity for revenue in 2016. The key is knowing exactly where to focus their strategy, and being able to predict revenue and qualified traffic from marketing efforts that are taken. Growth in online marketplace sales, the explosion of content, and the power of social influencers all highlight the importance of beauty retailers utilizing online commerce.

Take advantage of qualified traffic sources, with special emphasis being placed on affiliate partners. Building relationships with rewardStyle, Ebates, Slickdeals, RetailMeNot and Dealmoon are sure to increase qualified traffic to your site.

Content is also a vital tool when it comes to nurturing leads and driving relevant traffic to your eCommerce page. Understanding what topics are trending, when to post, and which channels to utilize will help to maximize publishing efforts and drive the highest return on investment. Top beauty topics include "makeup products", "beauty products", and "cosmetic tips". Also, be aware of peak times for social sharing. Beauty articles should be posted on

either Tuesday or Friday, and anytime between 11 PM and 12 AM will earn the most attention across all social platforms.

Social influencers can help marketers leverage a new audience, and target their efforts at highly qualified customers. Byrdie, Makeup Addicted, Beauty tips, Refinery29 and Temptalia are all accounts to pay close attention to on Twitter. These influencers are relevant not just based on follower counts or total potential impressions, but on their actual degree of influence in the beauty space (see section 3).

Lastly it should be noted that this study does not focus on search, video marketing, display and remarketing, or social networks. Online beauty is flush with different ways to reach your customers. For more information on the industry or the DemandJump platform, please visit demandjump.com or contact sales for a demo.



A Note on Data Collection and Process

Our study is the result of an in-depth look at the competitive industry of beauty and personal care, specifically within the eCommerce vertical. Insights included in this report were obtained using DemandJump's Marketing Attribution Platform (MAP) following initialization with a list consisting of the top 26 beauty retailers and 30 top ranked blogs within the health and beauty ecosystem.

Unlike other attribution and competitive intelligence solutions, the DemandJump MAP collects inbound traffic data from commercially available sources, not only for a customer and its competitors, but also between their referral sources going out three degrees of separation. The result... a comprehensive map of the entire market ecosystem consisting of tens of thousands of sites that impact a business, which, before now, could not be seen by a marketer.

The DemandJump MAP relies on a unique application of the mathematics of graph theory and machine learning to identify patterns in these inter-domain traffic networks as they evolve over time, to show marketers where their biggest opportunities are, and how to act on them.

Traffic opportunities (part 1) are qualified and ranked based on their relevancy and propagation strength targeting a specific business. The value of each traffic source in the network is a sum of two algorithmically derived quantities:

1. The known direct traffic contribution of that source to our users and their competitors.
2. The estimated indirect contribution of traffic to our market passing through second and third order connections.

To ensure users are aware of all relevant content within their ecosystem (part 2), the market graph of the health and beauty space developed in part 1 was mined using DemandJump's proprietary collection of algorithms which identify narrative content

from raw data, filter results by quality, and extract knowledge (author metadata, keywords, topics) to inform analysis and recommendations by users. Unlike commercially available natural language processing techniques, which require extensive human supervision and inputs, DemandJump's platform is powered by unsupervised graph-based machine learning techniques that are highly robust and computationally scalable.



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