

Holistic use of research into online skincare brands in Japan

IntenTrack™ has demonstrated the positive effect of e-commerce on skincare brand sales in Japan, say **Hiroto Fukuda** and **Ranga Somanathan**, Starcom Japan

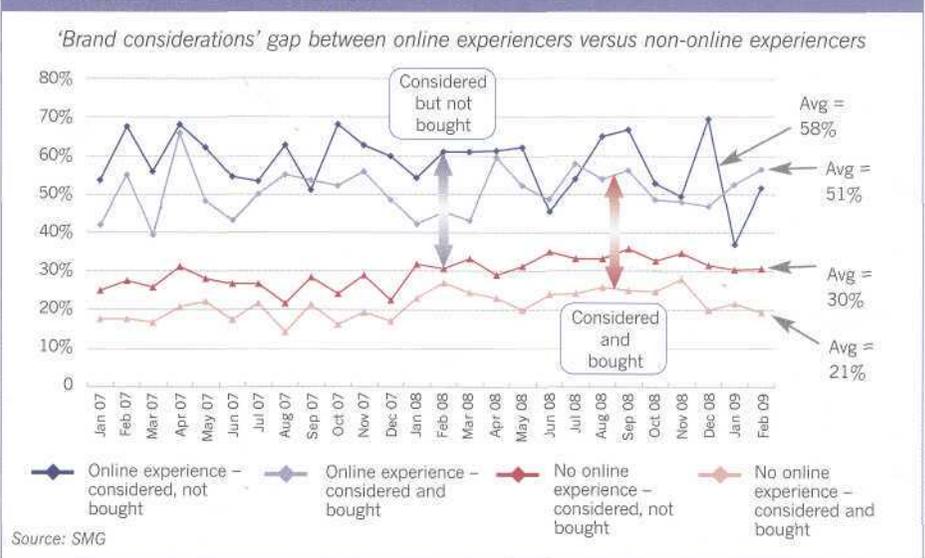
ONCE UPON A TIME, a very wise social scientist prophesied that the communication world would become just like a 'small village' - where people could talk, share and learn from each other through a much easier and faster communication platform. In such a world, the power of conventional mass media would totally change, since those people might not need such media as much for information about the people, places and products that interested them.

What this scientist predicted now seems to be coming to pass. The world is now more tightly connected than ever via digital communications. If one person makes a comment from their home country on a website, blog, email or instant messaging site, that message can travel globally and anyone can see it in a minute. This is evidenced by the multitude of personal blogs accessed by millions of people every day on topics ranging from washing detergent to cars and airlines. They are free to talk to each other, or have a choice not to. All the decisions are made by people, not mass media.

This truth is clearly visible among consumers of cosmetics in Japan. Mass communications such as TV and billboards are no longer powerful enough. Consumers are looking for deeper inform-

FIGURE 2

Brand considerations, online and offline



ation and asking 'what can the product do for me?', 'what do other people think of it?', or 'does that product really deserve the premium price?'. Now they can get answers very quickly, 'experiencing' cosmetic brands by listening to other people's experiences in the vast tapestry of digital conversations that are taking place around the brand.

Engagement is uncontrollable

Japanese women are constantly searching for cosmetics information, especially in the skincare category. For many, skincare is the most important element that allows them to keep their beauty. It is a cumulative daily effort and the desired results are not achievable overnight, so it is essential to find products that will consistently bring good results. This means consumers try as many products as possible.

To find these products, they can at least search and learn through cosmetics websites, virtual beauty counselling, cosmetic-maniacs' blogs and so on. It does not necessarily mean they are more 'engaged', but it can be hypothesised that those opportunities for interacting with a skincare product may create paths, for them to learn what they really want to know.

To understand the desires of Japanese women, we conducted SMG's Inten-

Track™ analysis to ascertain how their experiences or interactions with skincare brands through online channels affected their purchase intent and association (likeability) with the brands. The total respondents were classified into the two groups: those who had any interactions with skincare brands via online; and those who did not have them at all.

The results of the analysis (Figure 1) showed what the differences were and how much they differed between the two sample groups. The analysis was conducted on a monthly basis from January 2007 to February 2009. It was statistically analysed to determine how such online experiences were related to the other types of brand interactions, image attribute changes and purchase considerations. Our sample in this analysis was representative of the Japanese online market and specific to beauty category purchasers.

The study showed that online experiences make a significant difference to respondents' attitudes and purchase intentions for the brands in question. Some of the insights of this analysis, as shown in Figure 1, were:

- 'Online experiencers' scored much higher than 'non-experiencers' in all the measures of brand considerations (evoked set) and purchase intent levels. As for

FIGURE 1

Online experience

Online experience makes a difference



Source: SMG

Hiroto Fukuda is planning director at Starcom Japan.
 hiroto.fukuda@starcomworldwide.co.jp
Ranga Somanathan is vice-president, insights and analytics, for SMG South/South East Asia.
 ranga.s@asia.smggroup.com



the skincare category total, their scores were more than twice those among 'non-experiencers'.

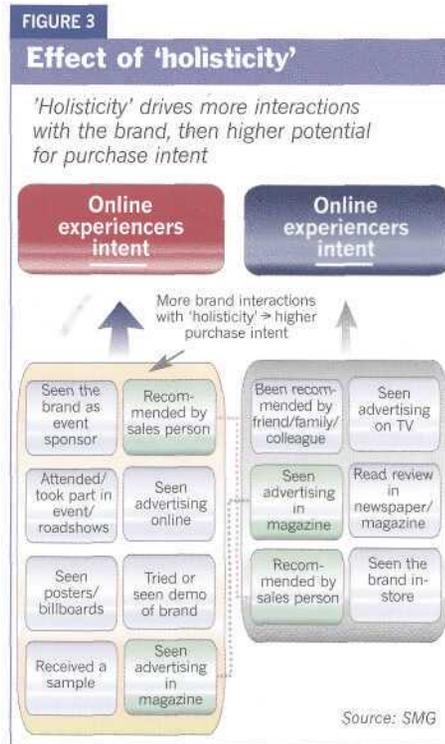
- By having online interactions with a brand, respondents tended to be more favourable to the brand and have significantly more emotional attachment.
- Searching for brand information and visiting brand websites highly correlated with increasing their purchase intention for the brand.
- Brands that own e-commerce platforms (such as Orbis and DHC) showed higher conversion ratios from the created 'intent' to actual purchase actions ('considered and bought') than non e-commerce brands

These results indicate that skincare consumers are very proactive in searching for product information, expressing their excitement when they find something interesting, sharing such experiences with others and leveraging what they have learned to improve their brand choice as well as their skincare techniques.

No common principle

When looking at those brand interactions, considerations and purchase intentions brand by brand, there were significant differences that illustrated the positioning and characteristics of those brands. For example, a big, established brand such as SK-II was dominant in many types of consumer experience associated with historical marketing activities, such as TV and magazine advertising, PR activities, beauty counselling at stores and membership programmes. Those brand activities were significantly enhanced by online experiences and helped to drive more purchase intent among potential consumers. On the other hand, a brand with a small share in the market, such as Illume, which had been highly dependent on sampling activity via online with limited advertising volume, only achieved niche, focused interactions, and these were mainly driven by those online-centric experiences.

Even larger gaps were observed for e-commerce brands. Ironically, their conventional advertising volume is much higher than other brands', especially in



TV. Since they do not need to sacrifice their marketing budget to maintain customer relationships and pricing management across different retail channels, those brands spend money to build credibility among Japanese consumers by simply saying 'we are a well-known beauty company that delivers you very safe cosmetic products'. Such a claim is validated through a large amount of online sampling coupled with easy navigation to an e-commerce application form. This approach allows more opportunities for consumers to have interactions with the brand across multiple touchpoints. As a result, there is no significant difference between 'online experiences' and 'non-experiencers' for e-commerce brands, which is completely opposite to the trends of non-e-commerce brands.

The key point shown in Figure 2 is that there is no common principle for success that can be applied to all brands. Every brand has a different background, life stage and scale of business; the desired online experiences must be based on the specific business and marketing needs of the brand. IntenTrack™ allows us to reg-

ularly track exposure to these activities alongside the impact that those online experiences are having on some of the mid-funnel activities, such as checking out the brand in-store, asking for a demonstration or using a sample. We can also track the correlations to the final claimed purchase variables and advocacy metrics.

Achieving 'holisticity'

The insights we gained from this IntenTrack™ analysis not only validated our hypothesis, but also revealed the much higher potential for online communications in influencing skincare consumers' mindset and purchase decision-making. It verified that the more they have interactions with brands via online, the higher will be the interest, likeability/association and purchase intention.

These positive effects could have been driven by the uniqueness of online in motivating consumers to proactively participate in 'experiencing' brands in a freer, more casual manner. Consumers are ready to listen to brand communications from strangers, such as their friends online in the virtual community. They are unknown and faceless to each other, but that does not stop them from responding and even believing. In such anonymous online conversations, they represent a new type of endorsement or 'engagement' shared by common interest groups.

In past times, this endorsement was created only by special events or promotional activities, mostly connected with mass media, which all marketers were obliged to invest in. Using holistic campaigns was often very expensive. But now the digital world is offering quick and cost-effective solutions for marketers. Assuming that a brand has a well-designed digital hub, it has a strong potential to deliver holistic communications that enhance interactions between the brand and consumers. This allows the marketer to learn more about its consumers over time and use online to build its business both directly and holistically via traditional methods.