

The Business of Beauty

# BEAUTY INC

AN ISSUE OF **WWD**

## THE GOLD STANDARD

BEAUTY'S  
MOST  
POWERFUL  
BRANDS

BRITISH  
INVASION  
HOW BOOTS  
PLANS TO  
CONQUER  
THE U.S.

SERENITY  
ON DEMAND

GETTING TO  
KNOW YOU  
CUSTOMIZATION  
COMES OF AGE

FROM THE ESTABLISHED TO THE EMERGENT, THESE ARE BEAUTY'S STRONGEST BRANDS.

By JENNY B. FINE

Photograph by HANNAH KHYMYCH

# THE POWER ADAPTORS



**LOOK UP THE WORD "POWER"** in the dictionary, and the definition is quite simple: "Great or marked ability to do or act; strength; might; force." Compile a list of the most powerful brands in beauty, and the reality is much more nuanced. Last year, *WWD Beauty Inc* published our first annual list of beauty's most powerful brands, based on analysis of five years of historical data. This year, we've refined the concept to better reflect the dynamism of today's landscape, dividing the players into two groups: The Legacy Leaders and The New Guard, and comparing and contrasting a broad set of metrics from there. (For a full account, see Our Methodology.) The list is reflective primarily of a brand's North American business, and the data we collected includes results from 2016 and year-to-date 2017. As you'll see, some brands over-index in buzz to business, others post sales figures that are still gargantuan if not growing exponentially—but all of them represent the incredible dynamism of 21st-century beauty.

BEAUTY'S  
POWER  
BRANDS

THE LEGACY LEADERS

## 1 / L'ORÉAL PARIS

• **L'ORÉAL PARIS'** brand value of \$23.9 billion (a 2 percent year-over-year increase) makes it the most valuable personal-care brand in the world, according to Kantar Millward Brown. This year, L'Oréal bolstered its leading position in makeup (its Voluminous Mascara franchise is the top-selling in the U.S., according to data from IRI), and it added key innovations to its skin- and hair-care businesses, initiatives which garnered several awards from every major player measured. Digitally, it capitalized on its high-profile glam squad (Blake Lively, Elle Fanning et al.) with high-wattage programs like a multiplatform Cannes Film Festival tie-in, that amplified its social media presence significantly.

## 2 / MAYBELLINE NEW YORK

• **THERE IS NO** denying Maybelline's dominance in mass-market makeup: In concealer, sales reached almost \$100 million for the year ended May 14, 2017, according to IRI, giving Maybelline a 35 percent dollar share in the category, representing a 21 percent year-over-year increase. The brand is number one in eyeliner, eye shadow, brows and mascara, fueled by a steady stream of newness. Maybelline is also agile, whether it's linking with Amazon and Rebecca Minkoff for see-now-buy-now products during Fashion Week, or bagging big influencers like spokesmodel Gigi Hadid or Manny Gutierrez, aka, MannyMUA. The effort paid off: Maybelline is number three on L2's genius ranking, and Tribe Dynamics reports a 97 percent year-over-year increase in its social media earned media value to \$180,000.

## 3 / MAC COSMETICS

• **IT MAY HAVE** hit a rough patch since it was late to the influencer game, but MAC is still the number-one prestige makeup brand in the

U.S., according to NPD and it improved its social media mojo exponentially in 2016, where it ranked number two on Tribe Dynamics' list of top makeup brands, with EMV of \$395,000, an 84 percent year-over-year increase. Look for the brand to surge this year, as it expands into Ulta Cosmetics, among others, and unleashes a slew of launches, which will no doubt be avidly awaited by the brand's 15.6 million (and counting) Instagram followers.

## 4 / NEUTROGENA

• **ALWAYS A** skin-care stalwart, Neutrogena's business has been fueled even more with big-picture innovation, like the success of its Hydro Boost franchise and its first-to-mass-market light therapy devices to treat acne. The company has ridden the wave of moisturization and enjoys a 22 percent dollar share of the hydration category in the mass market, according to IRI. Its strength in that category, as well as sun care and antiacne products, is apparent in the number of awards it took home—20 in all, across *InStyle*, *Allure* and *CEW*.

## 5 / LANCÔME

• **LANCÔME'S BRAND** value increased 10 percent in 2016 to \$9.4 billion, according to Kantar Millward Brown, and no wonder: It is the only brand to rank in the top 10 in all three categories (makeup, skin care and fragrance) in the prestige market, according to NPD, and it is the number two brand overall. It's not just strong—it's growing. Lancôme's digital prowess (it ranks fourth on L2's Digital Genius list) has led to multiple awards and fastest-growing status in both the skin care and fragrance categories.

## 6 / CLINIQUE

• **CLINIQUE MAY** not be the growth engine it was a decade ago, but its blue chip credentials can not be denied: Clinique is the number

one prestige brand in the U.S., according to NPD and number one in skin care. It is an editorial superstar, racking up multiple awards. And while it wasn't the buzziest brand on the block in 2016, its launches were solidly on trend, a balance brand president Jane Lauder seems to be seeking. "Clinique is dependable, but dependable is not always the cutest girl in class," she said during a speech in March. "But when the pipes break, you realize you want dependable."

## 7 / ESTÉE LAUDER

• **ESTÉE LAUDER'S** strategy of achieving brand relevance with a new generation of customers was mostly successful in 2016. While its Estée Edit initiative flamed out quickly, the brand's historic franchises Double Wear foundation and Advanced Night Repair did attract Millennials, while a collaboration with designer Victoria Beckham was a solid gold hit. Lauder ranked number two in skin care in the U.S., according to NPD, and the brand's offerings have clear global appeal, with Lauder sweeping up multiple awards for Research and Innovation in *Marie Claire's* Prix d'Excellence Awards.

## 8 / CHANEL

• **CHANEL'S** continued dominance in the fragrance category has propelled it to powerhouse status, with Coco Mademoiselle, Chance and Chanel No. 5 occupying three of the top five prestige beauty spots, and No. 5—95 years old and counting—ranking as one of 2016's fastest-growing fragrance brands in the U.S., according to NPD. Overall, Chanel is the third largest prestige brand in the U.S. While makeup sales fell, Chanel maintains strong editorial relevance, winning awards from multiple titles, and its spokesmodels, like Kristen Stewart, personify the cutting edge of cool. ▶

9 / SHISEIDO

• **OVER THE** last three years, Shiseido has been moving to aggressively revamp its strategy and reestablish its relevance for a new generation of global beauty consumers. This year, the results are reflecting the pace of change, with Shiseido posting a 10 percent increase in its brand value, according to Kantar Millward Brown, to \$2.7 billion. In the U.S., it is the third fastest-growing skin care brand in the prestige market, according to NPD, and it is one of the few brands that won awards from all of the surveyed sources.

10 / KIEHL'S

• **ITS BRAND IMAGE** may hark back to an apothecary established in New York City in 1851, but there's nothing old-fashioned about Kiehl's performance. It is the sixth-largest prestige skin-care brand, according to NPD, and it is also a social media standout, ranking number two in EMV in skin care, according to Tribe Dynamics, and posting a 65 percent year-over-year increase.

11 / DOVE

• **DOVE'S BODY**-positive message continues to resonate deeply with consumers and few brands have proven themselves to be as effective in getting the message out. Dove is number one for personal care in L2's annual genius rankings, lauded for its digital and mobile

marketing strategy, its seamless e-commerce integration from its site to third-party retailers and the increase in its Instagram following. Kantar Millward Brown estimates Dove's brand equity at \$5.8 billion, a 6 percent increase. And in terms of sales—its newness is resonating, with newer franchises like Baby Dove and Men+Care finding ready acceptance.

12 / DIOR

• **LIKE OTHER** heritage luxe brands, Dior has lost market share in the key color-cosmetics category. But with the success of its Sauvage men's launch—which was the fastest-growing men's scent in 2016, according to NPD—and the ongoing rejuvenation of its color-cosmetics line under creative and image director Peter Philips, the brand has demonstrated its mojo for Millennials. Its slew of awards from CEW, the Fragrance Foundation and *Marie Claire* are emblematic of its critical mass, too.

13 / GARNIER

• **IN A CLUTTERED**, commoditized market, Garnier broke through in hair care with its Whole Blends line. Capitalizing on the craze for naturals, the range contained ingredients likes coconut, green tea and olive oil extracts, and helped propel Garnier to a 24 percent dollar share increase in mass market shampoo sales (a category up 3 percent overall) and a 25 percent increase in conditioners,

according to data from IRI. Though not a social media powerhouse, Garnier garnered its fair share of awards, and ranked sixth on Kantar Millward Brown's brand equity list with a value of \$6.5 billion.

14 / OLAY

• **IS OLAY CHALLENGED?** Yes. But is it starting to show signs of a turnaround? Without a doubt. After spending the past couple of years scaling back its stockkeeping unit count, Olay ushered in resonant innovation with Olay Eyes and continued to lead in antiaging with its Regenerist and Total Effects franchises occupying three of the top five spots in the category, according to IRI. Olay is also a strong digital player, with L2 reporting it is adept in guided selling, has developed an excellent and effective diagnostic app and is adept at e-mail personalization.

15 / TRESEMMÉ

• **IN A** tough mass market hair category, TRESemmé has successfully held on to its leadership in styling, and gained significant share in the shampoo/conditioner department. It continued to refine its influencer strategy, most recently tapping high-profile influencers to report on New York Fashion Week. The brand also wins kudos for trying to inject innovation into the commoditized hair-care category, as with its Beauty-Full collection which reversed the order of hair cleansing and made conditioner the first step.

1 / ANASTASIA BEVERLY HILLS

• **VIVE LES INDEPENDENTS!** Anastasia Beverly Hills is the only Indie on NPD's list of top 10 prestige beauty brands for 2016, ranking number 10 when all categories are considered and number five in makeup alone. The brand's position is solidified by its continued dominance of social media; according to Tribe Dynamics it is the top color-cosmetics brand with an EMV of \$496.1 million, a 73 percent year-over-year increase, driven by moves like a palette launch and spawned a whole line. And the Estée Lauder Cos. bought the brand for \$1.45 billion. Moreover, it shows no signs of slowing down: net sales were expected to reach \$270 million in 2016, which represented growth of 70 percent and puts it at number six on NPD's top 10 prestige makeup brands.

2 / URBAN DECAY

• **URBAN DECAY** has the art of blockbuster launches almost down to a science—whether it's building on its now iconic Naked franchise or introducing a new category like skin care. The L'Oréal-owned brand is the only beauty player to score a "genius" ranking on L2's Digital IQ Index, and it tops the prestige makeup charts, with a number-two ranking, according to NPD. It's a social media powerhouse, and is fearless when it comes to experimenting, be it with a subway "pretail" takeover or a Snapchat-sponsored overlay "lenses" for a launch.

3 / TOO FACED

• **CALL IT THE** year of Too Faced. Its Better Than Sex mascara topped all other mascaras in sales at Sephora. It had some of the hottest collaborations around, with YouTube sensation NikkieTutorials and Kat Von D. Its Sweet Peach Eye Shadow Palette sold out in minutes at launch and spawned a whole line. And the Estée Lauder Cos. bought the brand for \$1.45 billion. Moreover, it shows no signs of slowing down: net sales were expected to reach \$270 million in 2016, which represented growth of 70 percent and puts it at number six on NPD's top 10 prestige makeup brands.

4 / NYX PROFESSIONAL MAKEUP

• **NYX HAS** perfected the art of breaking the rules and bolting to the front. This year was no exception: The digital-first brand went on a tear with its bricks-and-mortar presence, entering Walgreens and Macy's (who else has crossed channels?), and upping its own store count to 74 internationally and 33 in the U.S. According to IRI, NYX's bronzer sales in multiple-unit doors for the 52 weeks ended May 14 rocketed 277 percent. Its Lip Lingerie (a blogger favorite) volume soared more than 800 percent and the brand is the third largest-selling brand in lip, a major feat considering it is sold only in Target, CVS and Walgreens in channels tracked by IRI.

5 / IT COSMETICS

• **WITH HER** problem-solution approach to makeup and skin care, Jamie Kern Lima has become the "it" girl of the cosmetics industry. According to NPD, It Cosmetics, which launched less than 10 years ago, is now the eighth-largest prestige brand in the U.S. No wonder L'Oréal paid \$1.2 billion (in cash) for the brand in July 2016. In a year of big deals, it was one of the biggest, and the momentum shows no signs of slowing. Look for It to cement its relationship with Ulta and build its social media mojo in the year ahead, and continue to pioneer in the booming hybrids category.

6 / OGX

• **THE NUMBERS** don't lie. And Johnson & Johnson's \$3.3 billion acquisition of Vogue International, the parent company of OGX, speaks to the brand's superstar status in the hair-care space. OGX stands out as a critical value driver at retail (it broke the \$5 price ceiling that usually exists in mass shampoo). In a competitive category, OGX is almost consistently the top-selling brand in regular shampoo, according to IRI, a feat OGX has achieved with relatively little advertising, instead using its formula of tapping into exotic and of-the-moment ingredients packaged in memorable bottles that catch shoppers' attention on shelves.

7 / BENEFIT

• **ALL ROADS** lead to brows at Benefit—products, services, retail—and the brand has expertly integrated its brow universe in both the virtual and bricks-and-mortar worlds. Digitally, L2 ranked Benefit number two on its IQ index, noting how effectively Benefit leverages reviews, strategically invests in web advertising and launched a brow tool on mobile. In terms of sales—its eyebrow business—inclusive of product and services offered at Brow Bars—is said to be on track to drive half-a-billion dollars at retail for the LVMH Moët Hennessy Louis Vuitton-owned company this year.

8 / TARTE

• **WHEN IT** comes to what's working today, the Kosé-owned Tarte ticks off all the boxes: Adept at knowing how to involve influencers, with an EMV of \$245,000. Check. A multichannel strategy consisting of direct, QVC, Ulta and Sephora. Eco-friendly positioning to tap into Millennials' desire for all natural products. Check and check. Its sales trajectory demonstrates its relevance: Tarte broke into the top 10 prestige color-cosmetics brands in 2016, according to NPD, and is the third-fastest growing in the category.

9 / E.L.F.

• **WHETHER IT'S** readying a secondary stock offering or setting a product launch schedule, E.l.f.'s need for speed is paying big dividends for the brand. Sales in 2016 grew 20 percent to almost \$230 million. Look for that number to increase, with E.l.f.'s launch in Superdrug in the U.K. (its first international expansion), its growth into the skin-care category and its accelerated launch cycle (months, not years) combined with an average retail price of \$3.

10 / LA MER

• **LA MER HAS** long had one of the most resonant founder stories in beauty. But not content to rest on its (seaweed) laurels, it continues to drive relevance in prestige skin care, where it is the fourth-largest brand in the category, according to data from NPD. Its Skincolor de la Mer made it an early entrant into the hybrids category, while the expansion of its core franchise into textures and benefits appealing to Millennials is successfully fueling growth, making it the fastest-growing skin-care brand in prestige.

11 / SHEA MOISTURE

• **SHEA MOISTURE'S** success in two key categories—natural products and multicultural offerings—have fueled growth that outpaces the competition. In hair

styling, it was up 19 percent, versus a category decline of 3 percent; in shampoo it posted a 64 percent increase versus a 3 percent category increase and in conditioners, it ranks third with 54 percent growth versus 2 percent category growth, all according to IRI. Its social media strategy overall has been gutsy, though there was a blip in April with a campaign that fell flat. Shea Moisture quickly apologized and its IRI numbers didn't show a significant decline.

12 / TOM FORD BEAUTY

• **TOM FORD HAS** never been one to think small and his beauty business, owned by the Estée Lauder Cos., follows suit. The brand, which is generating about \$750 million at retail, is seeing 52 percent year-over-year growth, evenly split between fragrances and cosmetics. As impressive as those figures are—Ford is not resting on his success, noting that his goal is to be among the top three or four biggest cosmetics and fragrance houses. "I mean, why would you not want to be there?" he asked during a recent interview.

13 / PHILOSOPHY

• **PHILOSOPHY'S** ethos of self-empowerment and well-being has powered the Coty-owned brand to leading status in the prestige market. According to NPD, it ranks number five in skin-care sales and number three in fragrance with Amazing

Grace, which is also the third fastest-growing prestige scent. Always a strong player on electronic retailing, this year Philosophy grew its bricks-and-mortar footprint, opening its first flagship, a "well-being workshop," at Garden State Plaza in Paramus, N.J.

14 / OUAI HAIR CARE

• **PRESTIGE HAIR CARE** has never been a powerhouse category, but stylist and social media star Jen Atkin is helping to change that. Powered by a digital strategy that taps into her two million Instagram followers and a strong professional educational platform, her line, Ouai hair care, is growing rapidly. It's a standout at Sephora, where the door count tripled this year from 100 to 300, and is also expanding internationally, thus far to the U.K., Southeast Asia, Australia and Dubai.

15 / DRUNK ELEPHANT

• **DRUNK ELEPHANT** came out of seemingly nowhere to become the buzziest brand in skin care. The brainchild of Tiffany Masterson, a Houston-based mom of four with no prior beauty experience, its best-in-class social media and spot-on product formulations have catapulted it to top 10 ranking at Sephora. Consumers aren't the only ones attracted by the brand. Tim Warner left his post as ceo of Urban Decay to join the brand, while it is also the subject of much industry speculation regarding acquisition.

OUR METHODOLOGY

WWD Beauty Inc. consulted a variety of sources to compile the The Power 30, including our own reporting throughout the year.

1. **DOMESTIC SALES** For the prestige market we looked at rankings from The NPD Group for the 12 months ending April 2017. For the mass market, sales data from IRI for the 52 weeks ending May 14, 2017 was used.

2. **BRAND EQUITY** Brand Z/Kantar Millward Brown's chart of the top 15 brands in Personal Care, including data from Bloomberg.

3. **DIGITAL SUCCESS** To determine the brands with the highest digital engagement, we consulted L2's 2016 Digital IQ Index for the Beauty Category and 2017 Index for the Personal Care category, as well as Tribe Dynamic's Earned Media Value index for social media for full-year 2016 and the first quarter of 2017. We also consulted sephora.com and ulta.com for highest-rated brands.

4. **AWARDS** We compiled data from 2016 and 2017, where available, from the following awards, in alphabetical order: *Allure*, Cosmetic Executive Women, Fragrance Foundation, *InStyle*, *Marie Claire* Prix d'Excellence and Refinery 29.

5. **INNOVATION** We took into account our own reporting when factoring in product innovation and trend leadership.

THE LEGACY LEADERS



1. L'Oréal Paris Infallible Pro-Glow Foundation, \$12.99 2. Maybelline The City Mini Palette, \$9.99 3. MAC Lipstick in Ruby Woo, \$17 4. Neutrogena Hydro Boost Water Gel, \$19.99 5. Lancôme Advanced Génifique Serum, \$105 6. Clinique Moisture Surge Extended Thirst Relief, \$39 7. Estée Lauder Double Wear Stay-in-Place Makeup, \$42 8. Chanel Coco Mademoiselle Eau de Parfum, \$100 9. Shiseido Future Solution LX Ultimate Regenerating Serum, \$225 10. Kiehl's Super Multicorrective Cream, \$82 11. Dove Men+Care Elements Minerals+Sage Body Wash, \$5.49 12. Dior Sauvage Eau de Toilette, \$92 13. Garnier Whole Blends Legendary Olive Replenishing Shampoo, \$5.99 14. Olay Eyes Ultimate Eye Cream, \$26.99 15. TRESemmé Keratin Smooth Heat Protect Spray, \$4.99

Photographs by George Chinsee

THE NEW GUARD



1. Anastasia Beverly Hills Moonchild Glow Kit, \$40 2. Urban Decay Naked Heat Palette, \$54 3. Too Faced Sweet Peach Eye Shadow Collection Palette, \$49 4. NYX Liquid Suede Metallic Matte Lip Cream, \$7.50 5. It Cosmetics Your Skin But Better CC+ Cream with SPF 50+, \$38 6. OGX Coconut Miracle Oil Conditioner, \$8.99 7. Benefit Cosmetics Gimme Brow Volumizing Fiber Gel, \$24 8. Tarte Amazonian Clay 12-Hour Blush, \$29 9. E.l.f. Baked Highlighter, \$4 10. La Mer Crème de la Mer, \$170 11. Shea Moisture African Black Soap Clarifying Mud Mask Packette, \$3.99 12. Tom Ford Sole di Positano, \$230 13. Philosophy Amazing Grace Eau de Toilette, \$56 14. Ouai Hair Care Wave Spray, \$26 15. Drunk Elephant T.L.C. Sukari Babyfacial, \$80

**THE COLLECTIVE GOOD**

Supercharged serums tackle myriad issues in fewer steps.

- 1. Givenchy L'Intemporel Serum, \$89**  
Angelica and pink berry extracts and rosy microbeads are said to energize the skin.
- 2. Clarins Double Serum, \$122**  
A cocktail of natural extracts, like turmeric, avocado, goji berry and horse chestnut are said to stimulate skin regeneration, oxygenation and hydration.
- 3. Vichy Mineral 89 Fortifying and Plumping Daily Booster, \$29.50**  
This contains 89 percent mineralizing water, which is enriched with 15 minerals like calcium, sodium, iron and potassium that are said to deliver 24-hour moisture to the skin.
- 4. Dr. Jart+ Cicapair Tiger Grass Re.Pair Serum, \$46**  
Tiger grass, an herbal plant native to Asian wetlands, is said to calm irritation and redness caused by rosacea, acne or sensitivity.



**ROYAL JELLY**

Jelly-like textures are making strides in the U.S. thanks to a lightweight feel.

- 1. M-61 Hydraboost HA Gel Moisturizer, \$72**  
Hyaluronic acid, peptides, aloe and tamarind extract moisturize and protect from environmental stressors.
- 2. Drunk Elephant Beste Jelly Cleanser, \$34**  
Containing cantaloupe extract and marula oil, this has a jelly-like texture that turns into a foam to replenish the skin's barrier and remove impurities.
- 3. Boscia Everyday Gel-to-Mousse Cleanser, \$30**  
The willowherb and jojoba extract reduce irritation and protect against free radical damage.
- 4. Waso Fresh Jelly Lotion, \$30**  
Shiseido's new Millennial-targeted brand offers this gel-to-liquid lotion that's formulated with white jelly mushroom extract, which is treasured in Japan for its hydrating properties.



**NEW AGE**

Fall's key skin-care launches are perfectly calibrated for social media-minded Millennials looking for effective—and Insta-worthy—products. *By LAYLA ILCHI*

**MASK FORCE**

Magnetic tools and more are activating the mask category.

- 1. E.l.f. Beauty Shield Recharging Magnetic Mask Set, \$24**  
The magnetic tool picks up the iron-based formula to eliminate impurities and minimize pores.
- 2. Borghese Fango Delicato Active Mud, \$38**  
Enriched with aloe vera, oat and mango butter, this is formulated for delicate skin.
- 3. Glamglow Bubblesheet Oxygenating Deep Cleanse Mask, \$9**  
This green tea and charcoal-infused oxygenating sheet mask creates a fizzy foam to detox and add radiance.
- 4. Clinique Pep-Start Double Bubble Purifying Mask, \$24.50**  
The formula's small white bubbles exfoliate and eradicate oil.
- 5. Innisfree Pore Clearing Clay Mousse Mask, \$19**  
Volcanic clusters from South Korea's Jeju Island deep cleanse skin of impurities.



**THE GLEAM TEAM**

The rage for skin radiance shows no signs of abating.

- 1. It Cosmetics Miracle Water 3-in-1 Glow Tonic, \$38**  
Designed to be a radiance booster with antiaging essence and micellar water, this product blends fermented ingredients, sea kelp and white ginseng.
- 2. Giorgio Armani Prima Soft Peeling Lotion, \$70**  
Restores glow thanks to litchi peel, roseroot and gentian root extract.
- 3. Fresh Vitamin Nectar Moisture Glow Face Cream, \$42**  
Vitamins C, E and B5 blended with lemon and orange extracts brighten.
- 4. Tatcha Violet-C Radiance Mask, \$68**  
Fruits and botanical extracts, like Japanese beautyberry and hawthorn, add glow.
- 5. Kate Somerville Exfolikate Glow Moisturizer, \$65**  
Papaya, pineapple and pumpkin enzymes reduce dullness and smooth texture.

