



DIGITAL IQ *INDEX:*

Beauty

SCOTT GALLOWAY
NYU Stern

SEPTEMBER 27, 2011





November 10, 2011

The Morgan Library
New York City

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<http://L2innovationforum2011.eventbrite.com>

Innovation 2011

*The largest gathering of
prestige executives in North America*

On November 10, L2 will host its third-annual Innovation Forum in New York City. Presented with NYU Stern School of Business, the Forum will address innovation in digital marketing and implications for prestige brands in a TED-style event.

Speakers include CEOs, Nobel Laureates, and thought leaders from academia and industry. The day will get participants thinking outside of the box and leave them with innovative ways to approach their business.

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elements:

- **High-velocity, provocative presentations** by thought leaders from industry and academia
- **Conversations and panels** with industry icons and influencers
- **Just-released Digital IQ Index®** research benchmarking prestige brands in fashion, beauty, accessories, and retail
- **Trends, predictions, and best practices** based on a year's worth of L2 research
- **Performances** by innovators in art, media, technology, and music
- **Edge-of-the-network** product introductions and demos

speakers:

New speakers are being added daily.

Visit our event [site](#) for the most up-to-date list.



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Thinking and Building
Design Strategy



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CEO
Gamification Co.



SONIA MARCIANO
Professor of Management
& Organizations
NYU Stern

INTRODUCTION

Growth

In the first half of 2011, U.S. prestige skincare sales were up 14 percent

from pre-recessionary levels, while color cosmetics were up four percent.¹ The ultimate emerging-markets play, in 2010 the Beauty industry posted growth of 25 to 30 percent in markets ranging from China to Argentina. A cocktail of strong brands, accessible price points, and high margins mark the sector as one of the most attractive in business.

Waste

Despite impressive growth, marketing continues to show signs of aging. Beauty executives pay lip service to “going digital,” but their media allocation paints a different picture. Muscle memory, coupled with limited digital understanding, has resulted in what appears to be massive marketing inefficiencies.

Cosmetics continues to lead all industries in U.S. magazine advertising spend, doling out more than \$1.4 billion in the first half of 2011, up a staggering 16 percent from 2010.² Many cite editorial sway as the primary driver of huge magazine investments despite the corresponding declines in the channel. However, in an era where new tastemakers are increasingly found online, the traditional gatekeepers don't command the space they occupy.

1. “NPD Reports Prestige Makeup and Skincare Categories Surpass Pre-Recession Volumes in First Half 2011,” NPD Group, August 2011.

2. Publisher's Information Bureau (PIB) cited in MPA Press Release, July 2011.

Renting vs. Owning

Digital provides an opportunity for brands to excise the publisher's tax by establishing direct relationships with consumers and potentially reducing broadcast spend. Furthermore, the increasing growth of e-commerce could shift the traditional balance of power between brands and retailers.

More than Skin Deep

The pace of digital innovation in beauty has increased since the release of the [2010 Index](#). Integrated online/offline campaigns, sampling programs, and advertising on social media platforms have driven significant community growth on Facebook and Twitter (346 percent and 349 percent average year-over-year, respectively). Meanwhile, site innovation, including transaction orientation, incorporation of user reviews, and

INTRODUCTION

Facebook sharing technology, has become nearly ubiquitous. Additionally, a third of brands boast a mobile site (up from just 12.5 percent in 2010). Finally, in 2011, a digital powerhouse in Beauty is beginning to emerge: Estée Lauder Companies nabbed the four top spots, including the industry's two Genius designations for M·A·C and Clinique.

Digital IQ = Shareholder Value

Our thesis is that digital competence is inextricably linked to shareholder value in the Beauty industry. Furthermore, our 2011 analysis demonstrates a significant relationship between Digital IQ and year-over-year change in stock price, suggesting organizations committed to digital are achieving superior financial returns. Like the medium we are assessing, our methodology is dynamic, and we hope you will reach out to us with comments that improve our methodology, investigation, and findings. You can reach me at scott@stern.nyu.edu.

Regards,

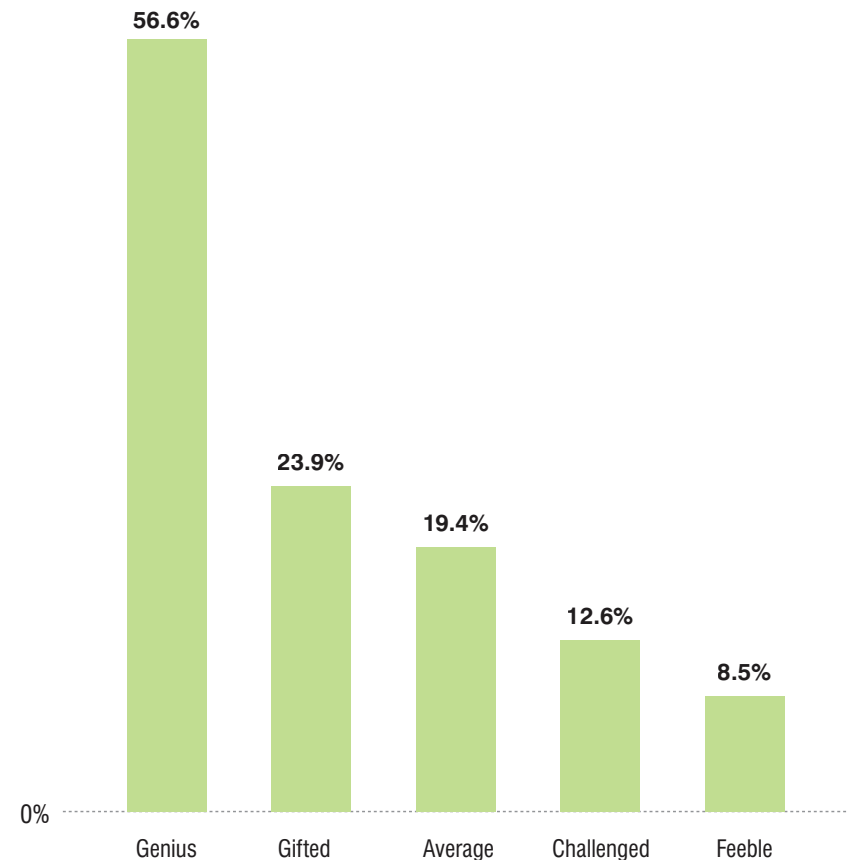


SCOTT GALLOWAY

Founder, L2
Clinical Professor of Marketing, NYU Stern

52-WEEK CHANGE IN STOCK PRICE

(N=44 brands, 14 public companies)



Source: L2 Analysis, Yahoo! Finance

ABOUT THE RANKINGS

METHODOLOGY



Site: 40%

Effectiveness of brand site

FUNCTIONALITY & CONTENT: 75%

- **Technology**
- **Navigation, Product & Site Search**
- **Social Media Integration**
- **Customer Service & Store Locator**
(Representative Finder for Direct Sales)
- **Product Display & Content**
- **E-Commerce & Transaction Orientation**
- **Account Signup & Functionality**
- **Innovation & Interactivity**
- **European E-Commerce Footprint**
(United Kingdom, France, Germany, Netherlands, Switzerland, Spain, and Italy)

BRAND TRANSLATION: 25%:

- **Aesthetics**
- **Messaging & Visuals**



Digital Marketing: 30%

Search, display, and email marketing efforts

- **Search:** Traffic, SEM, SEO, Web Authority
- **Advertising & Innovation:** Display, Retargeting, Recent Brand Initiatives
- **Blog & Other User-Generated Content:** Mentions, Sentiment
- **Email:** Frequency, Language, Content, Social Media Integration, Promotion, Use in European Markets



Social Media: 20%

Brand presence, community size, content, and engagement on major social media platforms in the U.S. and Europe

- **Facebook:** Likes, Growth, Tabs & Applications, Responsiveness, Interaction Rate
- **Twitter:** Followers, Growth, Frequency, Online Voice
- **YouTube:** Views, Number of Uploads, Subscriber Growth, Viral Videos



Mobile: 10%

Compatibility and marketing on smartphones and other mobile devices in the U.S. and Europe








- **Mobile Site:** Compatibility, Functionality, Transaction Orientation
- **iOS Applications (iPhone & iPad):** Availability, Popularity, Functionality, iPad Differentiation
- **Other Platforms (Android, Blackberry):** Availability, Popularity, Functionality
- **Innovation:** SMS, Geolocal, Recent Brand Initiatives

DIGITAL IQ CLASSES

IQ Range	IQ Class
140+	GENIUS Digital competence is a point of differentiation for these brands. Site content is searchable, shareable, and mobile-optimized. Social media efforts complement broader digital strategy. Virtual storefront seamlessly extends to mobile.
110-139	GIFTED Brands are experimenting and innovating across site, mobile, and social platforms. Digital presence is consistent with brand image and larger marketing efforts.
90-109	AVERAGE Digital presence is functional yet predictable. Efforts are often siloed across platforms.
70-89	CHALLENGED Limited or inconsistent adoption of mobile and social media platforms. Site lacks inspiration.
<70	FEEBLE Investment does not match opportunity.

DIGITAL IQ RANKING










PARENT COMPANY:

 COTY	 L'ORÉAL	 REVLON
 ESTÉE LAUDER	 LVMH	 SHISEIDO
 JOHNSON & JOHNSON	 PROCTOR & GAMBLE	 OTHER

Rank	Brand	Parent Company	Digital IQ	Class	Description
1	M·A·C	Estée Lauder	142	Genius	Digital "M·A·C Over" includes launch of social shopping and upgrades across every online platform
2	CLINIQUE	Estée Lauder	141	Genius	Extends virtual beauty counter with in-store iPads; mascara sampling drove dramatic social media growth
3	ESTÉE LAUDER	Estée Lauder	137	Gifted	Fastest-growing Twitter handle and m-commerce site place ELC namesake among category leaders
4	BOBBI BROWN	Estée Lauder	136	Gifted	Digital innovation continues to be "Pretty Powerful"; latest launch: The <i>Everything Bobbi</i> blog
4	VICTORIA'S SECRET	Limited Brands	136	Gifted	IQ benefits from massive social media following, but beauty-specific innovation remains a secret
6	SEPHORA COLLECTION	LVMH	132	Gifted	Mobile leader is both brand and retailer; launched Beauty Talk online community to facilitate Q&A
7	L'ORÉAL PARIS	L'Oréal	130	Gifted	Well-designed site with advanced third-party e-commerce integration makes visit well worth it
8	AVEDA	Estée Lauder	126	Gifted	Facebook sampling leader, increased "likes" by 50 percent
8	BENEFIT COSMETICS	LVMH	126	Gifted	Just when we thought it couldn't get more playful, new site relaunch extends brand personality without compromising e-commerce
8	BARE ESSENTUALS	Shiseido	126	Gifted	Best-in-class site interactive tools and enviable super-social Facebook community have become a "Force of Beauty"
11	SMASHBOX	Estée Lauder	121	Gifted	Site social shopping tool contributes to rapid rise in rankings
11	LANCÔME	L'Oréal	121	Gifted	Strong localized Facebook ad"app"tation, but Hypnôse Doll Eyes and 3D Dollhouse raise the question, "Scary or chic?"; YouTube partnership remains Phan-tastic
13	MAYBELLINE NEW YORK	L'Oréal	117	Gifted	"NYC365" campaign featuring a daily "it girl" entertains, giving this mass-market brand a sophisticated edge
14	L'OCCITANE	L'Occitane	116	Gifted	M-commerce site and presence on iOS and Android platforms demonstrate mobile leadership

DIGITAL IQ RANKING










PARENT COMPANY:

 COTY	 L'ORÉAL	 REVLON
 ESTÉE LAUDER	 LVMH	 SHISEIDO
 JOHNSON & JOHNSON	 PROCTOR & GAMBLE	 OTHER

Rank	Brand	Parent Company	Digital IQ	Class	Description
14	COVERGIRL	Procter & Gamble	116	Gifted	Site COLORMATCH tool brings beauty consultation to the mass market; leads beauty-only brands in Twitter followers
16	PERRICONE MD	Perricone MD	115	Gifted	Strong prescription of branded content and interactive tools
16	AVON	Avon Products	115	Gifted	Avon Connects social networking platform facilitates digital sales relationships with Avon reps
18	BURBERRY	Burberry	110	Gifted	Beauty extension is buttressed by brand's burgeoning digital presence
19	PROACTIV	Guthy-Renker	108	Average	Recently launched Proactiv®365—an online support system that's all about creating stickiness
19	URBAN DECAY	Urban Decay Cosmetics LLC	108	Average	Average digital offerings are inconsistent with the brand's edgy reputation
21	CHANEL	Chanel	106	Average	Released the much-hyped Rouge Coco Shine lipstick exclusively on Facebook, but poor site navigation hampers IQ
21	BURT'S BEES	The Clorox Company	106	Average	Burt's Bees "Give(s) Some Good" digital through successful Facebook sampling and coupon campaigns
23	KIEHL'S	L'Oréal	105	Average	"Say Kiehl's: 160 Years and Counting" Facebook campaign solicits user videos
24	DIOR	LVMH	103	Average	E-commerce launch and huge Facebook growth make Dior one of 2011's biggest gainers
24	NARS	Shiseido	103	Average	Site relaunch showcases brand heritage through the "World of NARS"
26	ORIGINS	Estée Lauder	101	Average	A Facebook sampling campaign and launch of m-commerce spur the brand's rapid rise in IQ
27	CLARINS	Clarins Group	100	Average	August site relaunch introduces interactivity and video but not product reviews
27	MARY KAY	Mary Kay	100	Average	iPhone app "The Look" serves as a shopping guide for all Mary Kay products

DIGITAL IQ RANKING










PARENT COMPANY:

 COTY	 L'ORÉAL	 REVLON
 ESTÉE LAUDER	 LVMH	 SHISEIDO
 JOHNSON & JOHNSON	 PROCTOR & GAMBLE	 OTHER

Rank	Brand	Parent Company	Digital IQ	Class	Description
27	OLAY	Procter & Gamble	100	Average	The other P&G brand to offer F-commerce
27	PHILOSOPHY	Coty	100	Average	Celebrates its Facebook fans through contest soliciting their pics for campaigns and packaging
31	YVES SAINT LAURENT BEAUTY	L'Oréal	98	Average	Functional yet uninspiring site; released iPad app in December
32	GIORGIO ARMANI BEAUTY	L'Oréal	97	Average	Top-notch product comparison tool; just average everywhere else
32	DOVE	Unilever	97	Average	Strong social presence; site falls short with limited transaction-orientation and poor aesthetics
34	CAROL'S DAUGHTER	Carol's Daughter	95	Average	Facebook pop from Oprah can't be underestimated, but site is little more than a digital product catalog
34	REVLON	Revlon	95	Average	Spokesmodels are well utilized on site, but e-commerce usability issues distract
36	NEUTROGENA	Johnson & Johnson	93	Average	Interactive and engaging content is relegated to microsites
37	ELIZABETH ARDEN	Elizabeth Arden	90	Average	Dabbles with some innovative site features but misses on execution; content on site is not shareable
37	VICHY	L'Oréal	90	Average	Fastest-growing Facebook page, but no Twitter presence
39	LAURA MERCIER	Gurwitch Products	89	Challenged	Slow to innovate; site virtual makeover tool isn't enough
40	SKINCEUTICALS	L'Oréal	87	Challenged	Monthly Q&A expert sessions on Facebook page, but needs a site upgrade to compete
41	GARNIER	L'Oréal	85	Challenged	One of the industry's fastest-growing Facebook pages; site is a disappointment
42	SHISEIDO	Shiseido	84	Challenged	E-commerce launch and Facebook growth are merely a start

DIGITAL IQ RANKING

PARENT COMPANY:

	COTY		L'ORÉAL		REVLON
	ESTÉE LAUDER		LVMH		SHISEIDO
	JOHNSON & JOHNSON		PROCTOR & GAMBLE		OTHER

Rank	Brand	Parent Company	Digital IQ	Class	Description
43	NIVEA	Beiersdorf	83	Challenged	Facebook contests and Co-Star with Rihanna app demonstrate that the brand is firing across multiple platforms, but it often misses the target
43	MAKE UP FOR EVER	LVMH	83	Challenged	Best-in-class interactive microsite is not enough to compensate for lack of e-commerce
45	LA ROCHE-POSAY	L'Oréal	81	Challenged	SOS Summer of Skincare Sweepstakes on Facebook led to huge growth, but site needs a facelift
46	DOLCE & GABBANA MAKE UP	Procter & Gamble	76	Challenged	Site is brochure-ware; only innovation points here are spillover from fashion efforts
47	AVEENO	Johnson & Johnson	74	Challenged	Brand provides opportunity to earn Recyclebank points via Facebook, but needs YouTube presence to clean itself up online
48	RIMMEL	Coty	72	Challenged	Social media integration is the lone bright spot
49	ALMAY	Revlon	71	Challenged	Stunted site showcases Kate Hudson, but not much else; social media presence limited to Facebook
50	LA MER	Estée Lauder	70	Challenged	Autoreplenish functionality scores points, but digital efforts stalled after shutdown of U.S. Facebook page last summer
51	FRESH	LVMH	69	Feeble	Stale
52	IMAN COSMETICS	Iman Cosmetics	64	Feeble	Site lacks intuition; YouTube contest falls flat
53	TRISH McEVoy	Trish McEvoy Ltd.	59	Feeble	Desperate for a makeover
54	SK-II	Procter & Gamble	50	Feeble	Social media presence is scarce, and site functionality is not pretty
55	CETAPHIL	Galderma	46	Feeble	Site redirect to Facebook can't conceal limited digital investment across platforms

KEY FINDINGS

Estée Lauder Pulls Ahead

With M·A·C and Clinique holding on to their 2010 Genius designations, and Estée Lauder and Bobbi Brown joining them in the top four, the Estée Lauder organization appears to be pulling away from the pack. The conglomerate registered an average Digital IQ of 122 across its eight brands, 18 points higher than any other multibrand organization. Origins and La Mer were the only Estée Lauder brands not to achieve Genius or Gifted distinction.

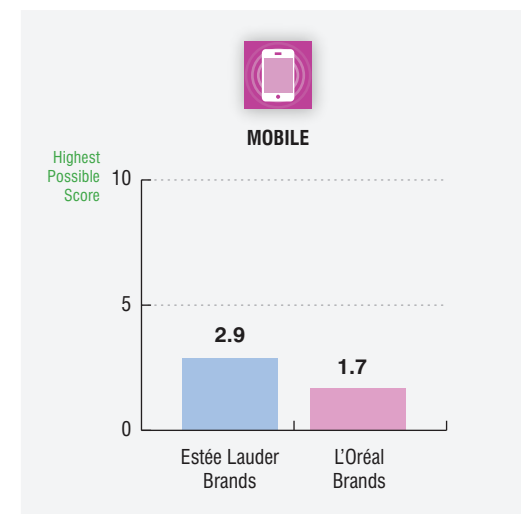
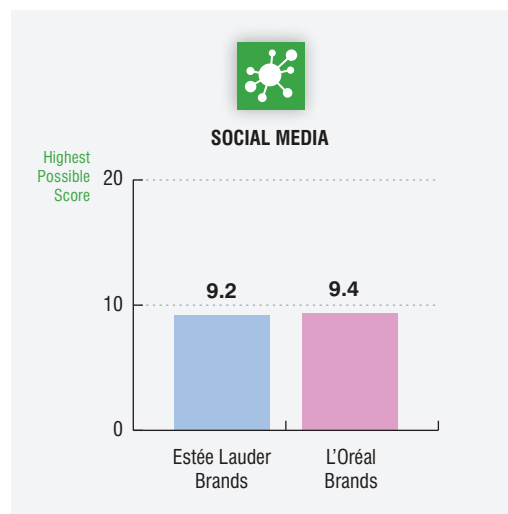
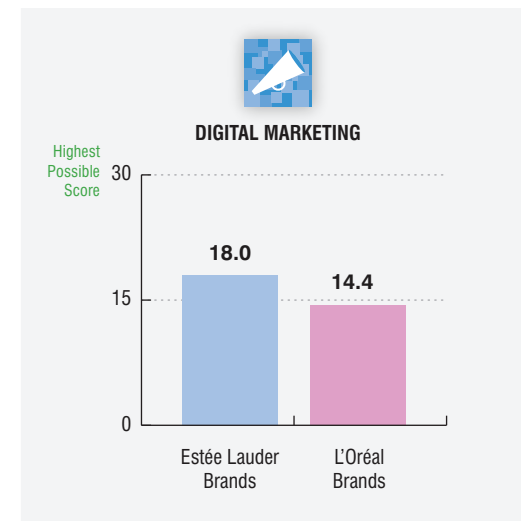
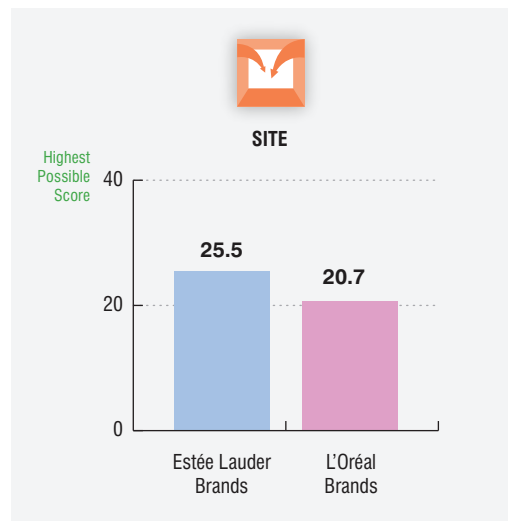
Estée Lauder's success is the result of a strong e-commerce legacy and shared best practices across the organization. Smashbox, a May 2010 Estée Lauder acquisition, is the consummate example. The brand was one of the biggest 2011 winners, registering a 38 percent increase in IQ as a result of its much-improved e-commerce presence. In addition, four of the company's eight measured brands hosted Facebook sampling campaigns, 2011's surefire tactic to increase Facebook community size.

A Tale of Two Cities

Last year, L'Oréal was "nipping at Estée Lauder's heels." The 2011 Digital IQ, however, reveals that the gap between the two heavyweights has widened on all dimensions with the exception of social media. L'Oréal's strategic foray into content curation and partnerships with such individuals as YouTube sensation Michelle Phan continue to keep it in the social media arms race. However, the organization has struggled to maintain a coherent approach to e-commerce and mobile across the portfolio. Surprisingly, drugstore brands L'Oréal Paris and Maybelline New York registered some of the organization's highest site scores despite hand-offs to third-party e-commerce sites.

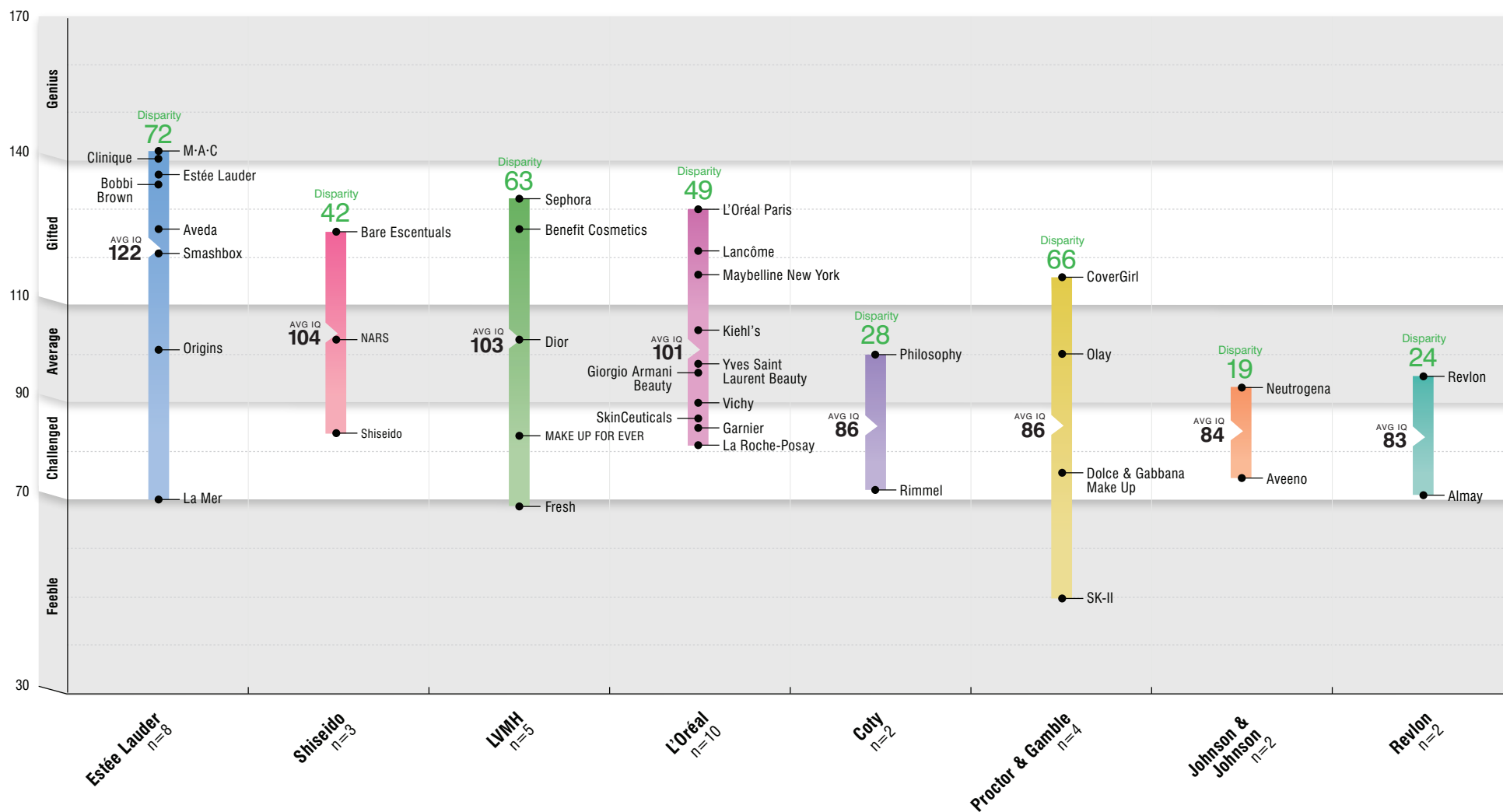
PARENT COMPANY DIGITAL IQ BY DIMENSION

Estée Lauder Brands vs. L'Oréal Brands



KEY FINDINGS

DIGITAL IQ BY PARENT COMPANY
Organizations with More than One Brand Represented in Index



KEY FINDINGS

In the Company of Genius

M·A·C and Clinique swapped the number one and two spots this year, remaining the only Geniuses in the 2011 study.

Sixty-five percent of brands fell into the Gifted and Average classes. Notable year-over-year changes include such brands as Laura Mercier, Aveeno, Rimmel, and La Mer slipping down the rankings, while Dior and Shiseido ascended as a result of e-commerce launches.

Three out of five Feeble brands offer e-commerce, but the ability to transact alone does not make brands competitive. Even brands that still link to third-party retailers to complete transactions have invested in streamlining the shopping process and building communities via social media.

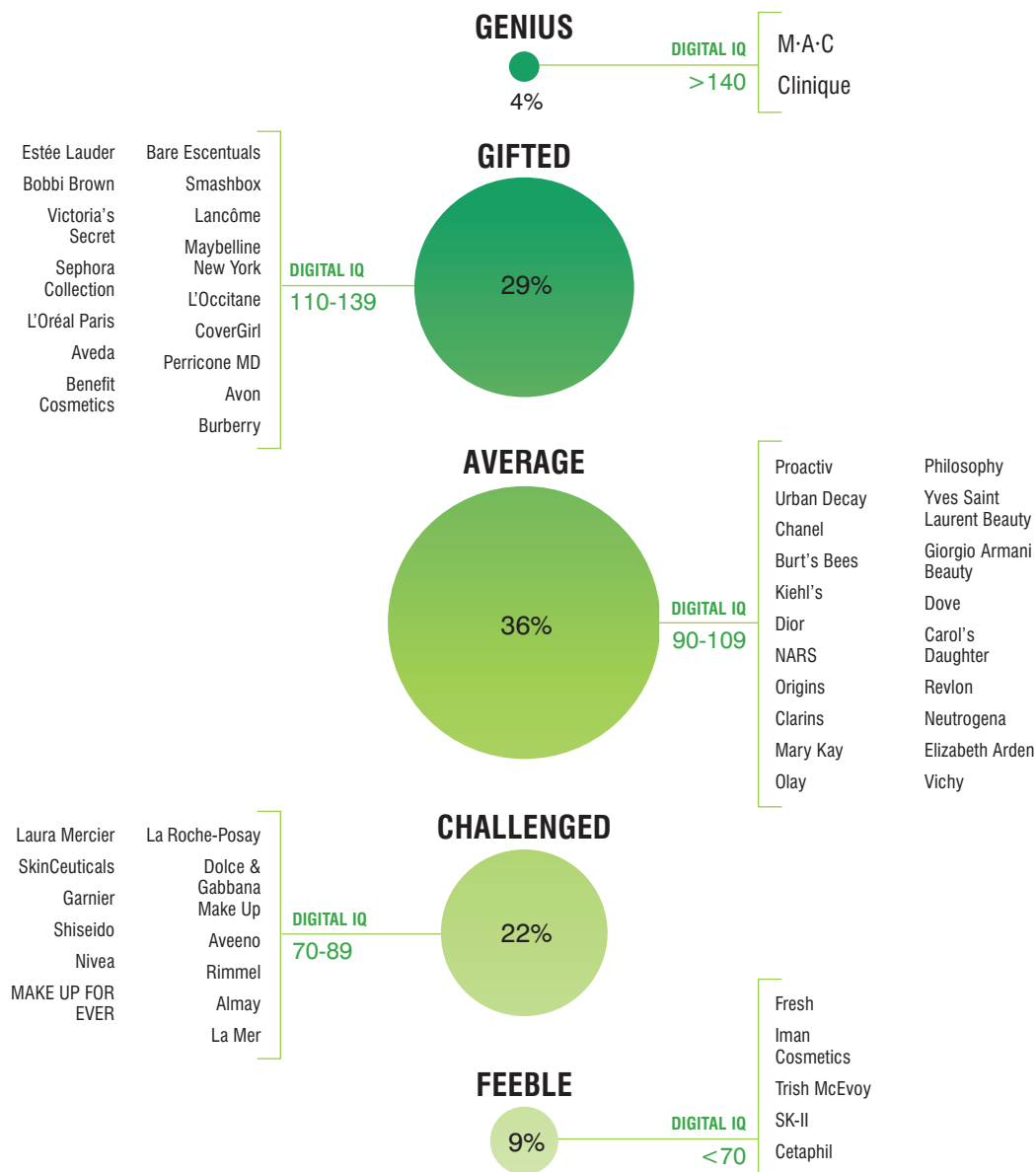


“For Beauty marketers, social media makes it possible to create one-to-one relationships with customers. Those companies that embrace social channels as touch points will continue to resonate with today's socially-wired consumer.”

— **Karl Heinz Land**
SVP & Chief Evangelist, Network Intelligence | MicroStrategy, Inc.

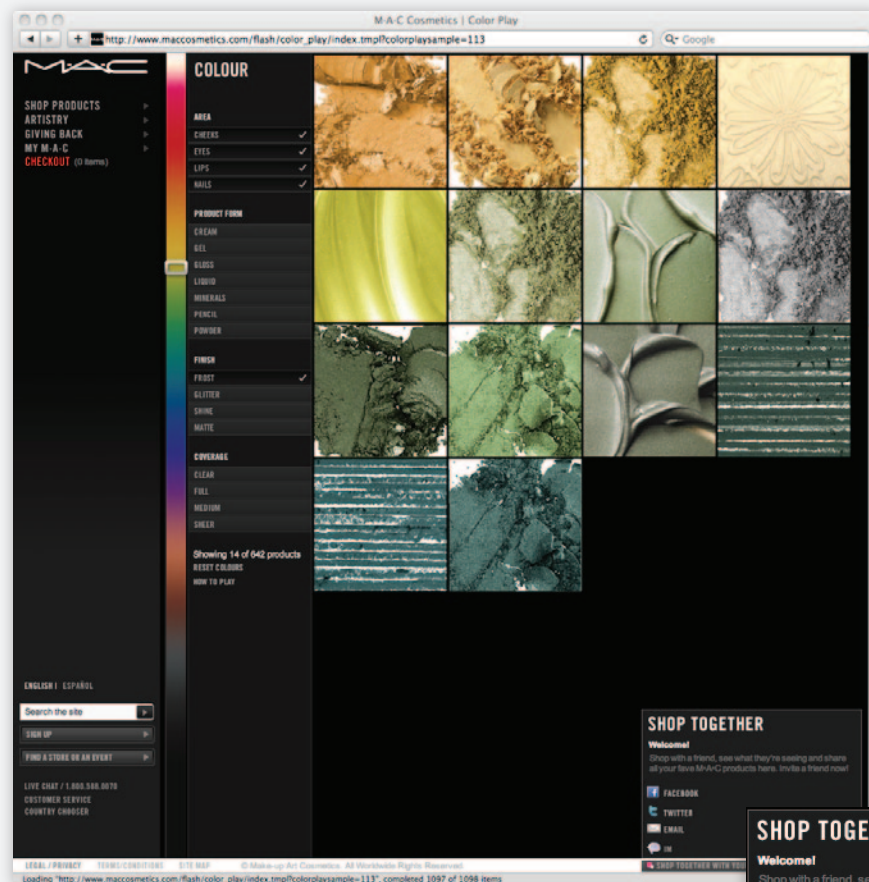
DIGITAL IQ DISTRIBUTION

% of Brands per Digital IQ Class

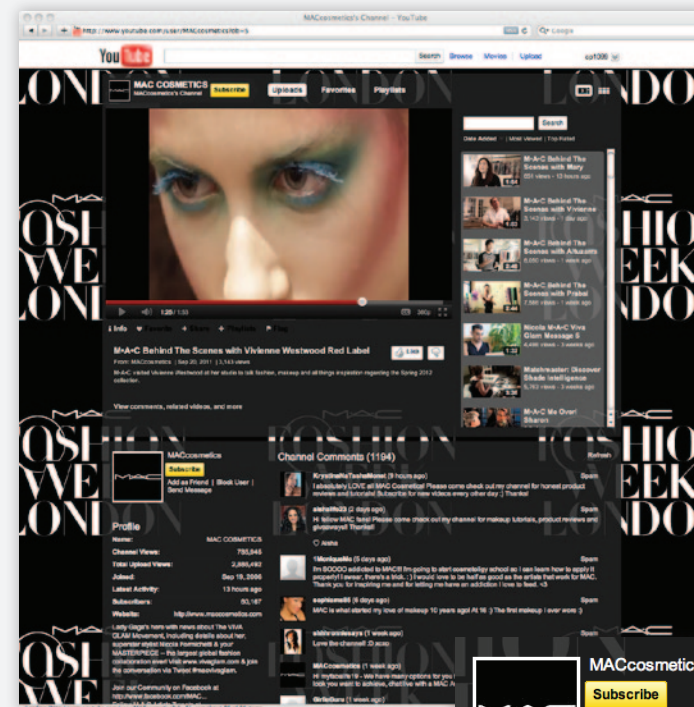


KEY FINDINGS

In the Company of Genius M·A·C



Unique “color play” navigation and “shop together” functionality contribute to M·A·C’s top-10 site score



M·A·C Cosmetics is the second highest-viewed beauty-only YouTube channel

MACcosmetics	
	Subscribe
	Add as Friend Block User Send Message
Profile	
Name:	MAC COSMETICS
Channel Views:	785,945
Total Upload Views:	2,886,492
Joined:	Sep 19, 2006
Latest Activity:	13 hours ago
Subscribers:	60,167
Website:	http://www.maccosmetics.com

KEY FINDINGS

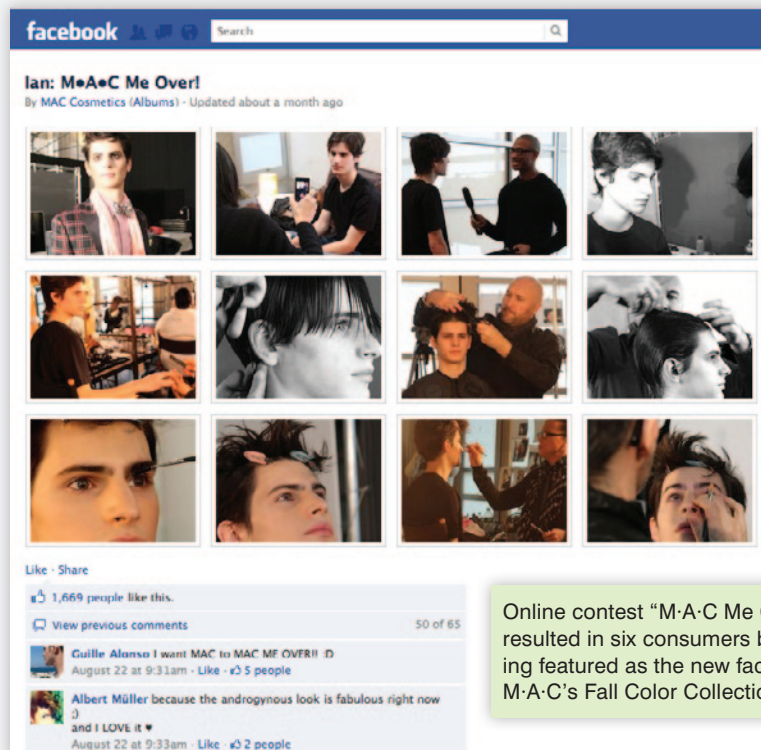
In the Company of Genius M·A·C



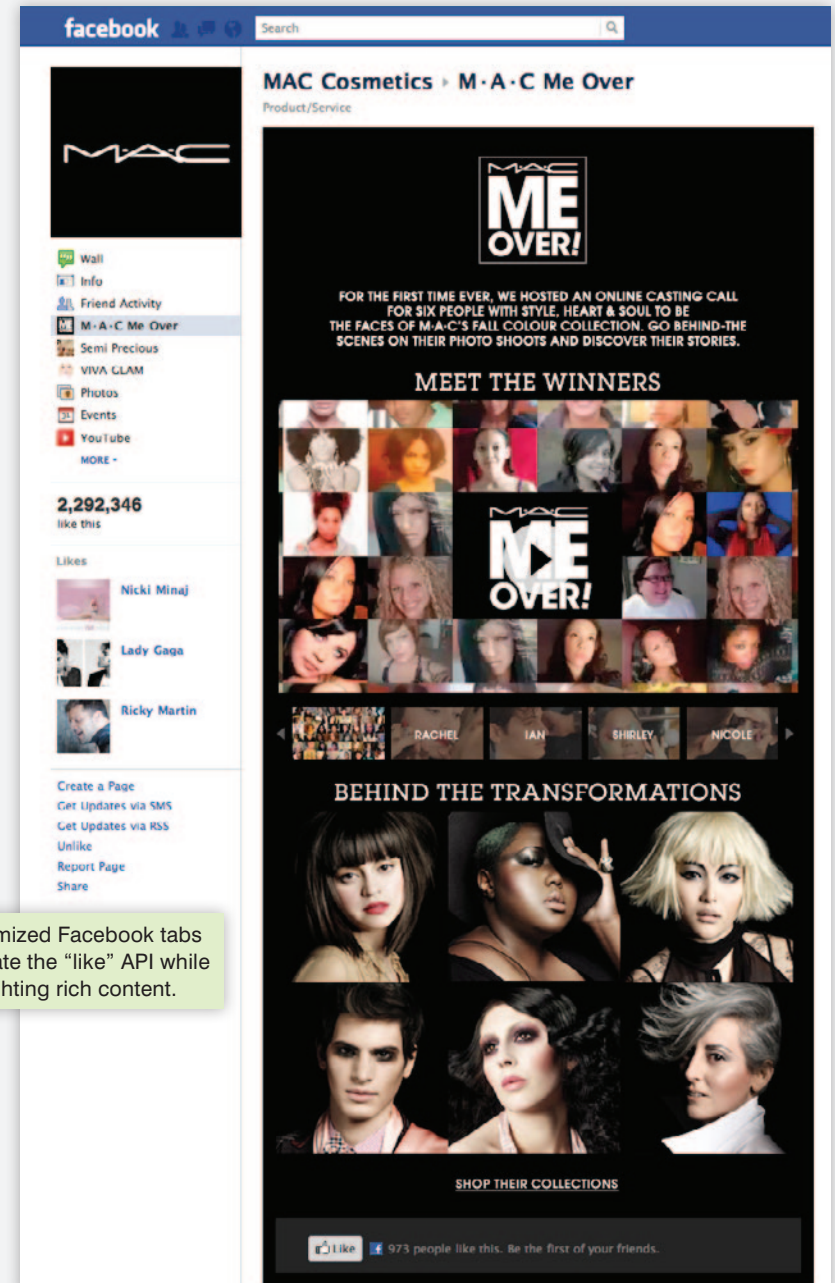
“The Social CRM is ushering in entirely new ways for brands to interact with customers. From online casting calls to behind-the-scenes photos and videos, M·A·C is connecting with its fan base in fun, informative, and engaging ways.”

— Karl Heinz Land

SVP & Chief Evangelist, Network Intelligence | MicroStrategy, Inc.



Online contest “M·A·C Me Over!” resulted in six consumers being featured as the new faces of M·A·C’s Fall Color Collection



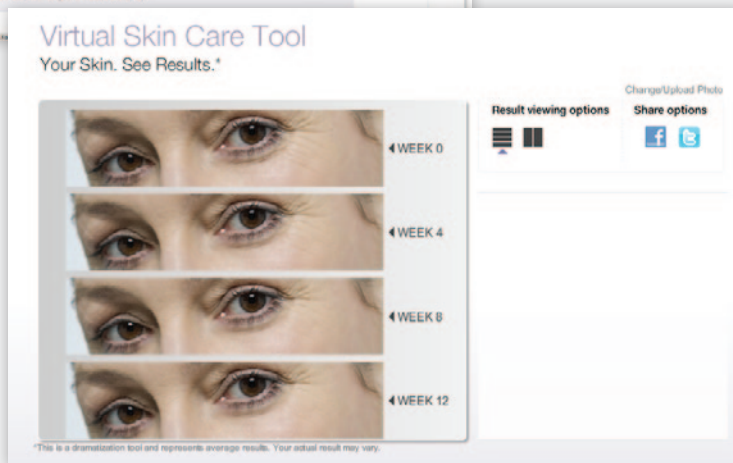
Customized Facebook tabs integrate the “like” API while highlighting rich content.

KEY FINDINGS

In the Company of Genius CLINIQUE



Diagnostic tools
help garner Clinique
a top-10 site



The Clinique site features
both user and "insider"
reviews



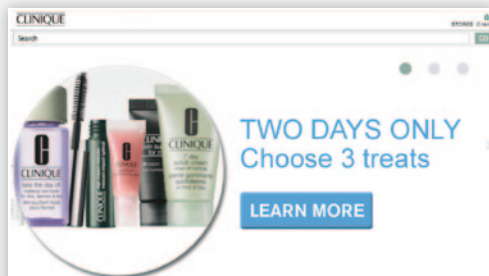
KEY FINDINGS

In the Company of Genius CLINIQUE

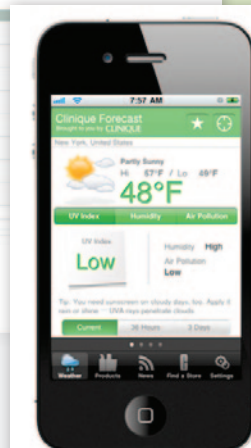


“Facebook contests allow for frictionless exchange of fan data.”

— Karl Heinz Land
SVP & Chief Evangelist, Network Intelligence | MicroStrategy, Inc.



Clinique's m-commerce-enabled site and useful geo-location iPhone app result in a top-five mobile score



Clinique Forecast App

Rain or shine, clear or smoggy—the weather affects your skin. This convenient app instantly gives you the day's forecast so you can protect your skin accordingly—and ultimately look younger, longer.

Live in an urban environment? Learn what to do to keep your skin clean and clear when the pollution index soars. Noticing some fine lines? Discover how to protect skin from one of the leading causes of visible signs of premature aging. It's all at your fingertips—along with a quick weather report—with this indispensable app.

[DOWNLOAD CLINIQUE FORECAST NOW](#)



Clinique's Facebook fan base continues to grow rapidly due to sampling contests and useful content such as replacements for discontinued products



KEY FINDINGS

GREATEST YEAR-OVER-YEAR GAIN OR LOSS 2010 vs. 2011 Digital IQ Percentile Rank

Dior

CHALLENGED → **AVERAGE**

The launch of e-commerce and accelerated efforts on Facebook and YouTube elevate Dior from Challenged to Average.

+45%

Smashbox

AVERAGE → **GIFTED**

Acquisition by Estée Lauder has been good for Smashbox. Launch of Social Shop on site and a strong loyalty program (Pretty Points) keeps the brand on innovation's edge.

+38%

Origins

AVERAGE → **AVERAGE**

One of the first brands to experiment with Facebook sampling, Origins led the way in social in the first quarter of 2011.

+28%

Estée Lauder

GIFTED → **GIFTED**

M-commerce launch and addition of autoreplenish functionality on site help ELC's signature brand maintain Gifted status—and bump its ranking to number three.

+25%

Shiseido

FEEBLE → **CHALLENGED**

Launch of e-commerce site and gated Facebook tabs help boost Shiseido from Feeble to Challenged.

+22%

Aveda

GIFTED → **GIFTED**

Playing it safe—few updates since 2010. That said, it's hard to stay ahead when you are already near the top.

-11%

NARS

GIFTED → **AVERAGE**

New site presents vast improvement, but lack of mobile presence and decreased Twitter frequency drops the brand from Gifted to Average.

-14%

Perricone MD

GIFTED → **GIFTED**

Early innovator needs to accelerate with the pace of innovation to compete with the big guys.

-17%

La Mer

AVERAGE → **FEEBLE**

La Mer's outdated site and lack of U.S. social presence lower Estée Lauder's parent company average IQ.

-19%

Neutrogena

AVERAGE → **CHALLENGED**

After riding the "Wave for Change" philanthropic campaign, Neutrogena's social media has fizzled.

-21%

KEY FINDINGS

'Like' Is Commoditized

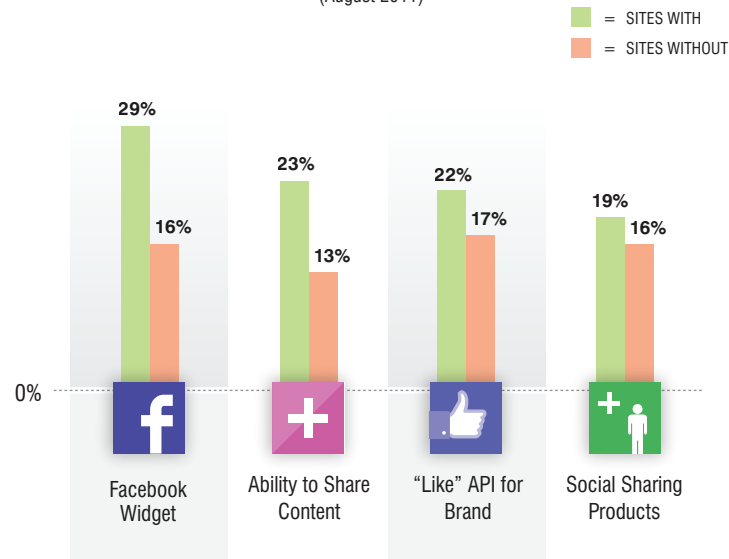
Adoption of site features and functionality increased dramatically from 2010 to 2011. Features previously considered cutting edge, such as user reviews and Facebook sharing buttons on products pages, are now commonplace as the pace of innovation accelerates. Live Chat functionality and e-commerce autoreplenish still remain points of differentiation.

Although no longer scarce, social features continue to pay dividends by boosting traffic.

IMPACT OF SOCIAL FEATURES & FUNCTIONALITY

Three-Month Traffic Growth for Sites
With & Without the Following:

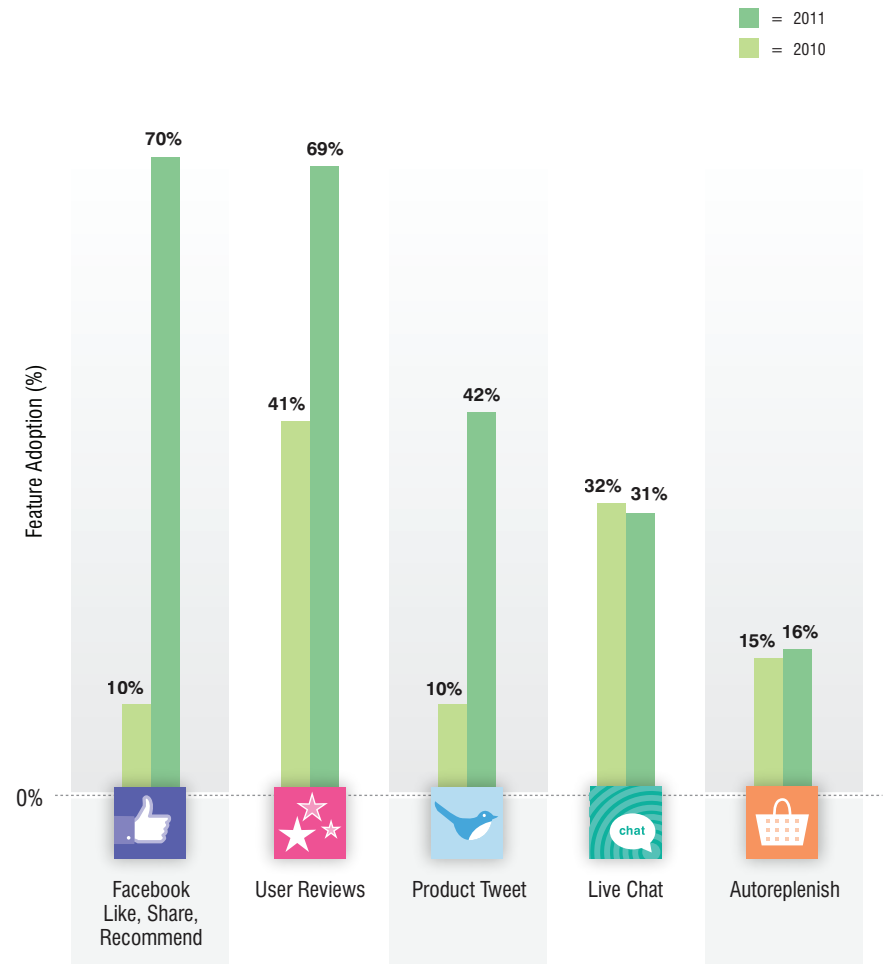
(August 2011)



Source: L2 Analysis, Alexa

BRAND SITE SOPHISTICATION

% of Brand Sites With the Following Attributes in 2010 vs. 2011
(August 2011)



KEY FINDINGS

Sephora's Loss Is Amazon's Gain

Year-over-year traffic patterns to and from brand sites suggest significant shifts in the online beauty ecosystem. Surprisingly, fewer brand sites registered Sephora as a top upstream site, and the beauty behemoth accounted for 4.53 percent less upstream traffic and 3.61 percent less downstream traffic in 2011 than in 2010. Meanwhile, Amazon has emerged as a significant source and destination for traffic on brand sites. With Amazon currently accounting for one-third of U.S. e-commerce sales,³ brands have to consider the short- and long-term implications of this giant playing in their space.

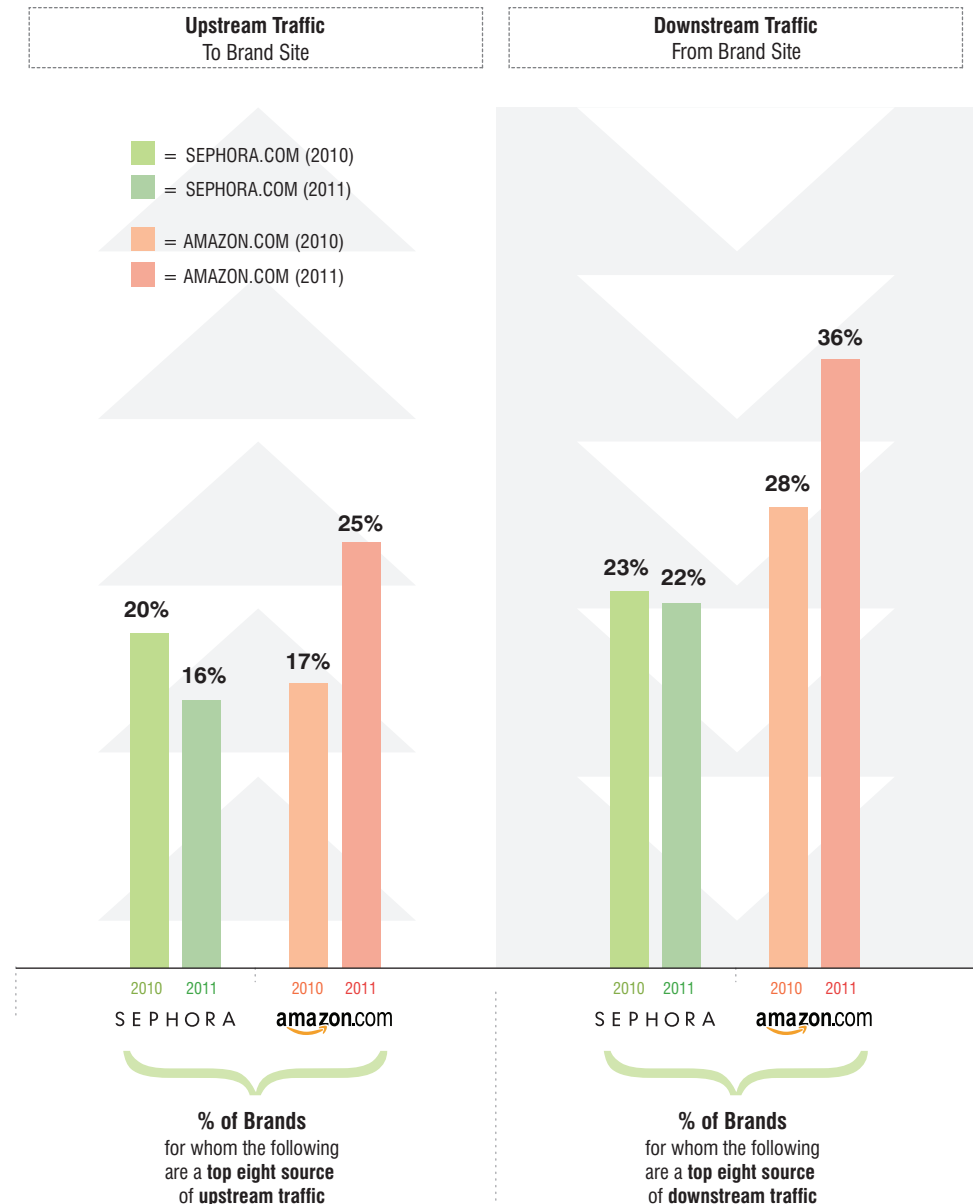
Unexpectedly, the sites where Amazon is a top-eight downstream destination are not drugstore brands linking to the third-party retailer; rather, 90 percent of brand sites that register Amazon among their top destinations host e-commerce themselves. It appears consumers are browsing on brand sites and then purchasing on ... Amazon.

3. "Amazon.com: the Hidden Empire," *faberNovel*, May 2011.

UPSTREAM & DOWNSTREAM TRAFFIC TO BEAUTY SITES:

To and From Sephora.com & Amazon.com

(2010 vs. 2011)

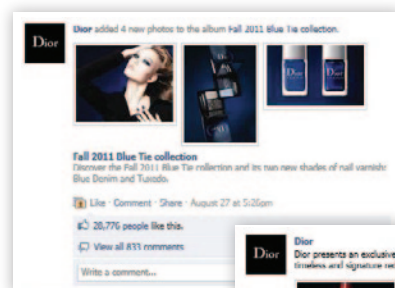


KEY FINDINGS

Dior: Impressive

In mid-May, the brand had 700,000 “likes” on its Facebook page. By mid-August, the Facebook community had exploded to nearly 4.5 million. Even more impressive has been the level of engagement on its Facebook page, with an average interaction rate of 0.18 percent (compared to an average interaction rate of 0.06 percent across the Index). This balance of size and engagement makes Dior the only brand to achieve the elusive “Tribe” status on Facebook.

Although the brand received a boost from its fashion and accessories businesses and the controversy surrounding designer John Galliano, beauty-specific content leads the way. Wall posts for the “Le Vernis” nail color collection and the “Fall 2011 Blue Tie collection” garnered an impressive average interaction rate of 0.30 percent, and Dior’s beauty posts had on average a 0.25 percent interaction rate, versus a 0.12 percent average interaction rate for its fashion-related content.

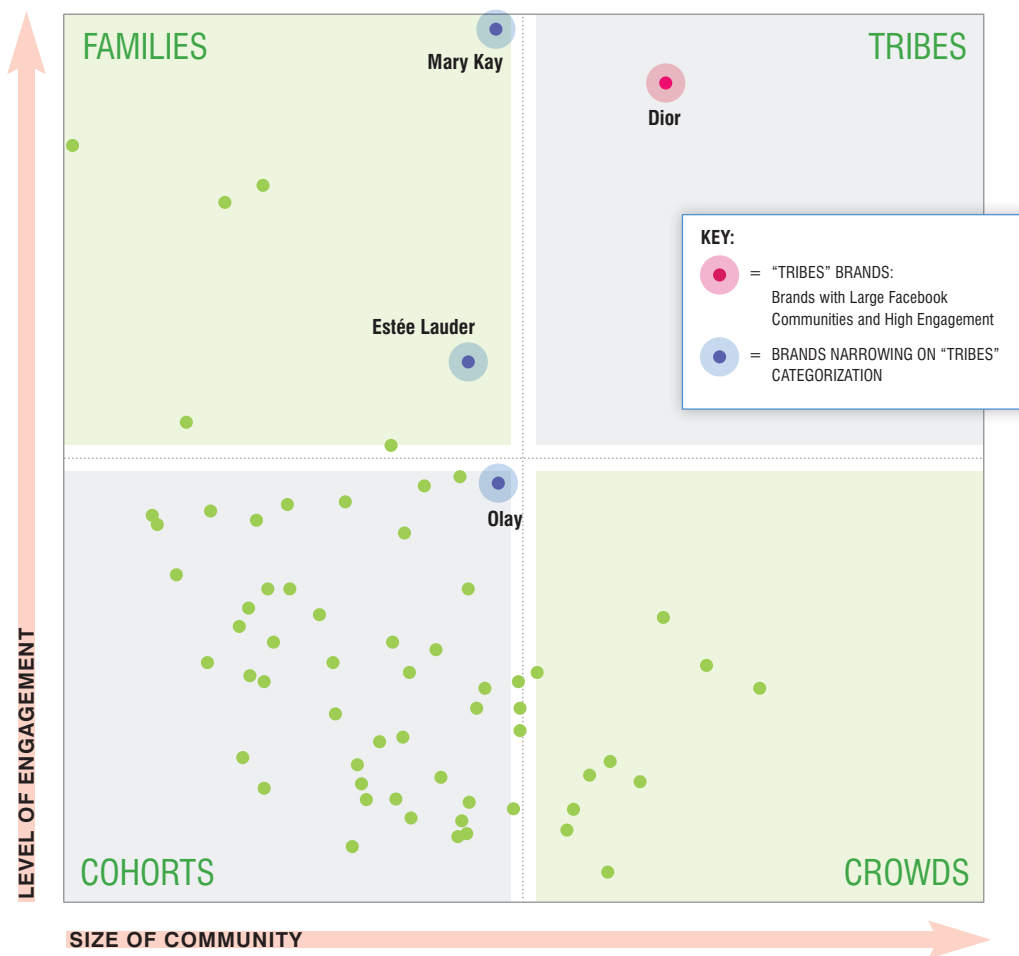


A Blue Tie collection post generated an interaction rate of 0.33 percent

A Dior Vernis post generated an interaction rate of 0.26 percent



FACEBOOK COMMUNITY SIZE vs. ENGAGEMENT RATES
U.S. & Global Facebook ‘Likes,’ Excluding Pages With < 2000 Fans
(August 2011)



Note: Horizontal axis (Size of Community) is graphed on a logarithmic scale.

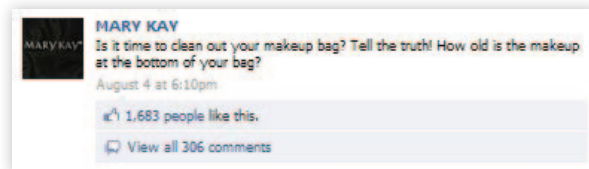
KEY FINDINGS

It's All About Me

Beauty fans want to talk about themselves—posts soliciting user comments generated the highest interaction rates on Beauty Facebook pages. Second to questions are posts providing information about products.

Surprisingly, “How-To” content and posts referencing celebrities—two of the more commonly employed tactics in the industry—generated the least interaction. Beauty fans seem to be more receptive than most fans in other prestige industries to contests and promotional posts.

Question posts by Almay, Mary Kay, and La Roche-Posay



AVERAGE INTERACTION RATE BY CONTENT TYPE

(July-August 2011)



KEY FINDINGS

Pure Beauty = Smaller Crowds, Higher Engagement

Facebook is now a top-eight source of traffic for a whopping 80 percent of brand sites and accounts for an average 11 percent of all traffic, suggesting its growing importance in the Beauty digital mix.

Although Beauty is a strong category on Facebook, with pages such as M·A·C Cosmetics and Dove attracting over two million fans, brands where Beauty is not the primary business (i.e., luxury fashion companies such as Chanel and Dior or retailers Victoria's Secret and Sephora), outperform single-industry players in sheer community size. On average, brands in multiple businesses averaged 6,012,517 fans, compared with 353,181 for beauty-only brands.

However, data suggests industry players are catching up. Beauty-only brands represent 14 of the 15 fastest-growing Facebook pages and nine of the top 10 interaction rates.



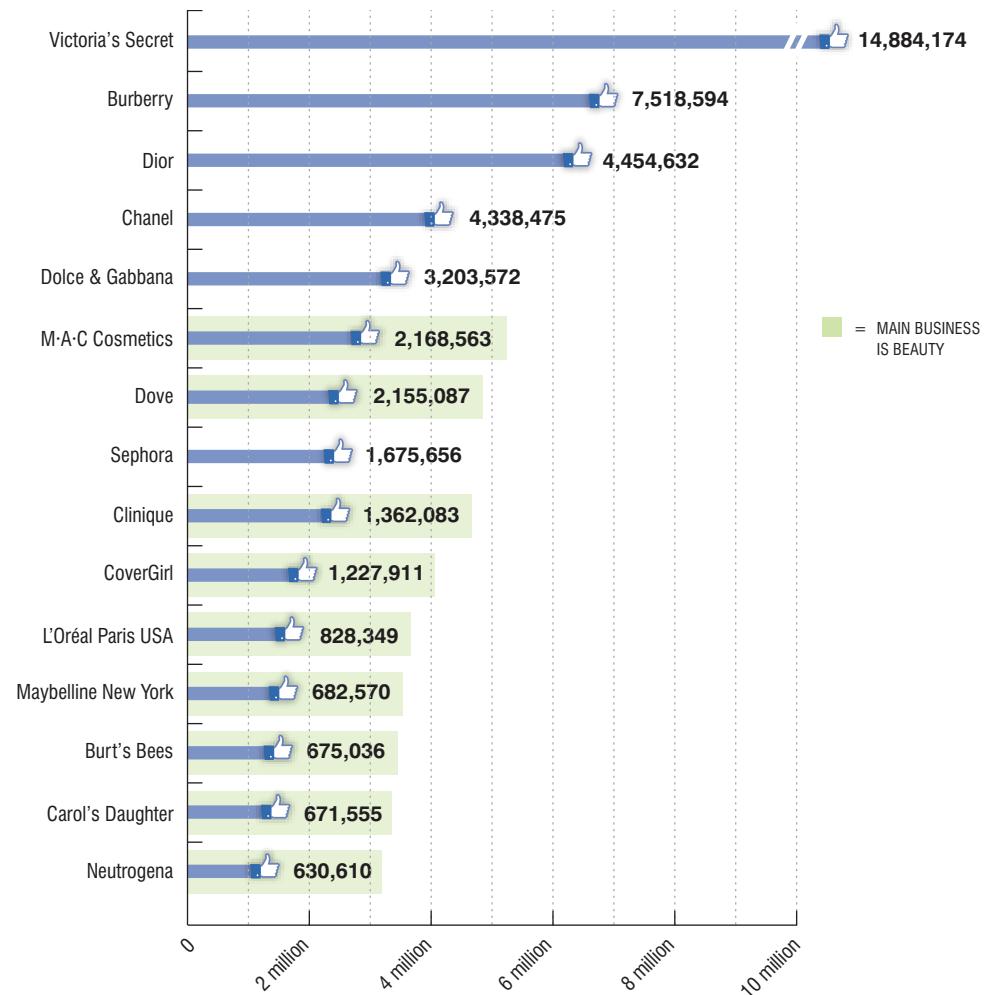
“People install Facebook apps over 20 million times per day, and over seven million apps and websites are connected to Facebook.”

— **Karl Heinz Land**
SVP & Chief Evangelist, Network Intelligence | MicroStrategy, Inc.



TOP 15 BRANDS: FACEBOOK FANS

(July-August 2011)

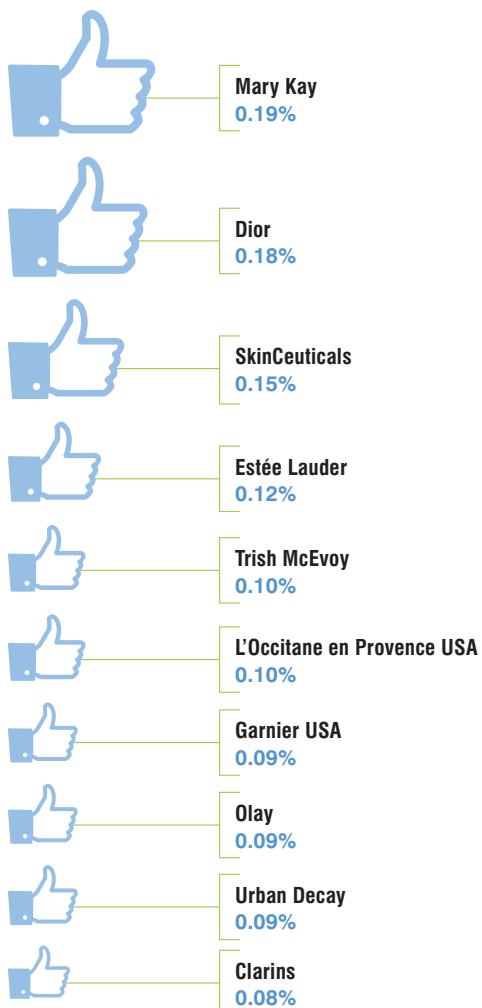


KEY FINDINGS



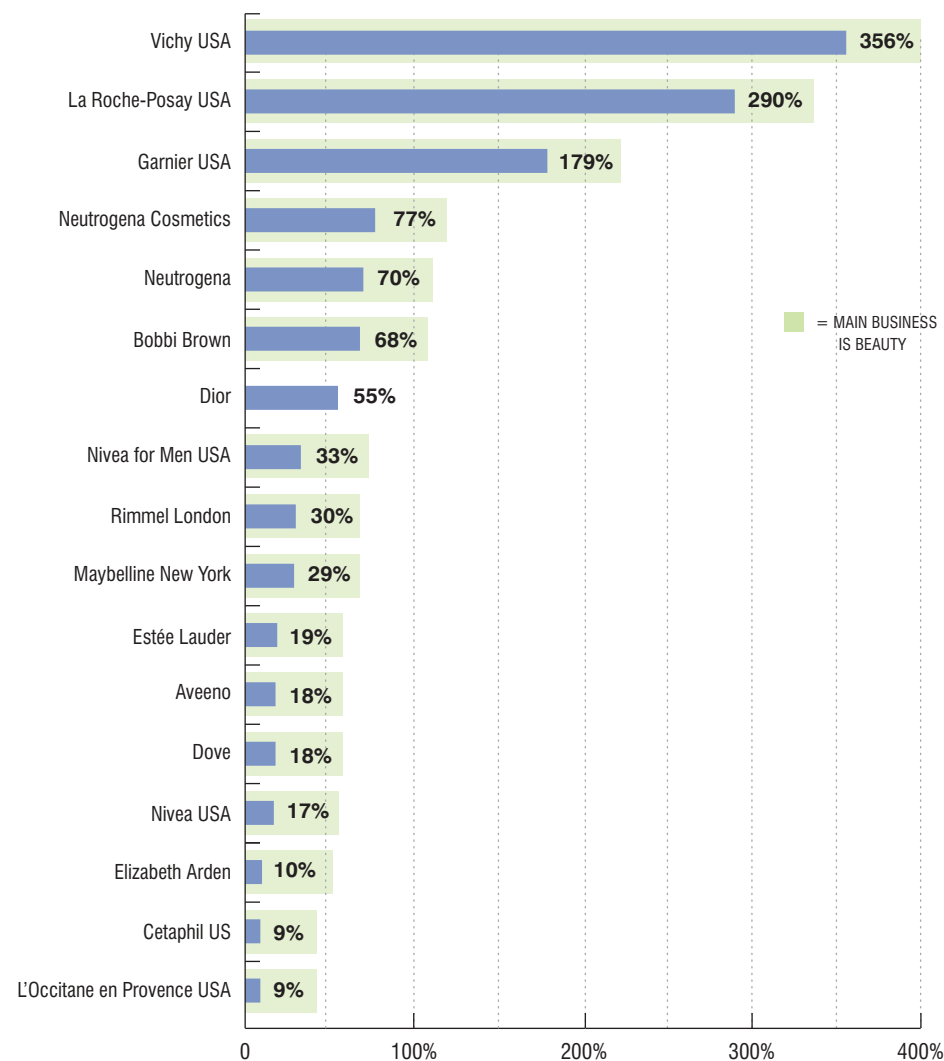
TOP 10 BRANDS: FACEBOOK INTERACTION RATE

(July-August 2011)



TOP 15 FASTEST-GROWING FACEBOOK PAGES

(July-August 2011)



KEY FINDINGS

Facebook: Overachievers & Underachievers

Comparing a brand's number of Facebook "likes" with the number of global monthly organic searches for its brand name on Google (a proxy for brand equity online) identifies Facebook overachievers and underachievers.

With the launch of F-commerce and strong use of broadcast marketing directing traffic to Facebook, CoverGirl and Olay are two of the category's biggest overachievers. Meanwhile, the efforts of Carol's Daughter are buttressed by an endorsement from Oprah, contests, gated tabs, and loyalty program integration.

Sixty-nine percent of brands underachieved, suggesting that there is still a lot of opportunity for Beauty brands to improve their Facebook presence.



“Turning fans into brand ambassadors is the real challenge for social marketers. It's becoming increasingly important for marketers to identify the active supporters who evangelize their brand—and amplify its messaging—in the social media space.”

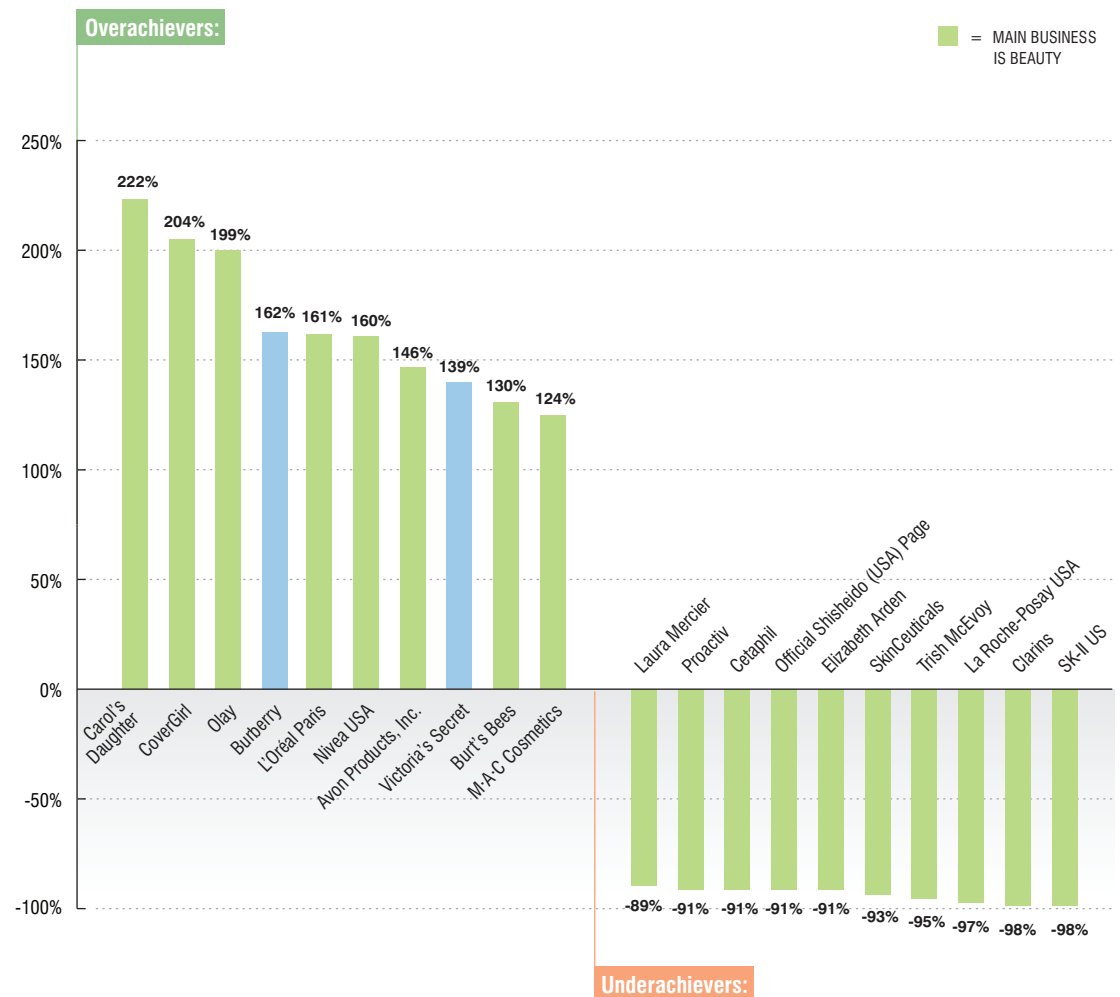
— Karl Heinz Land
SVP & Chief Evangelist, Network Intelligence | MicroStrategy, Inc.



OVERACHIEVERS & UNDERACHIEVERS

Actual Facebook Fans vs. Predicted Facebook Fans
Based on Google Monthly Global Search Volume (Linear Regression)

(August 2011)

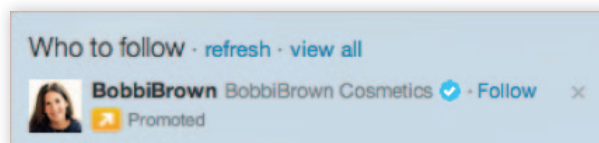


KEY FINDINGS

Best in Tweet

Across the board, Beauty brands are asking people to “follow us,” and their efforts are beginning to pay off. Kiehl's emails include a call to action to raise awareness about its President's new Twitter handle, @ChrisAtKiehls. Smashbox, Rimmel, M·A·C, Iman Cosmetics, and Benefit have embedded Twitter widgets on their sites. Bobbi Brown is engaging in Promoted Tweets. In 2010, brands had 6,879 followers on average. In 2011, that number has increased considerably, to 42,742. Additionally, six of the 10 “Best in Tweet” brands from the 2010 Beauty Digital IQ Index® have more than doubled their followings, with Clinique's 1,068 percent increase—spurred by Twitter sampling—leading year-over-year growth.

Bobbi Brown
Promoted Tweet



The Smashbox site features
great Twitter & Facebook
integration

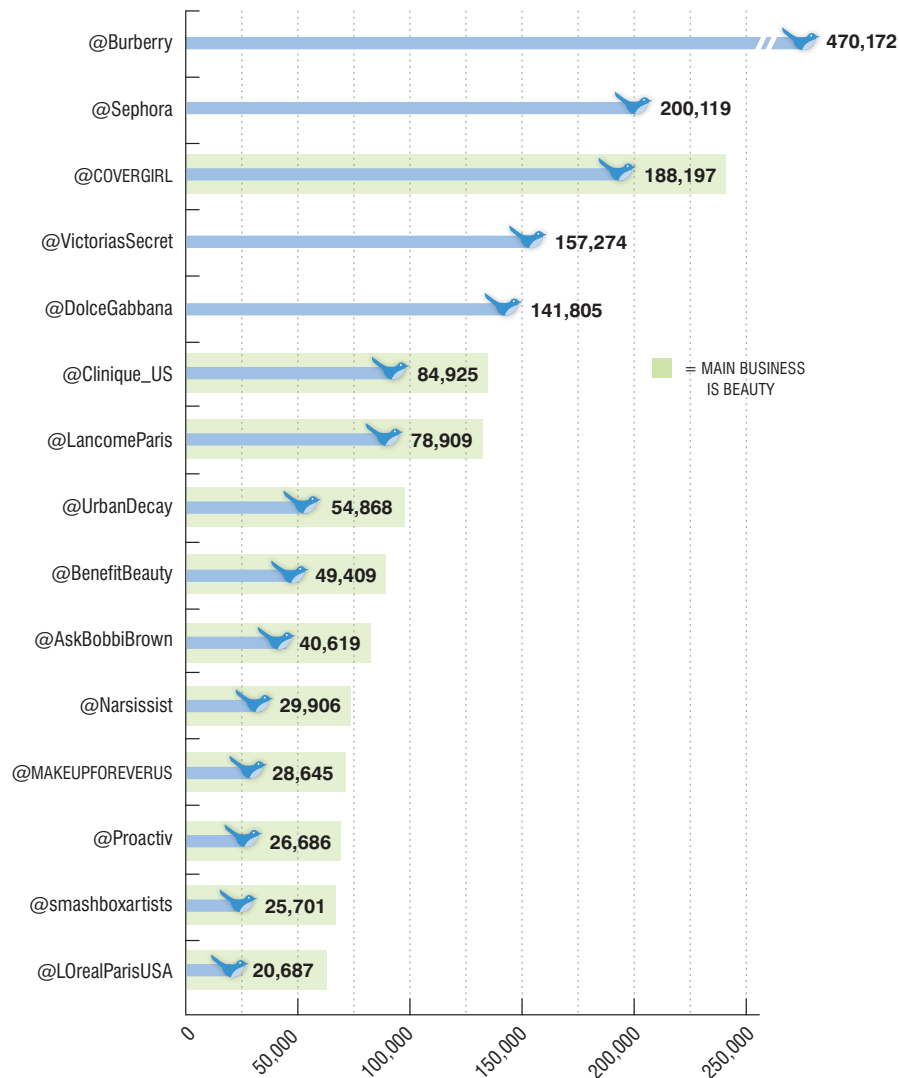


Kiehl's asks
subscribers
to follow its
President on
Twitter

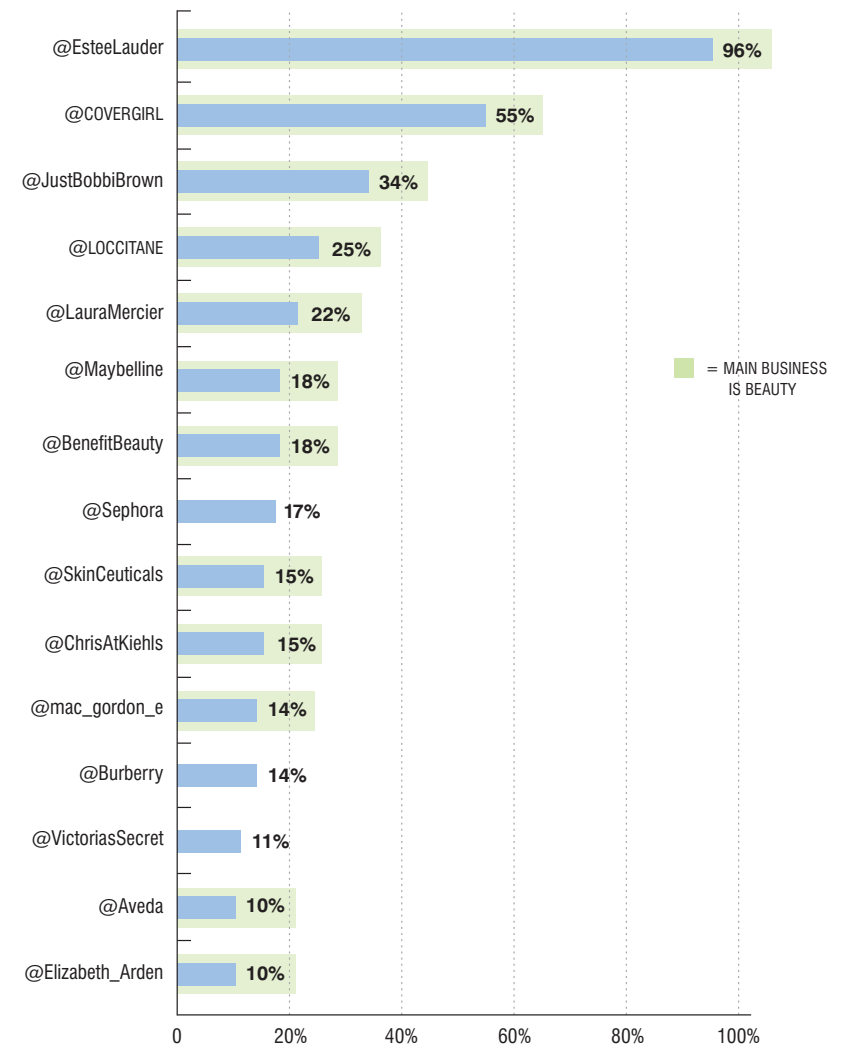
KEY FINDINGS



BEST IN TWEET: TOP 15 FOLLOWERS
(August 2011)



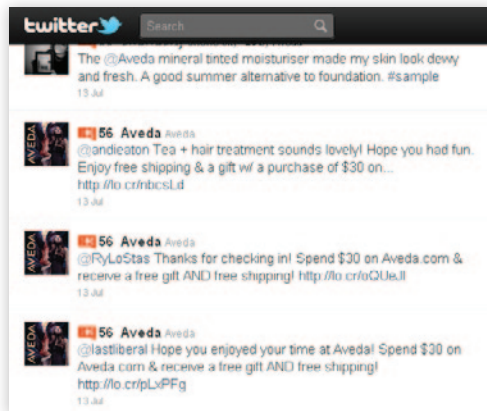
TOP 15 FASTEST-GROWING TWITTER ACCOUNTS
(July–August 2011)



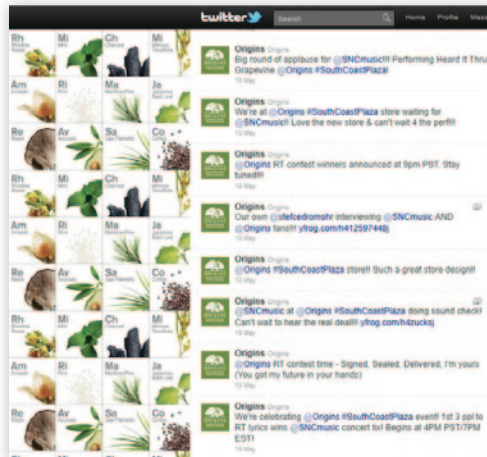
KEY FINDINGS

#WinningBeautyContent

Content variety pays dividends. Brands incorporating events, customer service, contests, samples, beauty hashtags, offers, and news into their tweet streams have a higher average number of followers. Brands using five or more of these content types include Burberry, Carol's Daughter, Garnier, and Iman Cosmetics.



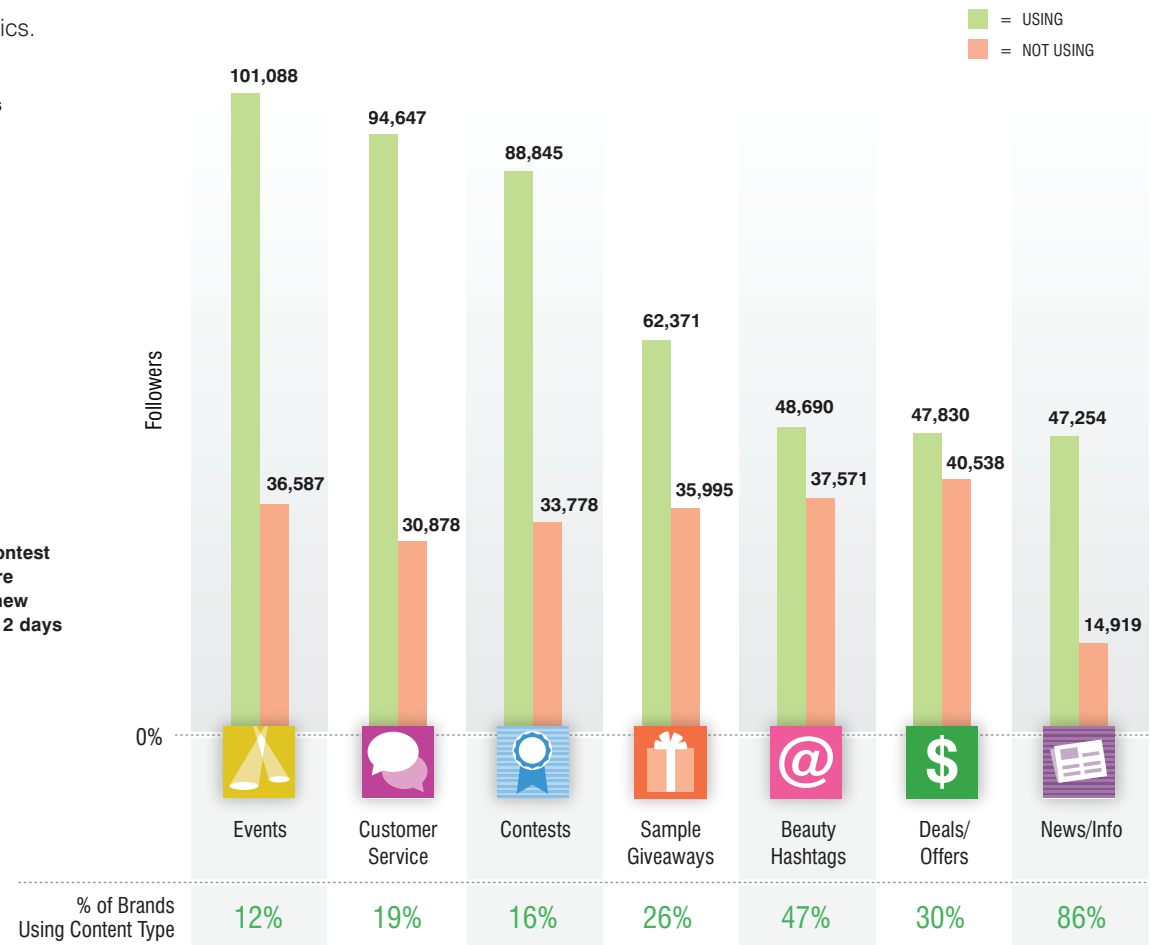
Aveda tweets offers to its followers



An Origins contest attracted more than 10,000 new followers in 12 days



AVERAGE NUMBER OF TWITTER FOLLOWERS
Brands Using vs. Not Using the Following Content Types:
(July 2011)



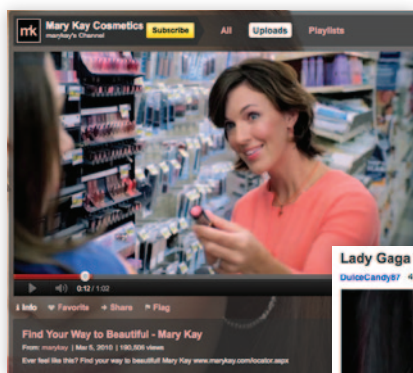
KEY FINDINGS

Brand Channels Underperform

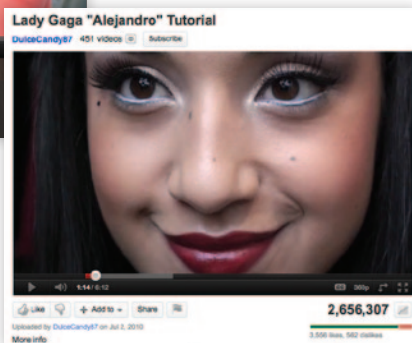
Although video is a powerful medium for the Beauty industry, the top 15 brand channels that highlight fashion and retail (e.g., Sephora) are outperforming the pure Beauty channels on YouTube.

However, in general, brand channels underperform. The top 10 most-viewed videos referencing brands in the Index resided off of the brands' channels, and nine out of 10 were multi-brand videos created by beauty gurus. For example, the top-viewed video on Mary Kay Cosmetics (one of the most-viewed channels) had 188,149 views, versus "Lady Gaga 'Alejandro' Tutorial" by DulceCandy87, which endorsed the brand and received more than 2.6 million views.

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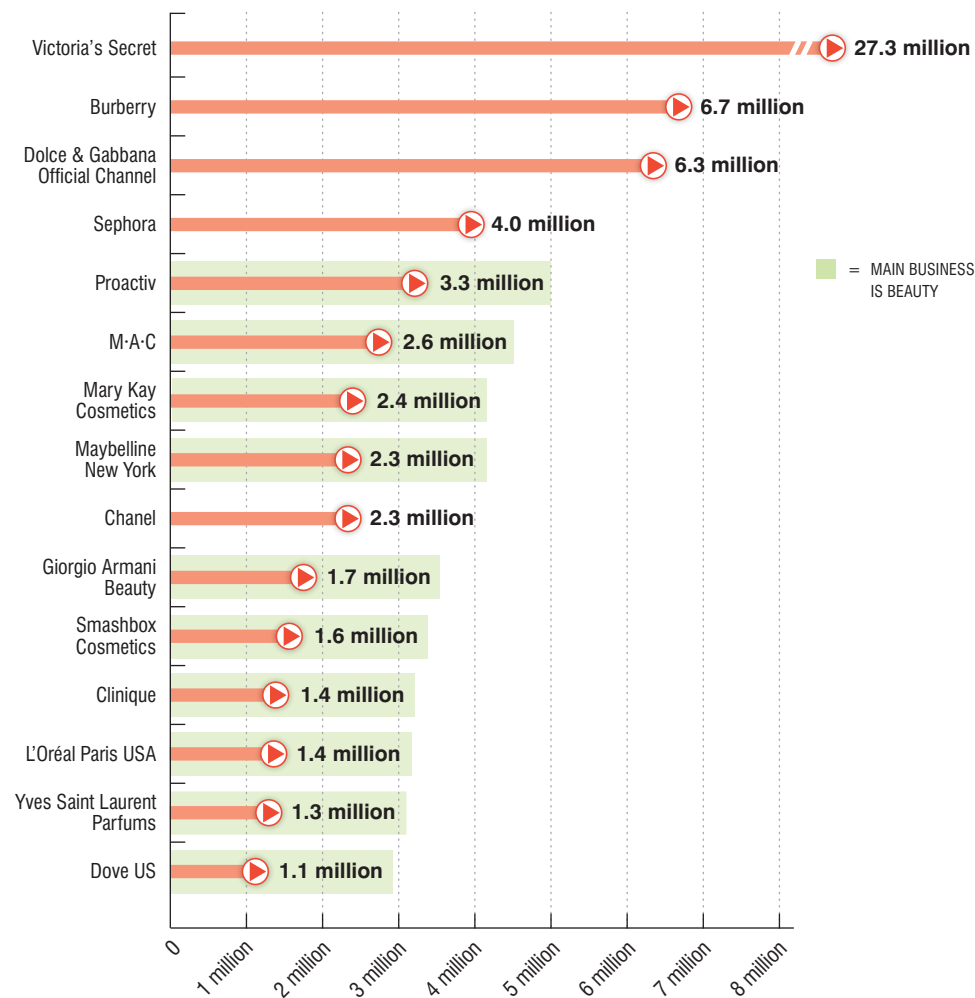
With more than 190,000 views, "Find Your Way to Beautiful" is the top-viewed video on Mary Kay Cosmetics' brand channel



However, Mary Kay reaches a wider audience via vlogger makeup artist DulceCandy87, whose "Lady Gaga 'Alejandro' Tutorial" video has been viewed more than 2.6 million times

YouTube

TOP 15 BRANDS: YOUTUBE
Brand Channels with the Most Upload Views
(August 2011)



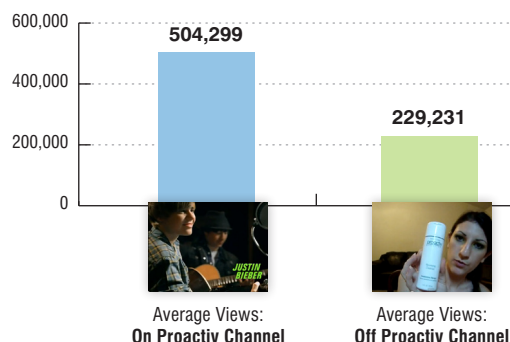
KEY FINDINGS

Brand Channels Underperform

(continued from previous page)

Proactiv is the exception to this rule, garnering more than three million views on its channel via incorporation of celebrities including Justin Bieber and Katy Perry. "Justin Bieber is Proactiv" had more than 1.1 million views, compared with "Get rid of ACNE! What finally cleared my skin," by Tarynbeth, which had only 293,102 views.

AVERAGE VIEWS OF TOP FIVE VIDEOS:
Proactiv Brand Channel vs. Unbranded Channel
(August 2011)



Phantastic

Michelle Phan was dubbed a "Flash of Genius" in the 2010 Beauty Digital IQ Index®, but "flash" is not accurate when describing the superstar. Her views total more than 455 million—nine times more than a year ago.

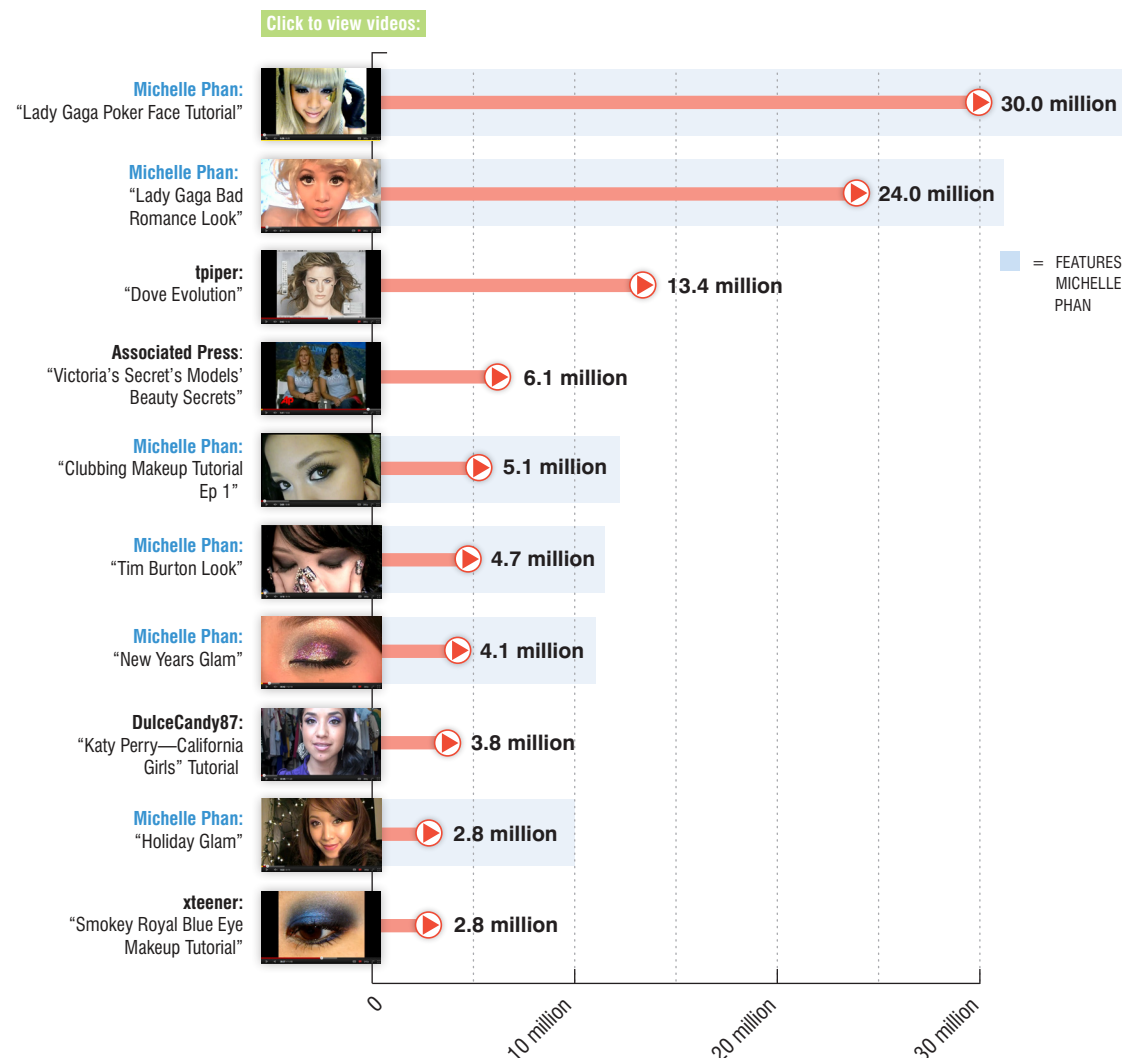
This year, all of the top 10 Beauty videos live off brand channels, with Michelle Phan owning six of those 10. Of the 55 brands in the study, 11 were featured in Phan's six videos and benefited from reaching her 1.6 million subscribers.

You Tube

TOP 10 MOST-VIEWED YOUTUBE VIDEOS

Unbranded Beauty Videos

(August 2011)



KEY FINDINGS

Beauty to Go

Mobile has had a slow start in the Beauty industry, with little app investment. However, 19 brands now have mobile sites, versus five in the 2010 Digital IQ Index® for Beauty. Of those 19, two-thirds are e-commerce enabled.

Although iPhone app development did not significantly increase over the past year, five brands have joined Lancôme in investing in iPad apps—Dior, Victoria's Secret, Sephora, La Mer, and Yves Saint Laurent Beauty. However, only Victoria's Secret's app is fully m-commerce enabled.

Geolocal is just starting to get traction in the industry, with brands including Lancôme and M·A·C providing exclusive offers and makeovers for checking in at counters and retail locations. Kiehl's also recently began using location-based SMS messages pushed to subscribers when they are near a brick-and-mortar store, alerting them about new products, special events, and offers. With 50 percent of consumers using their mobile devices while shopping,⁴ we anticipate geolocal usage will increase considerably over the next year.

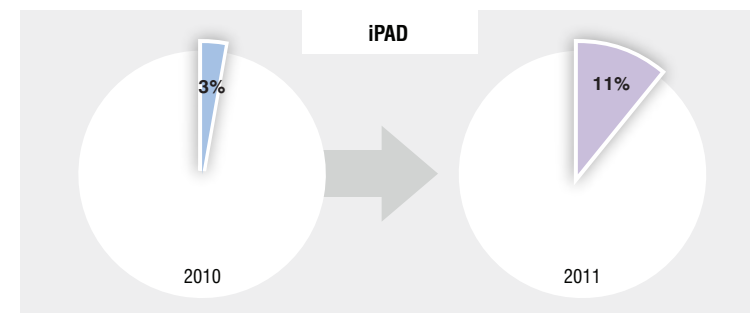
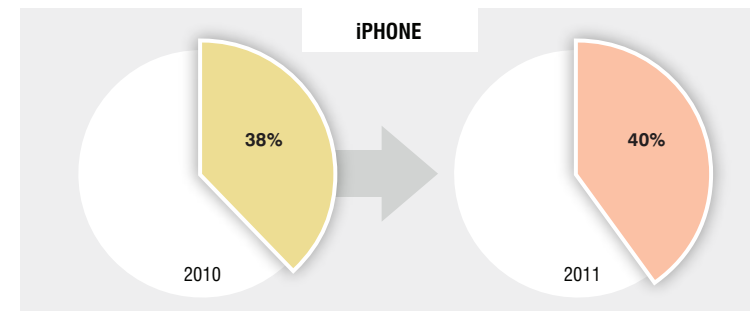
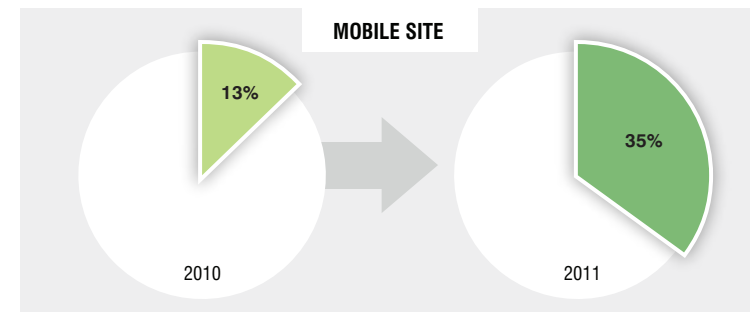
Another area where brands have focused mobile investment is email—76 percent of brands had mobile-optimized emails.

Blackberry and Android are nearly absent from the industry—no brands had a presence on Blackberry, and only three (CoverGirl, Olay, and L'Occitane) have Android apps.



MOBILE ADOPTION RATES ACROSS PLATFORMS

% of Brands on the Following Mobile Platforms
(2010 vs. 2011)



4. "Marketing to the Mobile Shopper," Leo Burnett and Arc Worldwide, March 2011.

KEY FINDINGS

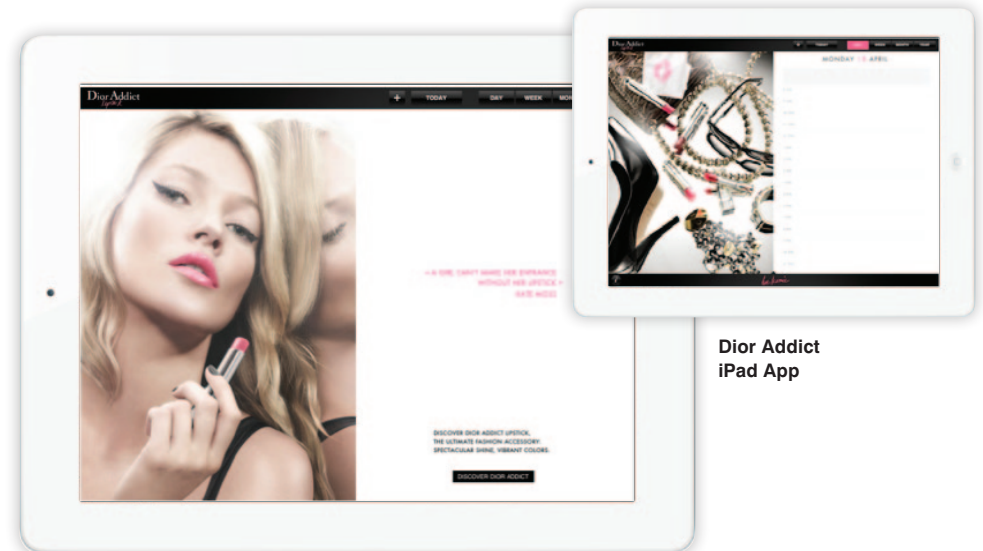


“Half of Facebook and Twitter users are signing in from their mobile devices. And, mobile users are also the most active sharers on social networks.

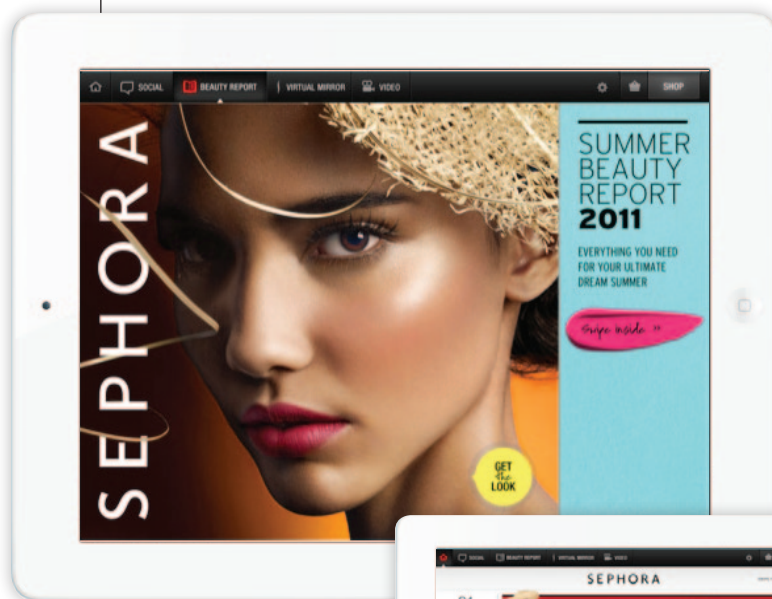
The Genius brands that appeal to the mobile consumer understand the future is in their customer's hands.

— Karl Heinz Land

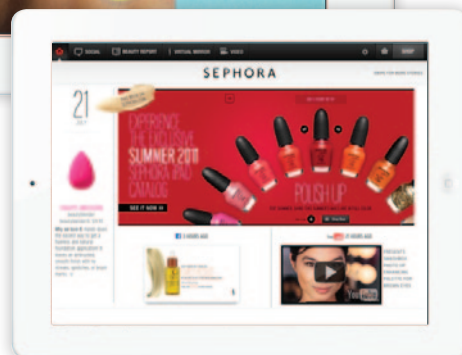
SVP & Chief Evangelist, Network Intelligence | MicroStrategy, Inc.



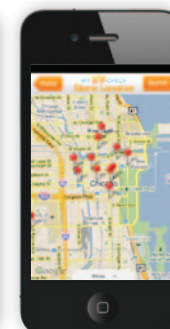
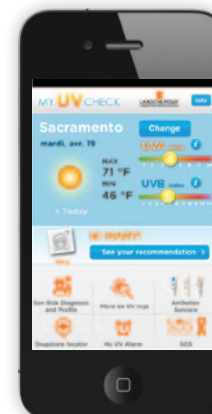
Dior Addict iPad App



Sephora iPad App

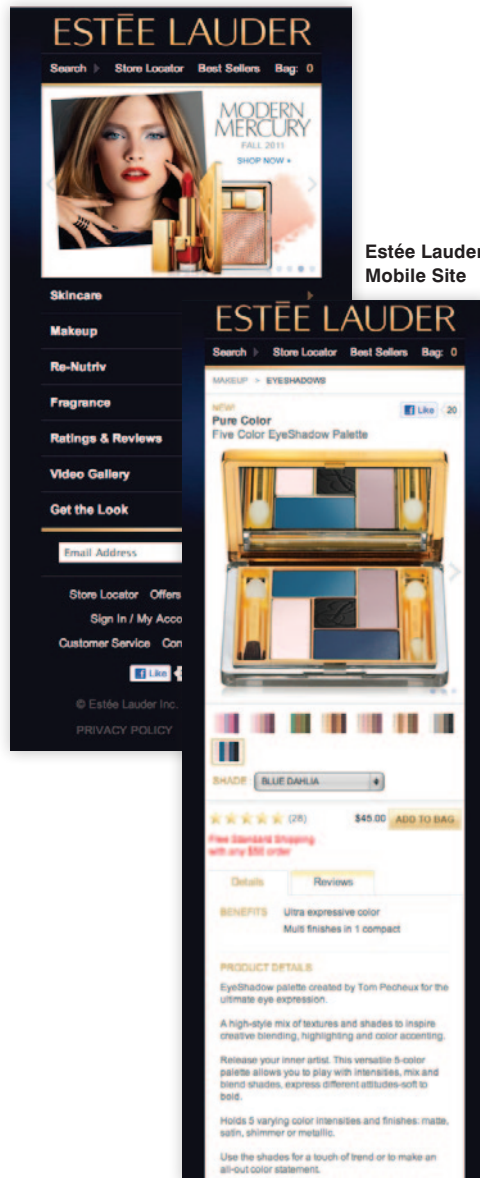


Perricone MD iPhone App



La Roche-Posay iPhone App

KEY FINDINGS



Estée Lauder
Mobile Site



Aveda
Mobile Site

L'Occitane
Mobile Site



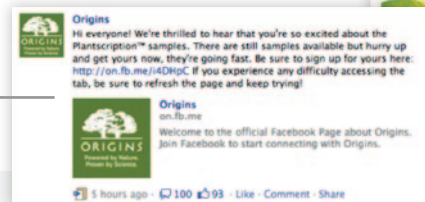
FLASH OF GENIUS



SAMPLING SOPHISTICATION

In January, Origins added a surprise-and-delight component to their Facebook sampling campaign, which secured 147,566 “likes” in February, more than doubling its original fan base. After the initial launch of the “Starting Over” sweepstakes through a gated customized Facebook tab, the brand released two additional waves of samples, which targeted both current and new fans. Origins amplified the campaign with Facebook advertising and shareable content.

Proactive customer service around logistics



Gated tab to force “likes”



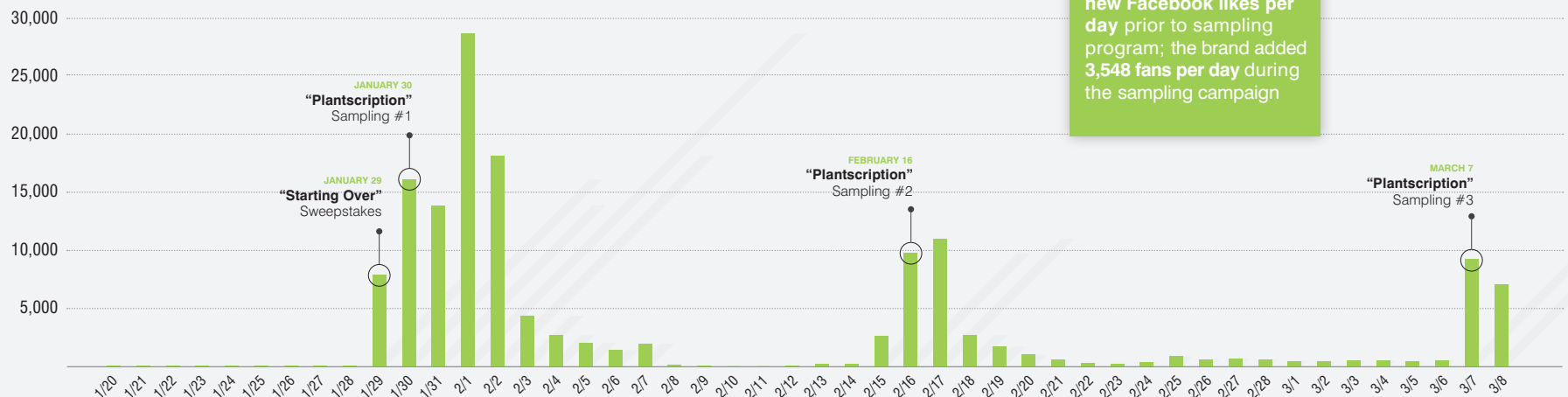
Integrated Facebook advertising



“Order Your Sample” redirects to brand site

Social sharing

FACEBOOK “LIKES” PER DAY: ORIGINS
(January 20, 2011 – March 8, 2011)



TAKEAWAY

Origins was averaging 34 new Facebook likes per day prior to sampling program; the brand added 3,548 fans per day during the sampling campaign

FLASH OF GENIUS

COVERGIRL®

Get COLORMATCHed

CoverGirl is replicating the beauty counter experience in the digital space via COLORMATCH. This on-site program provides customers with advice on which color palette suits them best.

Results show that 75 percent of the women who enter the CoverGirl site opt to take the COLORMATCH quiz.⁵ At the end of the quiz, the program suggests a color palette and prompts the user to take additional quizzes, providing further profile customization. COLORMATCH then uses the quiz results to tag all relevant shades on individual product pages with a pink dot so users know which are right for them.

The site encourages users to sign up for an account to retain these recommendations for their next visit.

1 CoverGirl COLORMATCH shade selector quiz provides consumers with detailed options to customize their skin, eye, and hair profile

2 Results of the COLORMATCH quiz provide a color palette recommendation and the option to receive even more customized recommendations by taking specialized face, eyes, and lips quizzes

3 Pink dots appear on every product page next to shades within a user's color palette

follow this DOT!
The pink dots throughout COVERGIRL.COM mark the shades and formulas that fit you best.

follow this DOT!
The pink dots throughout COVERGIRL.COM mark the shades and formulas that fit you best.

YOUR SHADE RESULT COOL

SHADE FAMILY: Cool
SKIN TONE: Light
EYE COLOR: Green
HAIR COLOR: Deep Brown

START FACE QUIZ NOW

Wetslicks Fruit Spritzers Lipgloss

Let us recommend the ones right for you. **SAVE YOUR RESULTS**

<input type="checkbox"/> Berry Splash 001	<input type="checkbox"/> Berry Splash 002	<input type="checkbox"/> Berry Splash 003
<input type="checkbox"/> Lemon Splash 010	<input type="checkbox"/> Peachy Splash 020	<input type="checkbox"/> Tangerine Splash 030
<input type="checkbox"/> Raspberry Splash 040	<input type="checkbox"/> Raspberry Splash 050	<input type="checkbox"/> Raspberry Splash 060
<input type="checkbox"/> Plum Splash 070	<input type="checkbox"/> Plum Splash 080	<input type="checkbox"/> Plum Splash 090

ADD TO CART
SAVE FOR LATER

Similar Products Complete the Look How to Apply

5. "Shopper Marketing Q1: Racing Along the Path to Purchase," Ken Schept, AdAge, January, 2011.

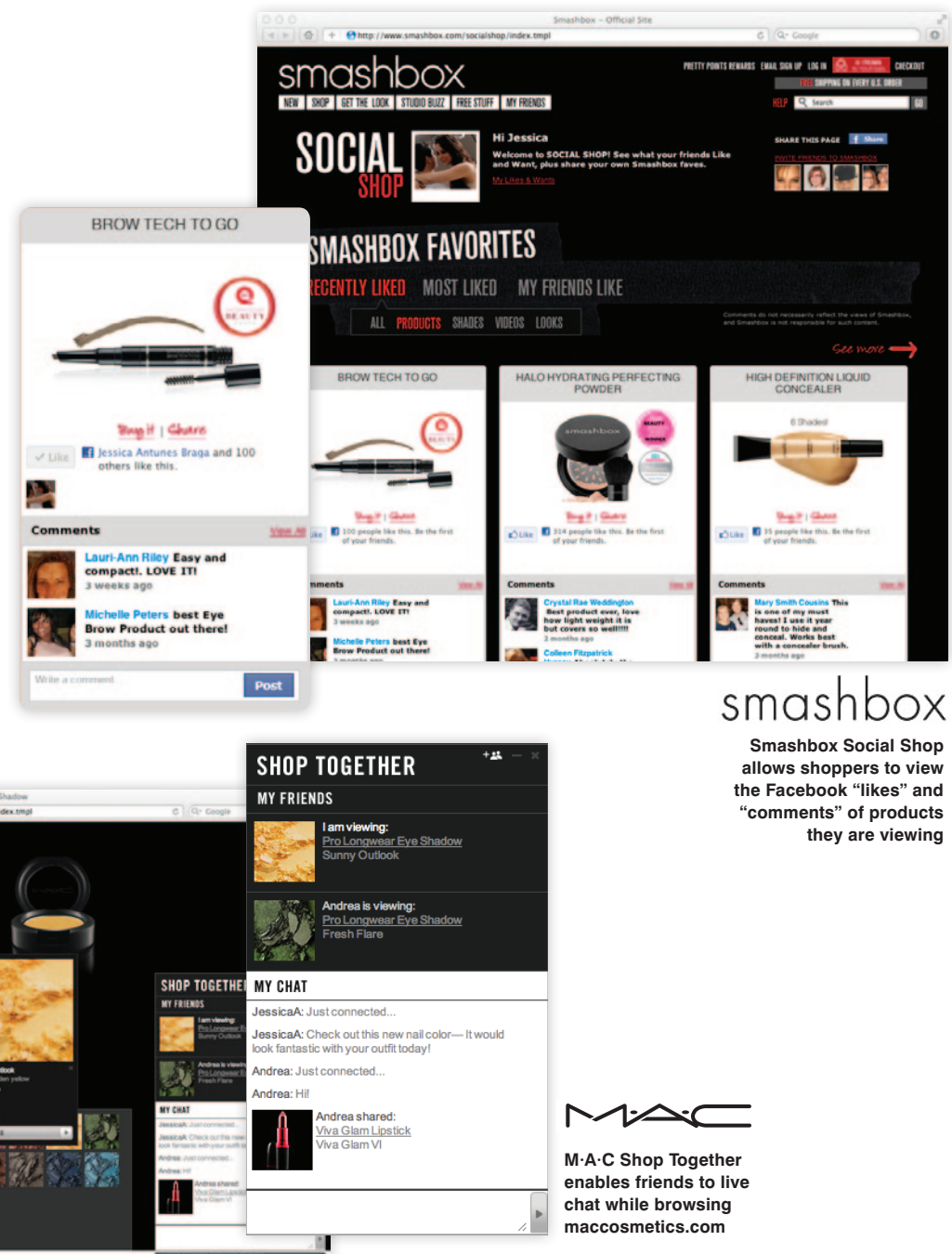
FLASH OF GENIUS

SOCIAL SHOPPING

Two Estée Lauder brands, M·A·C and Smashbox, have launched interactive social shopping features that bring the experience of browsing products with friends to online shopping. Users invite up to five friends via Facebook, Twitter, email, or IM to shop together. The group chat allows users to view pages their friends are browsing in real time.

Smashbox Social Shop is found in the main site navigation and prompts customers to log in using Facebook Connect. The platform aggregates Facebook data for shoppers who have engaged with the product as well as their friends, to show what products are trending. Additionally, on every product page, there are “Like” and “Want” buttons, allowing users to store selections.

M·A·C Shop Together encourages users to invite up to five friends via Facebook, Twitter, email, or IM to shop together. The group chat users can view the pages their friends are browsing in real time.



smashbox
Smashbox Social Shop allows shoppers to view the Facebook “likes” and “comments” of products they are viewing

M·A·C
M·A·C Shop Together enables friends to live chat while browsing maccosmetics.com

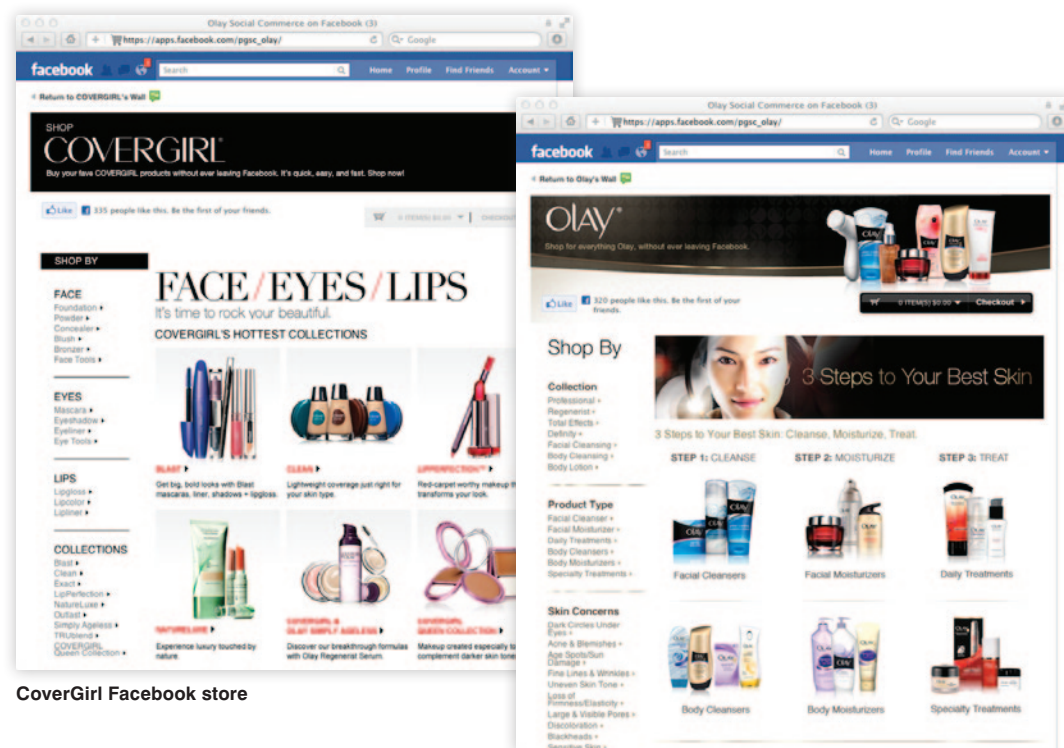
FLASH OF GENIUS

F-Commerce: The Next, Next Thing

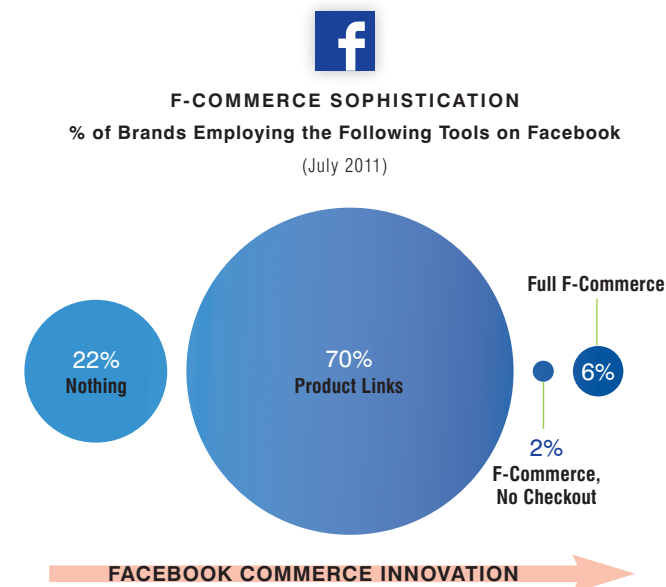
A handful of beauty brands are experimenting with F-commerce. Procter & Gamble's CoverGirl and Olay were the first beauty pages to enable consumers to make full transactions on Facebook. L'Occitane also launched end-to-end F-commerce after data collection ended.

Some brands, such as Dove Men+Care, allow consumers to load a cart with products on Facebook but then direct them to another retailer to complete the transaction (in Dove's case, Amazon).

Other brands are experimenting with F-commerce for fan-first or fan-only exclusive flash sales. On April 4, 2011, Chanel released its Rouge Coco Shine lipshine exclusively to Facebook fans two days before it was available nationwide.



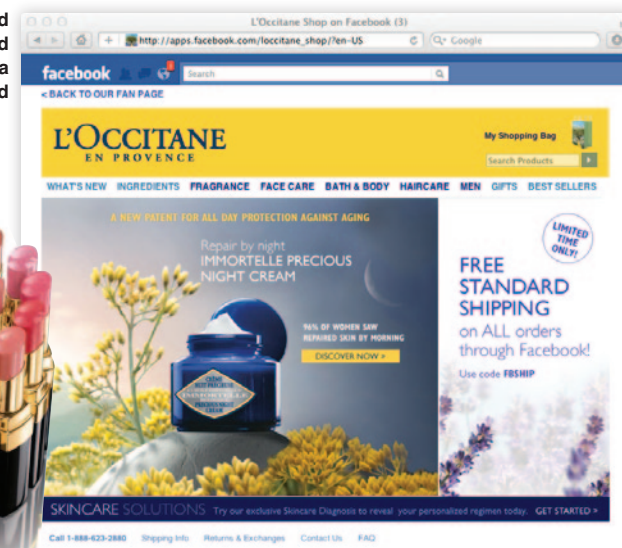
CoverGirl Facebook store



L'Occitane added fully integrated F-commerce after data collection ended

CHANEL

Chanel released Rouge Coco Shine in a Facebook fan exclusive sale two days before the product's nationwide release



FLASH OF GENIUS

L'ORÉAL CURATION STATION

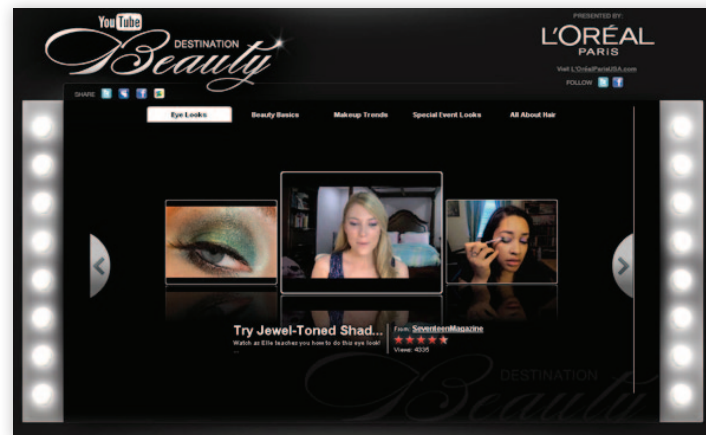
L'Oréal USA is delivering curated content to consumers seeking online beauty advice.

The company is partnering with Demand Media to deliver original content through two of its properties: typeF.com and the style section on eHow.com. Demand Media produced an original video series featuring L'Oréal brands that gives advice on hair, eyes, skincare, face, and lips.

In July, L'Oréal re-launched Makeup.com with substantial Facebook, Twitter, and search engine marketing and optimization campaigns. Makeup.com features daily editorial content, how-to videos, and general beauty news.

L'Oréal also sponsors the YouTube channel "Destination Beauty," which provides makeup and skincare advice via weekly videos from several Beauty vloggers. L'Oréal brands are given priority, but other products are featured as well.

Destination Beauty:
A L'Oréal-sponsored
YouTube channel
dedicated to teaching
women how to use
cosmetics



Makeup.com is L'Oréal's editorial website that provides daily beauty updates and advice, while subtly promoting L'Oréal's brands

Demand Media distributes video content on typeF.com and eHow.com



FLASH OF GENIUS

LAPTOP TO COUNTERTOP

Clinique, Benefit Cosmetics, and MAKE UP FOR EVER are experimenting with installing iPads in their brick-and-mortar stores to enhance the shopping experience. These brands are using them to integrate social media, provide diagnostic tools, and display educational tips and videos. These apps are not available in the iTunes store; rather, they have been custom built to enhance in-store experiences.



MAKE UP FOR EVER
PARIS
PROFESSIONAL

MAKE UP FOR EVER has invested in iPad stations in Sephora stores that enable users to update their Facebook status, tweet about their in-store experience, and view makeup combination charts

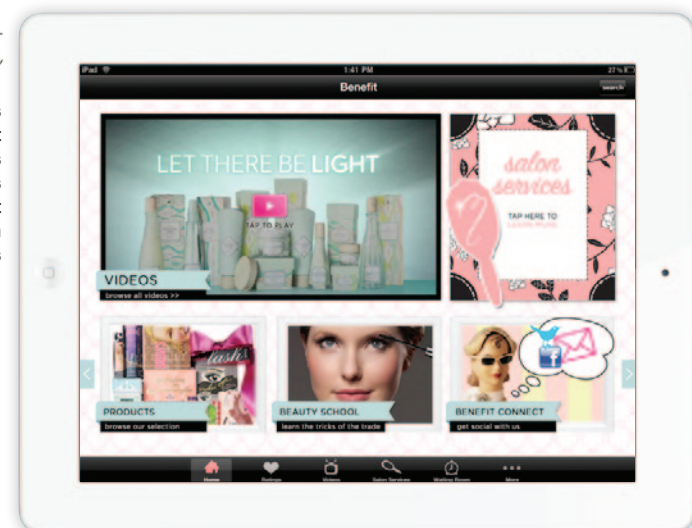


CLINIQUE

Clinique has installed iPads at department store counters to help shoppers diagnose their skincare needs by taking a 90-second quiz to receive a personalized regimen that they can print out or email

benefit
SAN FRANCISCO

Benefit Cosmetics is testing iPads that inform customers of in-store services and provide product information with videos and reviews



FLASH OF GENIUS

AUTOREPLENISH

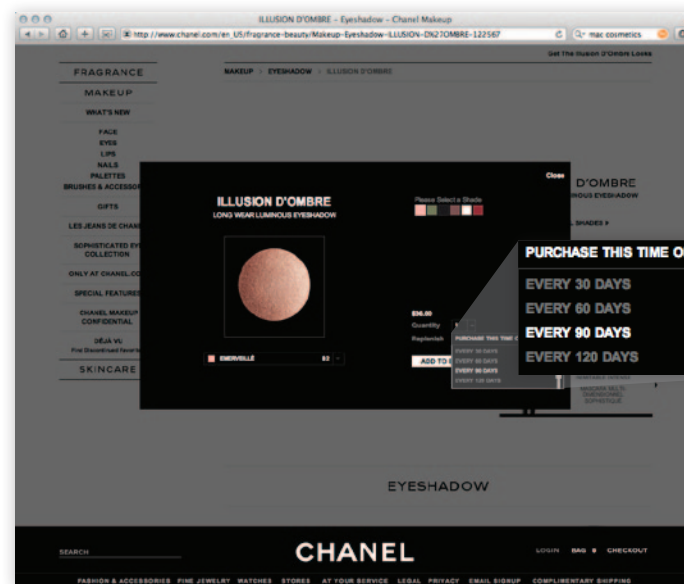
Autoreplenishment represents a steady but growing trend across beauty brands' e-commerce platforms. Six brands in last year's Index had autoreplenish functionality versus nine this year.

Levels of adoption vary. Almay's autoreplenish functionality on select products is powered by drugstore.com. Chanel, on the other hand, offers autoreplenish for almost every makeup and skincare product on its site.

It should come as no surprise that the ultimate autoreplenisher is Proactiv. The Guthy-Renker brand's business model is built on autoreplenish, and the company allows users to customize their replenishment programs more acutely than any other brand.

In June, the skincare brand launched Proactiv®365™, a support system that provides 24-hour customer service and a "free, interactive online consultation tool for an opportunity to virtually consult with Drs. Rodan and Fields, board-certified dermatologists and co-developers of Proactiv® Solution."⁶ This tool helps users fine tune the products in their autoreplenish regimen and delivery frequency using an interactive video.

After opting into an autoreplenish plan, all Proactiv customers gain access to doctor-trained skincare advisers, and to a community of other Proactiv users through Proactiv®365

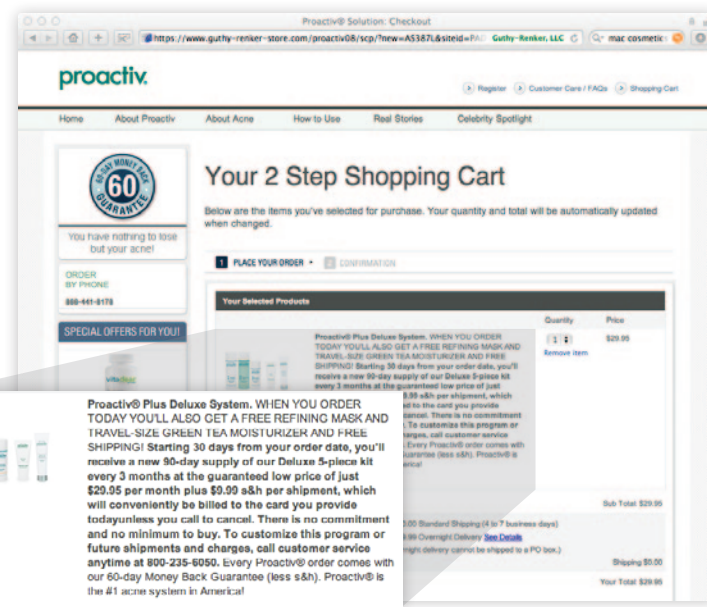


CHANEL

Chanel allows customers an opportunity to customize frequency

proactiv.

Proactiv's regimens are sold online exclusively through autoreplenish



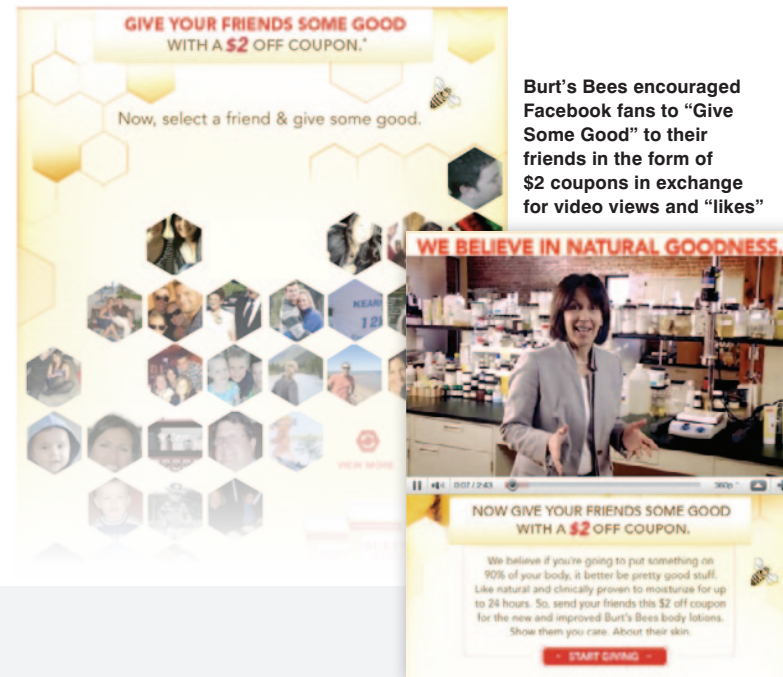
6. "Proactiv Solution Launches Proactiv365 Care and Support, Every Minute, Every Day in Honor of Acne Awareness Month," Reuters, June 24, 2011.

FLASH OF GENIUS



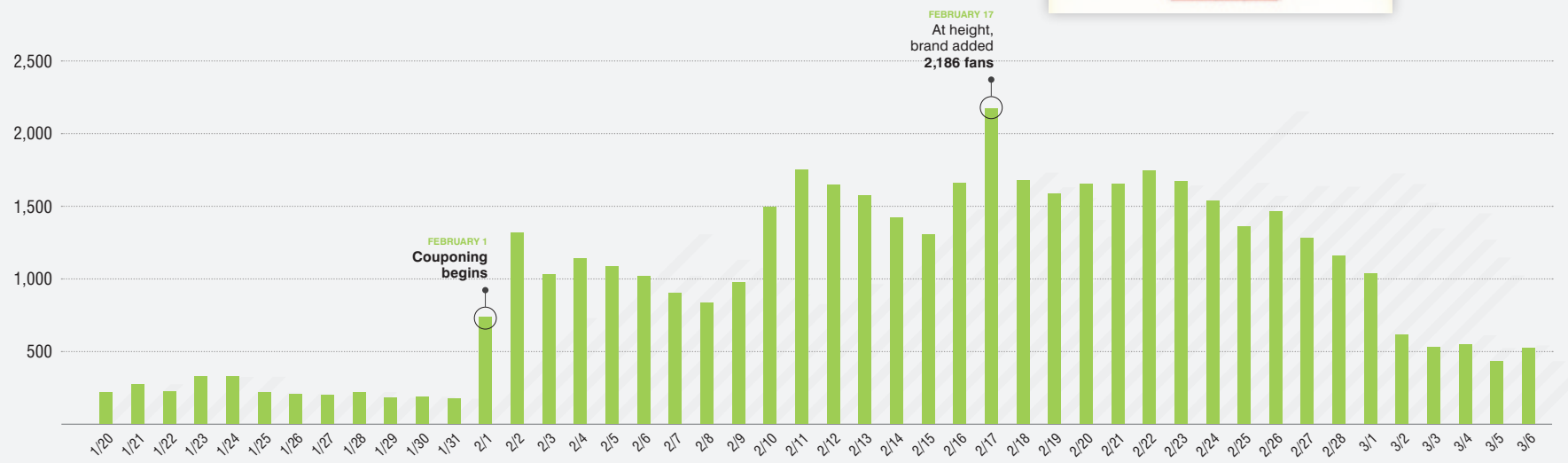
FROM FACEBOOK TO STORE

In December 2010, Burt's Bees created a custom Facebook tab to launch its "Give Some Good" campaign. It asked fans to share what their skin was saying (e.g., "I'm thirsty!"), "like" the page, and watch a video. Those who engaged were offered the opportunity to send their friends a \$2 coupon for body lotion. The campaign resulted in 3,000 video views and more than 185,000 visits to the tab.⁷



Burt's Bees encouraged Facebook fans to "Give Some Good" to their friends in the form of \$2 coupons in exchange for video views and "likes"

FACEBOOK "LIKES" PER DAY: BURT'S BEES
(January 20, 2011–March 6, 2011)



7. "Case Study: Burt's Bees Spurs 'Likes' and Conversation with 'What Skin Says' Facebook Tab," eMarketer, May 25, 2011.

DIGITAL PROJECTIONS

L2's roadmap for navigating
the past, present, and future
of Beauty online

	Yesterday	Today	Tomorrow
<i>Channel Strategy</i>	Site	Site + Social Media	Site + Social Media + Mobile
<i>Power Brokers</i>	Department Stores	Sephora	Amazon
<i>Product Presentation</i>	Text & Static Photos	Multiple Color Swatches	Personalized
<i>Mobile Presence</i>	SMS	Mobile Commerce	Geolocal
<i>Customer Service</i>	Phone & Email	Twitter & Live Chat	Crowdsourced
<i>Spokesperson</i>	Lady Gaga	Michelle Phan	Michelle Phan
<i>Facebook</i>	Page	Acquisition	Commerce
<i>Videos</i>	Commercials	How-to	Shoppable

TEAM

SCOTT GALLOWAY

*Clinical Professor of Marketing, NYU Stern
Founder, L2*

Scott is the founder of L2, a think tank for digital innovation, and Clinical Professor of Marketing at the NYU Stern School of Business where he teaches brand strategy and digital marketing. Scott is also the founder of Firebrand Partners, an operational activist firm that has invested more than \$1 billion in U.S. consumer and media companies. In 1997, he founded Red Envelope, an Internet-based consumer gift retailer (2007 revenue, \$100 million). In 1992, Scott founded Prophet, a brand strategy consultancy that employs more than 250 professionals in the United States, Europe, and Asia. Scott was elected to the World Economic Forum's "Global Leaders of Tomorrow," which recognizes 100 individuals under age 40 "whose accomplishments have had impact on a global level."

Scott has served on the boards of directors of Eddie Bauer, The New York Times Company, Gateway Computer, and UC Berkeley's Haas School of Business.

MAUREEN MULLEN

L2

Maureen leads L2's Research and Advisory Practice where she helped developed the Digital IQ Index®. She has benchmarked digital marketing, e-commerce, and social media efforts of more than 300 brands across Luxury, Specialty Retail, Beauty, and the Public Sector. Maureen also has led digital strategy consulting engagements for a variety of Fortune 1000 clients. Before joining L2, Maureen was with Triage Consulting Group and led managed care payment review and payment benchmarking projects for hospitals, including UCLA Medical Center, UCSF, and HCA. Maureen has a B.A. in Human Biology from Stanford University and an M.B.A. from NYU Stern.

ANDREA DERRICKS

L2

Andrea is a Research and Advisory Associate at L2 where she helps member brands such as NARS, L'Oréal, and Moët Hennessy develop digital strategies by leveraging best practices from across industries. Before joining L2, Andrea was at Goodman&Company, a strategic marketing consultancy. At Goodman, she worked on innovative digital strategies for PayPal, SAP, Microsoft, Motorola, and Guthy-Renker. Andrea began her career in the Next Generation Leaders Program (NGL), a unique one-year program by the Direct Marketing Educational Foundation (DMEF) that selects top college graduates to rotate through a range of marketing companies. While in the program, Andrea worked at Wunderman NY, eScholastic, Goodman&Company, and Harte-Hanks, gaining experience in business development, analytics, strategy development, research, and project management. Andrea serves on the board of directors of the DMEF and received a B.A. in American Studies from Columbia University.

EMILY HALLQUIST

L2

Emily is a Research Associate at L2 where she works with the research team on the Digital IQ Index® reports. Her background is in international relations, and she interned last year with International Business-Government Counsellors (IBC) in Washington, D.C. At IBC, she assisted on client engagements pertaining to their global operations. Emily received a B.A. in Public Policy with minors in Earth and Ocean Sciences and Political Science from Duke University.

R. DANIELLE BAILEY

L2

Danielle began her career at The Home Depot, Inc., where she led a variety of internal consulting engagements focused on supply chain, merchandising, and in-store process improvement. She went on to manage the implementation of award-winning mobile initiatives for several large media clients, including The New York Times Company, NBC Universal, Disney/ABC, *Maxim* magazine, and Zagat. Danielle has a B.S. in Systems Engineering from the University of Virginia and an M.B.A. from NYU Stern.

CHRISTINE PATTON

Creative Director, L2

Christine is a brand and marketing consultant with more than 15 years of experience creating brand identities and marketing communications for aspirational and luxury brands. As creative director of L2, she leads the translation of the L2 brand across all touchpoints, with a particular focus on the visual packaging of L2's research. She began her career at Così, where she developed the brand and oversaw its evolution from concept through growth to 100 restaurants. Since then she has provided creative direction for a wide array of clients, including the launch of Kidville and *CosmoGIRL!* magazine. Christine received a B.A. in Economics and Journalism from the University of Connecticut and an M.B.A. from NYU Stern.

JESSICA BRAGA

L2

Jessica, a freelance art director, specializes in identity, iconography, event graphics, and invitations. She began her career in fashion, designing textiles and prints at Elie Tahari's design studio in New York City. She then focused on the Elie Tahari brand aesthetic and consistency in design across its many developing disciplines. She went on to become the art director of a small, prestigious design firm in Chelsea, where she focused on event graphics, digital and print collateral, and brand aesthetics for companies both large and small. Jessica has a B.F.A. in Graphic Design and an A.A.S. in Illustration from Rochester Institute of Technology.

Thanks to **Ashish Mookim** and **Jon Weinberg**, who served as additional data collection resources.

KARL HEINZ LAND

Senior Vice President & Chief Evangelist, Network Intelligence, MicroStrategy, Inc.

Karl oversees worldwide marketing and European sales of the MicroStrategy, Inc.'s social media intelligence offerings. With more than 25 years in premier technology companies from startup to Fortune 500 companies, Karl is a proven visionary who has successfully led sales and marketing operations for leading enterprise software businesses.

Before rejoining MicroStrategy, he served as Founder and CEO at VoiceObjects, a leader in automated voice response systems. While at VoiceObjects, he was named Technology Pioneer by the World Economic Forum in 2006. Earlier in his career, Karl played a key role in opening up lucrative European markets for industry leaders such as BusinessObjects, Oracle, and eventually MicroStrategy in the late 80s and throughout the late 90s.

After serving in increasingly senior positions at MicroStrategy, Karl was appointed by the CEO to serve as General Manager & Senior Vice President at Angel.com, a leading developer and supplier of CRM phone response systems. While at Angel.com, a MicroStrategy subsidiary, he steered the company through a successful restructuring. Today Angel.com has more than 2,000 customers and is a leader in the growing voice response market.

PATRICK SARKISSIAN

Brand Translation Expert, Sarkissian Mason

CEO and Founder of SarkissianMason, Patrick built his digital creative agency on the core strengths of strategic innovation and customer engagement. The firm's long-term client relationships with Ferragamo, Mazda, eMusic, CNN, and others are based on a mutual respect for creating disruptive ideas that bring brands attention and results.

AARON SEDLAK

Brand Translation Expert, Sarkissian Mason

Currently leading creative at SarkissianMason, Aaron has experienced the agency world in all its formats. His past agency experience has spanned boutique to global, digital to print, and every medium and trademarked approach in between. Lately, his focus has been on bridging the gap between technology and reality—the intersection of what's next and what people will actually engage with (and love).



L2 is a think tank for digital innovation.

We are a membership organization that brings together thought leadership from academia and industry to drive digital marketing innovation.

RESEARCH

Digital IQ Index®: The definitive benchmark for online competence, Digital IQ Index® reports score brands against peers on more than 350 quantitative and qualitative data points, diagnosing their digital strengths and weaknesses.

EVENTS

Forums: Big-picture thinking and game-changing innovations meet education and entertainment. The largest gatherings of prestige executives in North America.
300+ attendees

Clinics: Executive education in a classroom setting with a balance of theory, tactics, and case studies.
60–120 attendees

Working Lunches: Members-only lunches led by digital thought leaders and academics. Topic immersion in a relaxed environment that encourages open discussion.
12–24 attendees

MBA Mashups: Access and introduction to digital marketing talent from top MBA schools.

CONSULTING

Advisory Services: L2 works with brands to garner greater return on investment in digital initiatives. Advisory work includes Digital Roadmaps, Social Media Strategy, and Site Optimization engagements.

MEMBERSHIP

For membership info and inquiries: membership@L2ThinkTank.com

UPCOMING 2011 EVENTS

10.14.11 L2 Clinic The Social Graph SHANGHAI

A full-day clinic contextualizing China's unique social media landscape and the opportunity for luxury brands. Content will focus on best practices and emerging trends, culled from L2's industry-leading research in China, as well as first-hand expertise from Internet platform operators and social media professionals "on the ground" in China.

11.10.11 L2 Forum Innovation 2011 NYC

Called the "TED for marketing," L2's third-annual Innovation Forum will bring together the highest density of scholars, business leaders, startups, and marketing executives in North America.

11.21.11 L2 Clinic The Social Graph PARIS

Academics and industry professionals highlight the opportunities, challenges, and underpinnings of social media in the prestige industry in a one-day, intensive Clinic.

UPCOMING 2011 RESEARCH

PRESTIGE 100® Reports:

Mobile

DIGITAL IQ INDEX® Reports:

Luxury:

- Fashion & Leather Goods
- Watches & Jewelry



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