

# Proactive Competitive Intelligence for Brands

An introduction and a  
sample document

## Why proactive competitive intelligence?

Competitive intelligence helps brand and category managers build a comparative view about the performance and intent of core competitors. Used well, it can deliver powerful insights and help secure market advantage but too often it is deployed reactively and typically in a crisis.

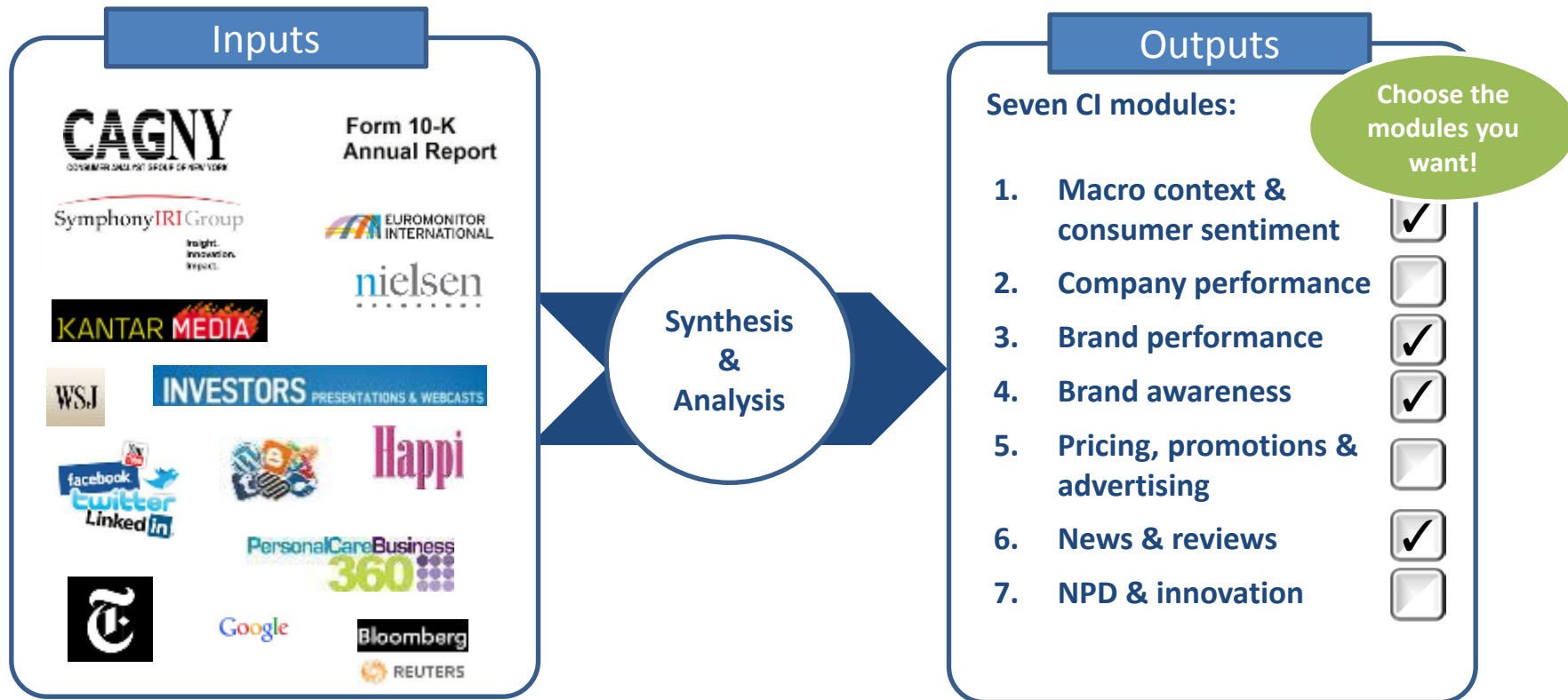
Proactive competitor intelligence keeps track of important competitor moves and enables decision makers to better understand the marketplace and build better strategies. In our work:

- We collaborate with brand and category managers to understand the insights they need about the brands they watch
- We generate insights from diverse sources to help brand managers understand the competitive landscape
- We leverage publicly available data and commentary but can fold in purchased data (Nielsen, IRI, Kantar Media, Euromonitor...), as needed

Our proactive competitor intelligence focusses on English sources and aims to deliver important high-level insights. Deeper dives with more specialized data sources or across different languages (we work in 20) may be needed to clarify some issues.

## Inputs and Outputs

Competitive intelligence takes a broad range of information inputs and generates valuable insights using experienced researchers and analysts. Outputs are organized around a series of modules that cover specific topics. Clients select which modules they want us to cover.



## Modules

Each module provides high-level, robust comparative intelligence about competitor brands and their companies. Together they provide a broad picture of the brands and companies but they are also standalone modules that can be selected alone or extended for a more comprehensive view.

<b>Macro context</b>	<ul style="list-style-type: none"> <li>• Global macroeconomic environment</li> <li>• Consumer sentiment</li> </ul>	<ul style="list-style-type: none"> <li>• <i>What are the macroeconomic conditions affecting companies?</i></li> <li>• <i>How do consumers perceive prevailing conditions?</i></li> </ul>
<b>Company performance</b>	<ul style="list-style-type: none"> <li>• Topline sales</li> <li>• Sales analysis</li> <li>• Analyst reaction</li> <li>• Company outlook</li> </ul>	<ul style="list-style-type: none"> <li>• <i>How are competitor companies performing on sales?</i></li> <li>• <i>How are competitor companies growing or losing sales?</i></li> <li>• <i>What is the investment community saying?</i></li> <li>• <i>What is the company saying about its outlook?</i></li> </ul>
<b>Brand performance</b>	<ul style="list-style-type: none"> <li>• Category and brand sales</li> <li>• Category and brand share performance</li> <li>• Brand performance</li> <li>• Company comments</li> </ul>	<ul style="list-style-type: none"> <li>• <i>How do brand sales compare?</i></li> <li>• <i>How are competitors performing in categories?</i></li> <li>• <i>How are competitor brands performing?</i></li> </ul>
<b>Brand awareness</b>	<ul style="list-style-type: none"> <li>• Cyber penetration</li> <li>• Social media</li> <li>• News media</li> <li>• Proprietary metrics</li> </ul>	<ul style="list-style-type: none"> <li>• <i>How do competitors compare in online presence?</i></li> <li>• <i>What companies and brands best leverage social media?</i></li> <li>• <i>What news presence do competitor brand &amp; companies have?</i></li> <li>• <i>How do brands compare with proprietary brand awareness metrics?</i></li> </ul>
<b>Advertising and promotion</b>	<ul style="list-style-type: none"> <li>• Advertising spend and insights</li> <li>• Promotional activity</li> </ul>	<ul style="list-style-type: none"> <li>• <i>How do the companies compare on ad spend plans?</i></li> <li>• <i>What recent promotion activity have the competitors run?</i></li> </ul>
<b>News &amp; reviews</b>	<ul style="list-style-type: none"> <li>• Brand, corporate and market news</li> <li>• Reviews</li> <li>• Consumer videos and comment</li> </ul>	<ul style="list-style-type: none"> <li>• <i>What recent news is there about the brand and company?</i></li> <li>• <i>What do recent online reviews say about competitor products?</i></li> <li>• <i>How are consumers using and reviewing competitor products?</i></li> </ul>
<b>NPD &amp; innovation</b>	<ul style="list-style-type: none"> <li>• R&amp;D investment and plans</li> <li>• New products</li> <li>• Trademark activity</li> </ul>	<ul style="list-style-type: none"> <li>• <i>What are companies saying about product rollouts and plans?</i></li> <li>• <i>What new products have competitors launched?</i></li> <li>• <i>What new trademarks have the companies filed for?</i></li> </ul>

## Deliverables

We provide you with two deliverables:

1. A quarterly (or monthly) executive brief that brings together findings from many sources. The following document is an example of a quarterly brief. Each module provides high-level, robust comparative intelligence about competitor brands and their companies. Further research and analysis may be useful but in itself the material in each module is a solid base and will aid decision makers. Currently we send executive briefs as PDFs but plan to make available the content online with real-time updates
2. A weekly or twice weekly insight brief that summarizes important news on your target category and competitor brands to keep you and your team current with breaking news. These alerts leverage our innovative [personal care business news](#) service that enables very targeted news streams (see an example that covers [P&G activity](#))

The screenshot displays the PersonalCareBusiness 360 website interface. At the top right, it shows the date 'May 11, 2013' and options to 'View this message online', 'Feedback', and 'Forward this message online'. Below the navigation bar, the search criteria are listed: Subject: PERSONAL CARE BUSINESS, Period: May 04, 2013 to May 11, 2013, Geographies: Worldwide, and Categories: All Categories. A 'Contents' section lists various categories like Companies, Organizations, Deals, M&A, JVs, Licensing, Market News, Marketing & Advertising, Other, Press Release, and Products & Brands. Two news articles are featured: 'Fruits And Vegetables Increasingly Used As Personal Care Product Ingredients' and 'Maybelline Chooses Mega Airless' Pump Dispensers For Make-Up Product With Primer'. The first article discusses the beauty industry's shift towards 'food-based' products, citing examples like coconut shampoo and grapefruit body scrub. The second article reports on Maybelline's choice of Mega Airless' Micro round neutral pump dispensers for its Instant Age Rewind Lifting Make-Up with Primer. At the bottom, there are more news items: 'Beauty Changes Lives Foundation Announces First Sassoon' and 'Avon Names New Global Ambassador'.

## Prices

A proactive and planned approach allows us to minimize our costs and offer modules at very competitive prices. Prices fall with more frequent delivery schedules:

Module	Charge per Module (\$)		Annual Total (\$)	
	Monthly Release	Quarterly Release	Monthly Release	Quarterly Release
Macro context	300	500	3,600	2,000
Company performance	350	550	4,200	2,200
Brand performance	250	400	3,000	1,600
Brand awareness	350	500	4,200	2,000
Advertising and promotion	300	500	3,600	2,000
News & reviews	300	500	3,600	2,000
NPD & innovation	800	1,200	9,600	4,800
<b>Total</b>	<b>2,650</b>	<b>4,150</b>	<b>31,800</b>	<b>16,600</b>
Total (minimum commitment)	900	1,450	10,800	5,800

### Notes:

- Prices include access to our targeted newsletters where we cover relevant categories or companies and send you professionally prepared summaries on important topics
- Annual commitment required
- All prices assume a commitment to at least three modules
- All prices exclude any data fees (for Kantar Media, Nielsen etc.), if needed
- Some categories/companies take more work and we reserve the right to amend prices accordingly

# Sample executive brief

# Proactive Competitive Intelligence for Brands

## Facial Moisturizer Category, United States

A brief for Estée Lauder covering three competitor brands for the facial moisturizer segment\*: Avon, Lancôme and Olay, and a target product for each\*\*

Q1 2013 (prepared May 5, 2013)

\* These brands are the top by share in facial moisturizers according to Euromonitor (aside from Clinique which we excluded as it is another Estée Lauder brand). This selection mixes mass and prestige and as a user you might prefer a purer channel focus

\*\*As a user you stipulate the products covered

ESTÉE LAUDER



AVON



LANCÔME  
PARIS



OLAY®





# Macro context

Real GDP growth

House prices

Consumer prices

Interest rates

Unemployment

Personal income and consumption

Consumer confidence

Important unknowns

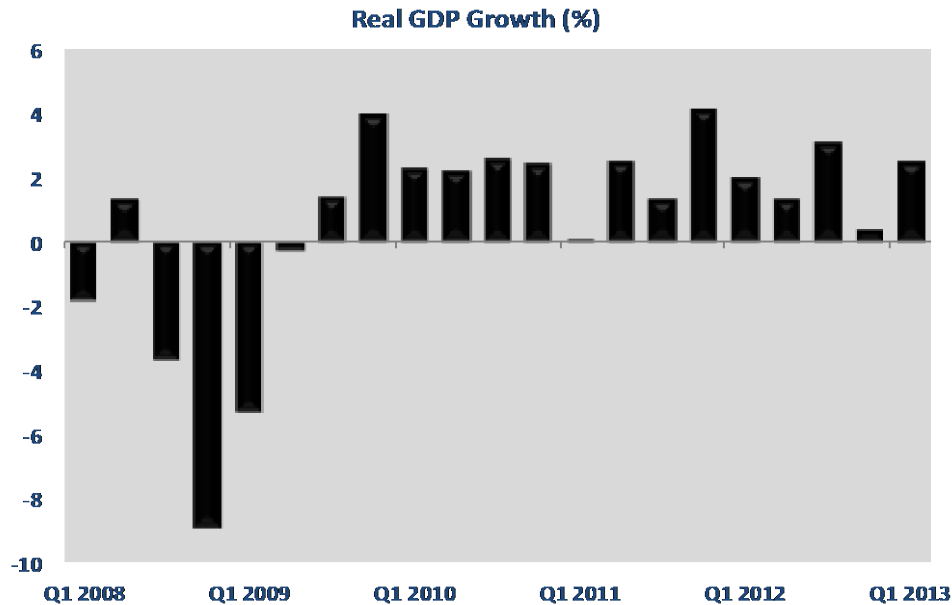
## Topline insights about the macro-economic environment and consumer confidence

### The US economy continues to grow, albeit without conviction, but consumer confidence lags

- US GDP growth is expected to improve this year and again in 2014, but downside risks will keep the picture uncertain and a robust recovery remains elusive
- A sustained housing market recovery (construction and prices) should help support growth, but house prices will remain below pre-recession peaks for a while yet
- Consumer price inflation is expected to be fairly stable, with little sign of any surge in prices
- Relatively low inflation should help policymakers keep interest rates low until unemployment falls further
- Headline unemployment will continue to fall, but the real picture is more opaque, with persistent underemployment, especially for some demographics
- Nominal personal income growth turned negative in Q1 2013, and real personal consumption growth is only just positive
- Consumer confidence is generally slowly improving but it is fragile, relatively low and volatile, especially expectations

## Real GDP growth

## GDP growth positive, but robust recovery remains elusive



## Recent trends

- A return to strong growth has proved elusive since the recession
- Real GDP growth of 2.2% for 2012 as a whole, up from 1.8% in 2011

## Latest figures

- Real US GDP was up at an annual rate of 2.5% in Q1 2013 on Q4 2012 (according to the BEA's "advance" estimate), an improvement from the 0.4% in Q4 2012. More complete data, will be released on May 30, 2013
- The improvement reflected contributions from personal consumption expenditures, private inventory investment, exports, residential investment, and nonresidential fixed investment. Negative factors included federal government spending and state and local government spending, and imports were up

## Outlook

- GDP growth is generally expected to pick up speed a little this year, with further acceleration next year
- Uncertainty comes from the sustainability of recovery in the US housing market and the global economy, as well as the depth and nature of sequestration and longer-term austerity measures

## GDP Growth (%)

	2013	2014
WSJ Average	2.5	2.9
Jan Hatzius (Goldman Sachs)	2.2	2.9
Bart van Ark (The Conference Board)	1.9	2.7

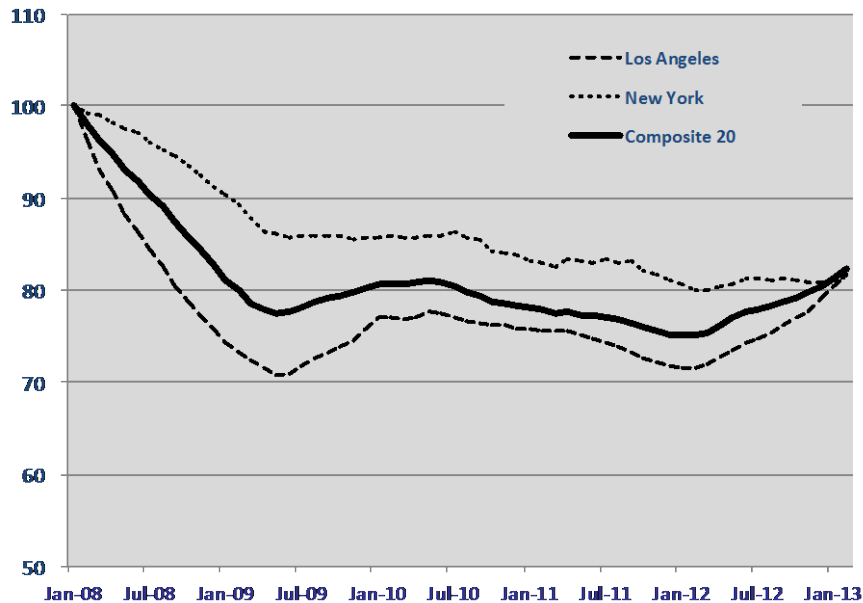
Forecasts taken from Wall Street Journal's survey of ~50 economists. Released April 11, 2013

## Real GDP growth

## House prices improving, but still below peaks

## S&amp;P/Case-Shiller House Price Index

January 2008=100, seasonally adjusted



## House price growth (%)

	FHFA 2013/12	FHFA 2014/2013
WSJ Average	5.31	5.01
Jan Hatzius (Goldman Sachs)	NA	NA
Bart van Ark (The Conference Board)	5.00	5.00

## Recent trends

- House prices have gained in recent quarters, but are still short of pre-recession levels

## Latest figures

- In the 12 months to February 2013, prices increased 8.6% and 9.3% for the 10- and 20-City Composites, respectively. The 10-City Composite was up 0.3% from January to February
- The 10- and 20-City Composites recorded their highest annual growth rates since May 2006
- Seasonally adjusted monthly data show all 20 cities with higher prices for two months in a row, for the first time since early 2005

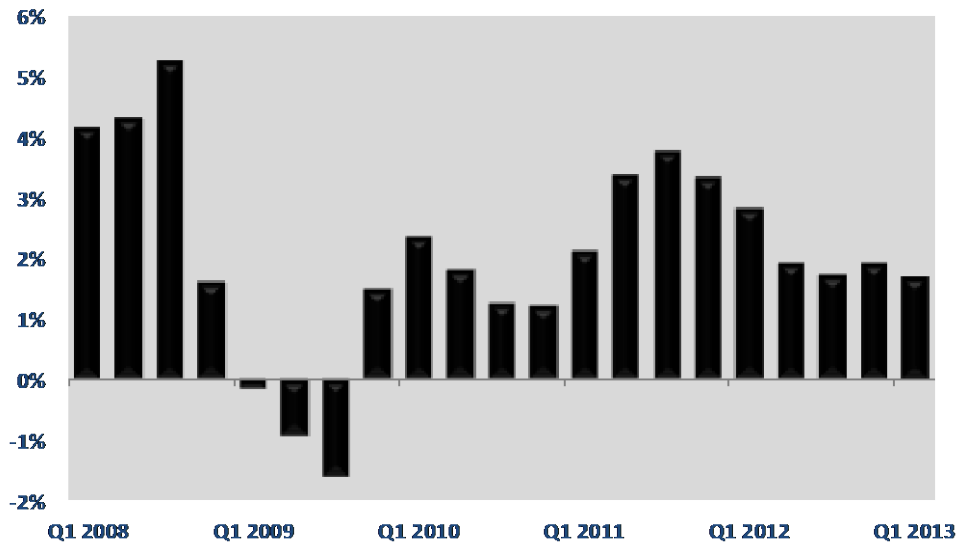
## Outlook

- House prices are expected to continue growing but possibly at a slower rate than seen in the last few months
- Some pockets of strong growth are likely, supported by low interest rates and limited inventory

## Consumer prices

## Inflation is moderate and expected to stay moderate

**Annualized CPI Inflation (%)**  
Change in average quarterly CPI year-on-year



## Recent trends

- The CPI was up 1.5% in the 12 months to March 2013, before seasonal adjustment, which is the smallest 12-month increase since July 2012
- Inflation is still tailing off from the 2011 highs

## Latest figures

- The CPI for All Urban Consumers (CPI-U) fell 0.2% in March 2013 (seasonally adjusted)
- The decrease was primarily due to a 4.4% drop in the gasoline index. The electricity and fuel oil indices fell too, and the energy index overall fell 2.6% after a 5.4% increase in February

## Outlook

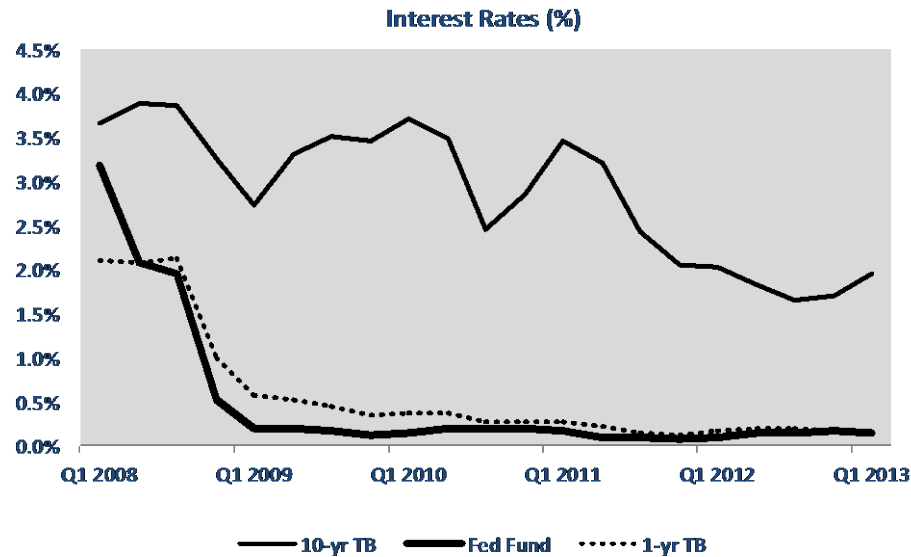
- Inflation is expected to nudge a little higher than in recent months, to just over the 2% mark for the next 2-3 years
- None in the WSJ survey sees inflation in the near future above 4%

## CPI (%)

	Dec 2013	Dec 2014
WSJ Average	2.1	2.2
Jan Hatzius (Goldman Sachs)	1.8	1.7
Bart van Ark (The Conference Board)	2.1	2.3

## Interest rates

## Interest rates keeping low, and the Fed Funds Rate close to zero



## Recent trends

- The Fed Funds Rate has been kept low for over 4 years
- The 10-year TB rate has shown a downward trend since the recession kicked in, but with an uptick since July last year

## Latest figures

- The Fed Funds Rate range remains at 0-0.25%, and the Federal Open Market Committee has pledged to keep its target interest rate close to zero until unemployment falls to 6.5%.
- The Fed Funds rate in April averaged around 0.15%
- The 10-year TB rate averaged around 1.95% in Q1 2013, but headed down to about 1.76% in April

## Outlook

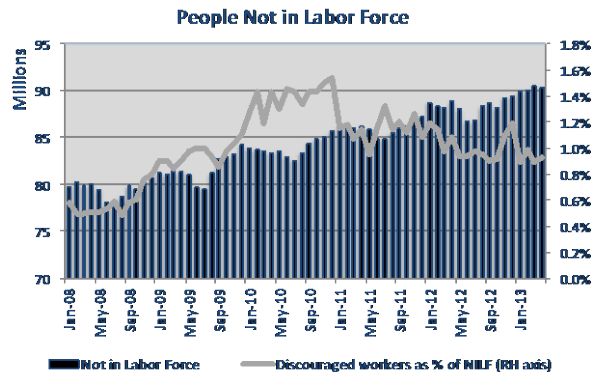
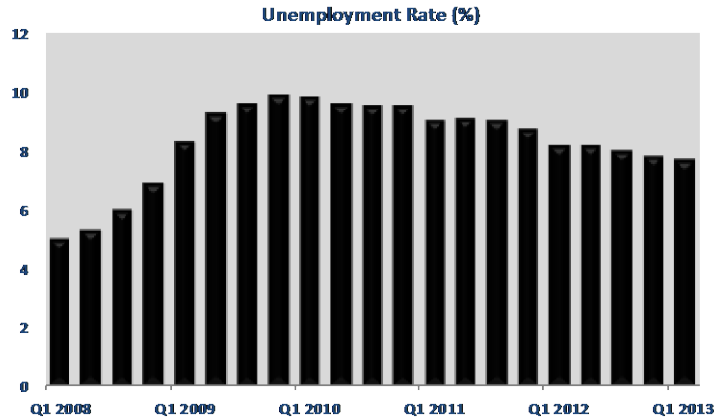
- There might be some upward pressure on the Fed Funds Rate in the coming quarters, but rates are likely to stay low without sustained improvement in fundamentals – and especially unemployment
- 2015 looks a more likely year for monetary tightening

## Fed Funds Rate (%)

	Dec 2013	Dec 2014
WSJ Average	0.17	0.43
Jan Hatzius (Goldman Sachs)	0.13	0.13
Bart van Ark (The Conference Board)	0.13	0.25

# Unemployment

## Unemployment falling, but the invisible unemployed remain a concern



### Recent trends

- The headline unemployment rate has been falling month-by-month since late 2009 and averaged 7.7% in Q1 2013
- The number of people not in the labor force has been trending up in recent years, but the number of discouraged workers has been trending down since 2010

### Latest figures

- Total nonfarm payroll employment was up 165,000 in April 2013. The unemployment rate was little changed at 7.5%
- In April 2013, 2.3 million people were marginally attached to the labor force, unchanged from April 2012. There were 835,000 discouraged workers (people not currently looking for work because they believe no jobs are available), 133,000 lower than a year earlier, and another 1.5 million were also marginally attached to the labor force

### Outlook

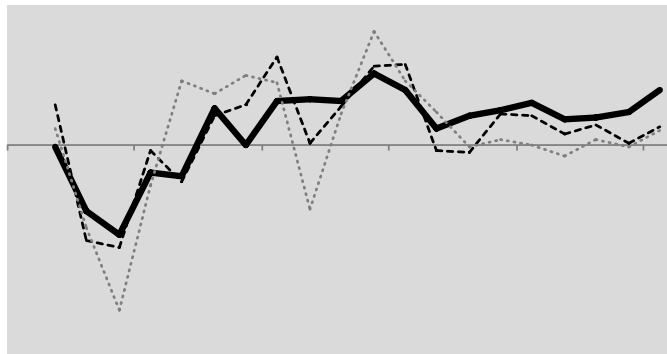
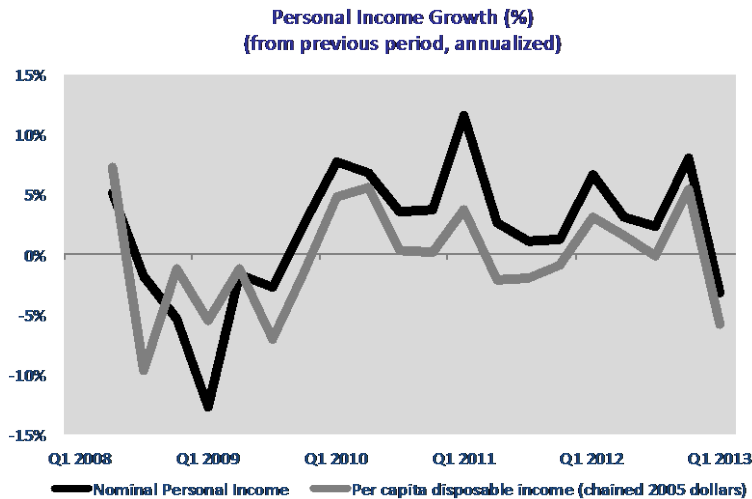
- Forecasters expect continued improvement in the headline unemployment rate in the coming quarters
- It's not clear how invisible unemployment (or underemployment) will develop

### Unemployment (%)

	Dec 2013	Dec 2014
WSJ Average	7.4	6.8
Jan Hatzius (Goldman Sachs)	7.6	6.9
Bart van Ark (The Conference Board)	7.4	7.2

## Personal income and consumption

# Income growth has been tailing off, but real personal consumption has been growing



on - - - - Non-Durables ..... Food and Beverages

### Recent trends

- Nominal personal income was up 3.6% in 2012 and 5.1% in 2011
- Sequential quarterly growth in nominal personal incomes has been positive from end-2009 until Q1 2013, when it turned negative
- Growth in real personal consumption expenditure (PCE) has been positive on a sequential quarterly basis since Q3 2009, but some constituents (e.g. non-durables) have grown slower and sometimes dipped

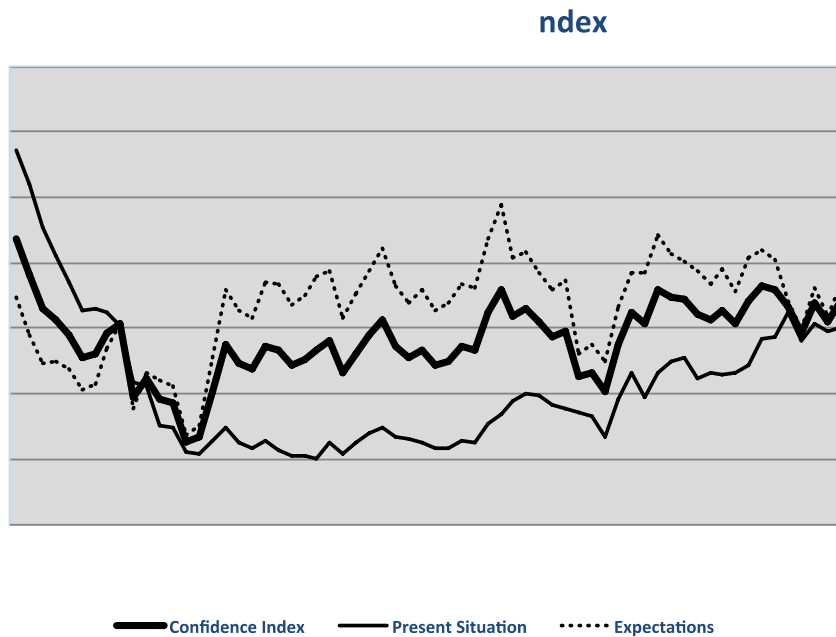
### Latest figures

- Personal income was up 0.2% in March 2013, as was disposable personal income and PCE
- Real disposable income increased 0.3% and real PCE also increased 0.3%
- Within real PCE, purchases of durable goods were down less than 0.1% and purchases of nondurable goods decreased 0.4%, but purchases of services were up 0.6%



## Consumer confidence

## Consumer confidence relatively low and volatile, especially expectations



## Recent trends

- There has been a slight upward trend in the Index since the start of 2009, but confidence is still relatively low by historic standards

## Latest figures

- The Conference Board Consumer Confidence Index increased in April 2013 after a fall in March
- The Index stood at 68.1 (1985=100), up from 61.9 in March
- The Present Situation Index increased to 60.4 from 59.2 and the Expectations Index moved up to 73.3 from 63.7
- The Conference Board said that consumer confidence improved on improved expectations about the short-term economic outlook and their income prospects, but confidence is still being challenged: *"it is too soon to tell if confidence is actually on the mend."*

## Outlook

- Continued stock market record highs will help confidence, but the biggest driver is jobs, and pessimism prevails despite improvements in the short-term outlook, both for business conditions and the labor market

## Important unknowns

# A series of political and economic unknowns prevent robust forecasts

### Upside potential

- Resumption of dynamic growth in China and other BRIC countries
- Domestic growth gains traction and wealth effects kick in
- The housing recovery is sustained and strengthens
- A “grand bargain” is reached on the federal deficit

### Downside risks

- Fiscal austerity:
  - Retention of sequestration
  - Intensification of long-term austerity
- Geopolitical instability (e.g. in Asia and Middle East):
  - Impact on confidence
  - Impact on economic activity
  - Impact on commodity prices
- Worsening economic conditions in Eurozone:
  - Emergence of new, more significant bailout candidates
  - Instability in financial system
- Global inflation

# Company performance

Topline sales  
Sales analysis  
Analyst reaction  
Company outlook

## Topline news about company sales performance and outlook

### Sales – Key Insights

- L'Oréal is the outstanding performer with growth of 5.1% on the year-ago quarter. Avon saw reported sales dip by 3.6% while both P&G and Estée Lauder managed about +2%
- Category sales were down for all companies versus the same period in 2012 (EL: -0.4%, P&G -2.0%; Avon -12.0%) apart from L'Oréal (+5.5%)
- Sales analysis across the companies shows a similar picture. While definitions vary, it's clear that volume fell for P&G (-1 percentage point for Beauty) and Avon (-13 percentage points for North America). Local currency growth in skin care for Estée Lauder was flat while like-for-like consumer products growth for L'Oréal was +6.5%
- Analysts were broadly bullish on Estée Lauder and L'Oréal, frustrated with P&G (continued investment but limited traction) and mixed on Avon (dissatisfaction but a sense that the worst may be past)
- Sales outlook from the companies:
  - Estée Lauder: local currency sales growth of 6% for the year (long-term 6-8%)
  - Avon: no guidance
  - L'Oréal: no guidance, but an expectation it will beat the market, which it expects to grow 4-4.5% in 2013
  - P&G: organic sales growth 3-4% but foreign exchange to reduce sales growth to 1-2% net

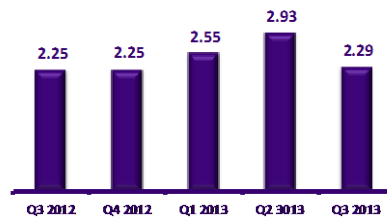
# Quarterly sales – growth rates, category and regional breakdowns

	Estée Lauder FQ3 2013 Jan-Mar 2013	P&G FQ3 2013 Jan-Mar 2013	Avon FQ1 2013 Jan-Mar 2013	L'Oréal FQ1 2013 Jan-Mar 2013
Total Sales	\$ 2.29 billion	\$ 20.60 billion	\$ 2.48 billion	€ 5.93 billion
Actual Sales Growth	↑ 1.9%	↑ 2.0%	↓ -3.6%	↑ 5.1%
Category/Segment	Skin Care \$ 1.02 billion 44.3% of total sales ↓ -0.4%	Beauty \$ 4.76 billion 23.1% of total sales ↓ -2.0%	Skincare ↓ -12.0%	Consumer Products € 2.92 billion 49.2% of total sales ↑ 5.5%
Region	The Americas \$ 0.99 billion 43.1% of total sales ↑ 1.4%	NA	North America \$ 0.41 billion 16.4% of total sales ↓ -15.3%	North America € 1.37 billion 23.1% of total sales ↑ 8.5%

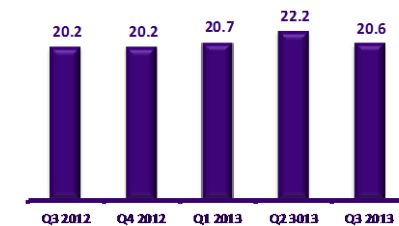
- In the January-March 2013 quarter, both P&G and Estée Lauder delivered topline growth of around 2%
- L'Oréal posted growth of over 5%, but Avon saw reported sales dip by almost 4%
- Category sales were typically down on the same period in 2012
- North American sales were up over 8% for L'Oréal, but down over 15% for Avon
- P&G doesn't provide regional sales figures on a quarterly basis, and Estée Lauder reports North American sales as part of the broader The Americas region

## Quarterly sales trends

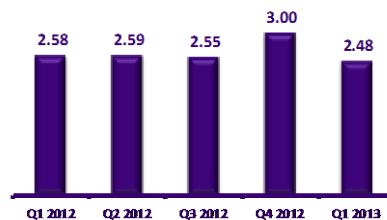
Estée Lauder (US\$b)



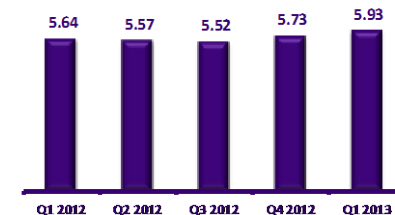
P&G (US\$b)



Avon (US\$b)



L'Oréal (€b)



## What are competitors' sources of growth?

	Estée Lauder FQ3 2013 Jan-Mar 2013		P&G FQ3 2013 Jan-Mar 2013		Avon FQ1 2013 Jan-Mar 2013		L'Oréal FQ1 2013 Jan-Mar 2013	
Company	Local currency growth	3.0%	Organic growth	3.0%	Constant \$ growth	0.0%	Like-for-like growth	5.5%
			Volume	2.0%	Units sold	-3.0%	Currency	-1.4%
			Price	1.0%	Price/Mix (constant \$)	3.0%		
			Mix/Other	0.0%	Active reps	1.0%		
			Acquisition/Divestiture	0.0%				
			Foreign Exchange	-1.0%				
Category/Segment	Skin Care		Beauty		Skincare		Consumer Products	
	Local currency growth	0.0%	Organic growth	-1.0%	Constant \$ growth	-9.0%	Like-for-like growth	6.5%
			Volume	-1.0%				
			Price	1.0%				
			Mix/Other	-1.0%				
			Acq./Div.	0.0%				
			Acquisition/Divestiture	-1.0%				
Region	The Americas				North America		North America	
	Local currency growth	2.0%			Constant \$ growth	-15.0%	Like-for-like growth	6.3%
					Units sold	-13.0%		
				Price/Mix (constant \$)	-2.0%			
				Active reps	-13.0%			

- P&G's organic growth for the company excludes the impact of acquisitions, divestitures and foreign exchange effects. Organic growth for the company in the quarter was 3% (comprising volume of 2% and pricing of 1%), and -1% for the Beauty segment
- Avon reports constant dollar growth, which for the company was flat for the quarter, -9% for the Skincare business and -15% for the North America region (with units sold -13%)
- L'Oréal reports "like-for-like" sales (comparable structure and identical exchange rates), which were +5.5% for the company, +6.5% for the Consumer Products business, and +6.3% for North America
- Estée Lauder reports local currency growth: +3% for the company, flat for the Skin Care segment, and +2% for The Americas region

## What are analysts saying about latest competitor earnings?

### One analyst called the results “impressive”, but there might be more to come...

#### Estée Lauder

- *“Lauder’s results continue to be impressive, especially gross margin expansion, which was well above expectations.”* – Connie Maneaty, BMO Capital Markets
- *“We believe Estée Lauder continues gaining share of a still growing, but slowing prestige beauty category.”* – Stifel Nicolaus & Co analyst Mark Astrachan
- *“it could take several more quarters for the makeover of the Elizabeth Arden brand to have a big impact on sales.”* – Robinson Humphrey, SunTrust

### The turnaround has started and some analysts were pleasantly surprised with progress on margins...

- *“While considerable work remains to be done, the turnaround is on track as steps new management is taking to improve performance are working.”* – Mark Astrachan, Stifel Nicholas
- *“A stabilization in North America (16% of total in 1Q13) seems far off...However, the margin recovery appears under way... We maintain our Outperform rating.”* – Connie Maneaty, BMO Capital Markets
- *“Local currency sales growth trends were better than feared...Margins were far stronger than we expected...Indeed, while new management still has an awful lot to do to fix the business (with North America and Asia still seemingly in free-fall), we think that with each quarter that is reported, AVP is gaining credibility as a “fix it” story that is well under way.”* – Wendy Nicholson, Citi

#### Avon

### But, Avon still has a long way to go, and analysts remain wary...

- *“All in, we’d think headlines from Brazil and Russia dominate the dialogue today but for us, challenges in other large & important markets suggest there is still a long way to go in this turnaround story.”* – Lauren Lieberman, Barclays
- *“Investors will likely be impressed by strong bottom-line results and margin stabilization, but we remain skeptical considering the underwhelming top-line turnaround. Bottom Line: We believe investors should stay on the sidelines pending further stabilization of the business and additional turnaround visibility.”* – Timothy Conder, Wells Fargo Securities
- *“Avon’s progress on cost reductions has been impressive the past two quarters, but we still await recovery in sales momentum before we become more constructive on the stock.”* – Rommel Dionisio, Wedbush
- *“They still have an uphill battle in key markets.”* – Erin Lash, Morningstar

## What are analysts saying about latest competitor earnings?

### Analysts saw some encouraging signs...

L'Oréal

- *"Overall full-year results were quite strong."* – Andrew Wood, Sanford C. Bernstein
- *"The first thing that struck us was that, even though its growth remained below double-digits, new markets saw its best growth in a year and second best growth in two years, which contrasts to Nestlé's reporting from earlier today where we saw its worst emerging market growth in 4 years."* – Andrew Wood, Sanford C. Bernstein

### P&G's results were seen as at best mixed...

- *"The top line is where people want to see the fruits of P&G's labor come through, and last quarter it wasn't really evident."* – Jason Gere, RBC Capital Markets
- *"P&G's 3Q results appear mixed with the core EPS beat mainly attributable to cost savings, while organic sales growth was at the low end of expectations."* – Joe Altobello, Oppenheimer

### also frustrating...

- *"It's frustrating...They're investing in the business, and they're not getting a great rate of return. We want to know what's wrong, because clearly something is wrong."* – Ali Dibadj, Sanford C. Bernstein & Co.
- *"There's a lot of frustration that they've been talking about a lot of actions they've been taking but we haven't really seen an acceleration in the sales growth."* – David Blount, Growth & Income Fund at Eagle Asset Management

P&G

### But, some analysts believe P&G are heading in the right direction and need time...

- *"We continue to believe the necessary improvements at P&G from both a cost and innovation standpoint will take time, and the stock seems to already reflect further momentum."* – Joe Altobello, Oppenheimer
- *"They're still making progress, they're still on the right track, it is just going to be a little more slowly than what people expected."* – Jack Russo, Edward Jones

### And they need to be more aggressive and to invest...

- *"It's going to be important that they throw out some pretty aggressive targets for fiscal '14...There's so many elements that should provide tailwinds for them."* Jack Russo, Edward Jones
- *"We think a heavy dose of reinvestment in marketing is what's needed to reignite the business...Even good new products can fail if consumers don't know about them."* – Morningstar analyst Erin Lash



## What are competitors saying about their outlook?

### Local currency sales growth of 6% for the year

#### Long-term growth of 6-8% per annum

- *"Our forecast reflects broad-based growth from product launches, marketing and service activities and retail expansion. However, we do expect continued softness in Southern European countries and in Korea. For the year, we are now forecasting local currency sales growth of approximately 6%. We estimate a negative currency translation impact of approximately 1% on our full year sales growth..."*
- *...With 3 quarters behind us, our full year guidance does imply an acceleration in our fourth quarter sales growth from our fiscal year-to-date growth of 5%. There are a number of factors giving us confidence in this result: Greater benefits from our innovation pipeline, including strong shipments of fourth quarter launches, such as Zegna's Uomo and Clinique's CC cream, as well as incremental sales of products launched in the past 9 months, such as Estée Lauder's Advanced Night Repair Eye serum; sequential improvement in travel retail; and more comparable year-over-year results in Korea." – Tracey Travis, CFO. Q3 2013 Earnings Call Transcript, May 2, 2013.*
- *"...we are projecting 6%,... The [previous guidance of] 6% to 8% was accompanied by an estimate for the market around 9% -- sorry, 5%. And today, we believe that the market is trending more 3%." – Fabrizio Freda, CEO. Q3 2013 Earnings Call Transcript, May 2, 2013*

**Estée Lauder**

### No specific sales guidance

#### A stated intention to focus on a "conservative level of revenue" growth, among other things

- *"Looking forward, our strategy and focus areas remain the same. We are focused on driving sales, operating profit, and cash flow improvement. We continue to manage to a very conservative level of revenue growth, and we remain diligently focused on our costs. In terms of quarter-two, we expect similar trends in overall sales."*
- *"Looking forward, 2013 is a pivotal year for Avon. The entire organization is working with a sense of urgency, and we are aligned against our strategic framework. The first part of that framework is executing our growth platforms. Growth will come from innovating our consumer proposition, transforming the representative experience, and optimizing our geographic performance."*

**Avon**

## What are competitors saying about their outlook?

### No specific sales guidance

An expectation that it will beat the market, which it expects to grow 4-4.5% in 2013

- *...“These strategic advances, together with the quality of initiatives across all divisions, both in developed countries and the New Markets, make us confident in our ability to outperform the market in 2013, and to achieve another year of growth in both sales and profits.”*
- *“And regarding the new markets, what we think, what I think is that on the total year we should have a good performance of our growth in the new markets because -- I mean, it's not a guidance, it's just an impression. Because in fact, what we are seeing is that in several parts of the world, like Latin America, Brazil, like in Russia, like in Middle East, Africa, and also in Asia and in -- we are apparently accelerating our market share gain. So, it's not a prediction of the evolution of the market, it is more the idea that I think that we are really doing what it takes to gain market share on all these strategic markets.”*
- *“Let me now make the usual comments on technical aspects for the full year. Taking into account the acquisitions realized since the beginning of 2012, the impact of changes in the scope of consolidation would come to plus 1% over the full year. And extrapolating the end of March foreign exchange rates against the euro, or EUR 1 at around \$1.28, up to the end of December would lead to a negative minus 1% impact on sales.”*
- *“Well, it's very difficult after just three months to predict what it will be. But, if we had a bet, a guess, I think we would say that the growth market -- the market growth will be probably more around 4% than 4.5%. So, of course we will know more at the end of the second quarter, but it seems, as I explained before, that a little bit everywhere we see a slight deceleration of the growth of the market.”*

L'Oréal

#### April – June 2013

Organic sales growth 3-4%

Foreign exchange to decrease net sales growth by 2%,  
resulting in net sales growth of 1-2%

#### FY 2013

Organic sales growth 3-4%

Foreign exchange to reduce sales growth by 2%, resulting in  
all-in sales growth of 1-2%

P&G

- Chairman, President, and CEO, Bob McDonald: *“We expect further top-line improvement in the fourth quarter, driven by innovation and portfolio expansion, enabled by continued productivity improvement.”*
- Jon Moeller, CFO: *“The next piece of this work is planning for 2014 which we're starting now... We remain confident that our focus areas, maintaining momentum in developing markets, strengthening our core developed market business, building and leveraging a strong innovation pipeline and aggressively driving cost savings and productivity improvement are the right ones...”*

# Brand performance

Category and brand sales

Category and brand share performance

Brand performance

Company comments

## Which brands are gaining share?

<i>Market share (%)</i>	April-June '12	July-Sept '12	Oct-Dec '12	Jan-March '13	Q-o-Q change (%)	Y-o-Y change (%)
<b>Estée Lauder</b>	<p>Nielsen's licensing restrictions prevent us from showing this data without a client agreement in place</p>					
Brand: Estée Lauder						
<b>Avon</b>						
Brand: Anew						
<b>Lancôme</b>						
Brand: Rénergie						
<b>Olay</b>						
Brand: Regenerist						

## Which brands are gaining share?

<i>Sales (\$ million)</i>	April-June '12	July-Sept '12	Oct-Dec '12	Jan-March '13	Q-o-Q change (%)	Y-o-Y change (%)
<b>Estée Lauder</b>	<p>Nielsen's licensing restrictions prevent us from showing this data without a client agreement in place</p>					
Brand: Estée Lauder						
Product line: Estée Lauder - Resilience Lift, Firming/Sculpting Face and Neck Creme						
<b>Avon</b>						
Brand: Anew						
Product line: Avon - Anew Clinical ThermaFirm Face Lifting Cream						
<b>Lancôme</b>						
Brand: Rénergie						
Product line: Lancôme - Rénergie Lift Multi-Action Lifting & Firming Cream						
<b>Olay</b>						
Brand: Regenerist						
Product line: Olay - Regenerist Micro-Sculpting Cream						

## What are competitors saying about their category performance and intent?

### Growing faster than market and taking share, innovating well and focused in prestige that is growing much faster than mass

*"In terms of growth versus competition, we are growing 2 points at least above market. So we are growing global market share. We are growing global market share in some markets more than others. In the U.S., we have, for example, we are stable in market share this year in makeup and skin care, and we are losing market share in fragrances. And in fact, we are going to work now in acceleration innovation in skincare and makeup to accelerate growth and we are going to be more active in fragrance to start growing also in the Fragrance category.*

*... in the U.S., that the overall market grew 12% versus mass growing 1%. So we have about 40% market share in the U.S. So the double-digit growth of the prestige market in the U.S. that we are generating with our activity is benefiting, first of all, us... In markets where we have smaller market share like Europe, you just heard Ivan's comments where market share gain has been spectacular, in market like Italy, where the market is minus 5%, we've been growing 7%." – Fabrizio Freda, CEO. Q3 2013 Earnings Call Transcript, May 2, 2013*

#### Estée Lauder

*"In skin care, we continue to launch well-received innovative products. Skin care remains an important strategic priority, but the category had a tough comparison to the double-digit growth over the past 2 years when we had several major launches." – Fabrizio Freda, CEO. Q3 2013 Earnings Call Transcript, May 2, 2013*

*"We believe that the aging of the population will drive growth in the skin care category, where we have a leading position." – Fabrizio Freda, CEO. Q3 2013 Earnings Call Transcript, May 2, 2013*

*"We will continue to improve on our strategy. Our primary focus will remain on the skin care and expanding our makeup business, while strengthening our local relevance initiatives and innovation. We also plan to accelerate the rollout of our brands with low penetration." – Fabrizio Freda, CEO. Q3 2013 Earnings Call Transcript, May 2, 2013*

### Disappointed about skin care performance with issues centered on brand architecture, pricing, speed to market

#### Avon

*"The area that I'm probably the most disappointed in, in terms of our overall performance, is skincare. Because if you look at our products, I mean, we have terrific products. I mean, I feel very good about our innovation. We have to do a better job of how we market it, how we deal with the brand architecture, and how we manage pricing. So these are things that we can fix and we will fix, but it's going to take time to get there in the different markets." – Sheri McCoy, CEO. Q1 2013 Earnings Call Transcript, April 30, 2013*

## What are competitors saying about their category performance and intent?

### Confident about strong brands and performance. “L'Oréal Luxe Business Unit growing at 1.3x market

*“L'Oréal Luxe is growing faster than the market, thanks to good growth trends for the major brands in the portfolio, and its performances in the New Markets and in North America.*

#### Lancôme

(in L'Oréal Luxe Business Unit)

*The division's four top brands - Lancôme, Giorgio Armani, Yves Saint Laurent and Kiehl's - have been highly dynamic at the start of this year. In addition to the resounding success of La Vie est Belle, Manifesto, Rouge Pur Couture lipstick and Maestro foundation, the quarter was marked by new initiatives such as Rénergie Multi-lift Reviva-Plasma and Teint Visionnaire by Lancôme, Eau pour Homme and Eau de Nuit by Giorgio Armani, along with Rouge Volupté Shine and Forever Light Creator by Yves Saint Laurent. Urban Decay and Clarisonic posted very good growth over the quarter.” – Q1 2013 Results Press Release, April 18, 2013*

*“[L'Oréal Luxe] grew at 1.3x the market figure” – Nicolas Hieronimus, President L'Oréal Luxury, earnings call on 2012 results, Feb 12, 2013*

### Lost share, suffered ‘supply interruptions’ and faced strong competition, but sees hope in recent innovations

*While shares are below year ago in Skin Care and Cosmetics, recent innovations have helped drive sequential period to period share trend improvement.” – Jon Moeller, CFO (Q3, 2013 Earnings Call Transcript, April 24, 2013)*

#### Olay

(in P&G's Beauty Business Segment)

*“Net sales decreased in Hair Care and Skin Care in a period of heavy competitive product and promotional activity.” – Q3, 2013 Press Release, April 24, 2013*

*“Skin Care continues to be a drag in terms of market share being down versus year-ago. We have more work to do there but as Bob indicated, there have been a number of things that have been just recently put out on the market that we hope to drive that behind.” – Jon Moeller, CFO, Q3, 2013 Earnings Call Transcript, April 24, 2013*

*Management mentioned “supply interruptions, as we work to optimize our manufacturing operations.” – Q3, 2013 Press Release, April 24, 2013*

## What are competitors saying about their brand performance?

### Skin care remains a priority and company has had several good skin care launches

#### Estée Lauder

*"...the Estée Lauder brand benefited from several recent skin care launches and our makeup artist brands enjoyed healthy retail sales."* – Fabrizio Freda, CEO. Q3 2013 Earnings Call Transcript, May 2, 2013

*"In skin care, we continue to launch well-received innovative products. Skin care remains an important strategic priority, but the category had a tough comparison to the double-digit growth over the past 2 years when we had several major launches."* – Fabrizio Freda, CEO. Q3 2013 Earnings Call Transcript, May 2, 2013

### New products seem to have cannibalistic and Avon continues to struggle to get right positioning, which is now an executive focus

#### Avon

*"...we've been very focused in Upper Mass, which is our strong suit. But as we launch new products and new innovation, we have seen a lot of -- it has not been incremental. So we've seen a lot of cannibalization because of the positioning of the product. So, we are actually taking a look at the brand architecture for skincare at the high end. And what we see is, we do a reasonably good job at the low end with our Avon Care line. In the middle, in the mass tier, which is really where you see a lot of the volume, we have not been consistent.*

*So we've restaged our skincare brand a number of times, and not really been able to position it uniquely in the market, nor uniquely relative to a new or Avon Care. And so that's really a focus of our marketing team to get that clarity working in concert with the regions, the top 10 markets, and really look at how we focus on driving skincare. So it's an important initiative for us. And the Executive Committee is very focused on that."* – Sheri McCoy, CEO., Q1 2013 Earnings Call Transcript, April 30, 2013



## What are competitors saying about their brand performance?

### Lancôme brand growing 'strongly' with new innovations and 'new premium luxury positioning'

*"At end-March, L'Oréal Luxe has advanced by +7.2% like-for-like and +8.1% based on reported figures, including the first time consolidation of the Urban Decay brand. In addition to the resounding success of La Vie est Belle, Manifesto, Rouge Pur Couture lipstick and Maestro foundation, the quarter was marked by new initiatives such as Rénergie Multi-lift Reviva-Plasma and Teint Visionnaire by Lancôme, Eau pour Homme and Eau de Nuit by Giorgio Armani, along with Rouge Volupté Shine and Forever Light Creator by Yves Saint Laurent. Urban Decay and Clarisonic posted very good growth over the quarter."* – Q1 2013 Results Press Release, April 18, 2013

#### Lancôme

(in L'Oréal Luxe Business Unit)

On 2012 performance: *"The Lancôme brand grew strongly, driven by innovations – in facial skincare with Génifique Yeux Light Pearl, and in fragrances with the launch of La Vie est Belle, the top worldwide launch of the year in its category – and thanks to the brand's new premium luxury positioning, with Absolue L'Extrait."* – 2012 annual results press release, Feb 11, 2013

*"... a very great year for Lancôme, the world's leading luxury brand for women, which achieved growth of in excess of 10%. The brand has grown everywhere in the world at a remarkable pace, backed up by innovation leadership, the power of its business drivers and a striking rise in levels of luxury and service."* – Nicolas Hieronimus - President of L'Oréal Luxury, Conference call on 2012 results, Feb 12, 2013

### Poor performance with volume declines due to 'supply interruptions'. Good growth for Fresh Effects and Regenerist Eye+Lash Duo

#### Olay

(in Beauty Business Segment)

*"North America Skin Care volume declined. Strong growth of the new Olay Fresh Effects midtier line and Olay Regenerist Eye+Lash Duo was more than off-set by supply interruptions, as we work to optimize our manufacturing operations."* (Q3, 2013 Earnings Presentation)

# Brand awareness

Cyber presence

Social media

News media

Online brand presence

## Topline news about comparative brand awareness performance

## Brand Awareness – Key Insights

- All four marque brands have a large online presence but Avon's is substantially larger, likely due to the company's recent problems
- Avon has the largest web presence with the highest number of Google hits as well as the largest search interest. On both metrics, Estée Lauder's presence is the weakest of the four
- All four brands have a YouTube channel. Lancôme's has the most channel subscribers (over 15X Olay's), but Olay has the most videos, most channel views and most videos recently added, attesting to the power of refreshing content
- Lancôme has the strongest social network with substantially more Facebook Likes and Twitter Followers, probably reflecting a higher level of consumer engagement with the brand
- Of the products, only Avon's Anew has a Facebook page but, with just 19 likes, it is fairly inactive
- Avon has the fastest-growing social network over almost all time periods. Olay is consistently placed second for growth in Facebook likes while Estée Lauder is mostly second for Twitter growth
- For mainstream media, Olay has the strongest presence in mainstream and trade media. Olay shares the top spot with Lancôme for lifestyle media mentions
- Over the last year, Estée Lauder looks to have boosted its media presence and is closing the gap on Olay

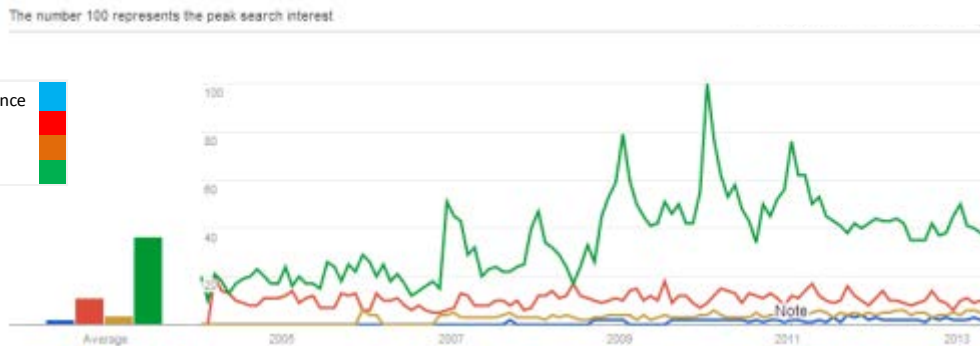
# Comparative online presence metrics

	Google		YouTube			
	Hits (million)	Search Interest (1,000/mo)	Channel Subscribers	Videos In Channel	Total Channel Views (thousands)	Videos Added in Last 90 Days
<b>Marque Brand</b>						
Estée Lauder	27.2	1,000	6,539	162	357	16
Avon	95.5	16,600	7,959	145	219	16
Lancôme	59.7	1,220	12,083	114	145	17
Olay	36.6	2,740	783	453	429	91
<b>Products</b>						
Estée Lauder Resilience	4.5	6.6	-	-	-	-
Avon Anew	1.1	33.1	-	-	-	-
Lancôme Rénergie	0.7	14.8	-	-	-	-
Olay Regenerist	0.7	90.5	-	-	-	-

Notes: Search interest is for US only

Only the main brands have YouTube channels

## Search interest over time



Source: [Google Trends](https://www.google.com/trends/)

- Avon has the strongest online presence with substantially more Google hits and search interest (we believe some of this is due to the company's recent problems)
- However, Lancôme has the most YouTube channel subscribers, perhaps suggesting the greatest engagement
- Olay has the fewest YouTube subscribers but the most videos, most channel views and most videos recently added, attesting to the power of activity
- Of the products, Estée Lauder Resilience has the most hits with Olay Regenerist the highest search interest

- Over time, Olay Regenerist and Avon Anew have had much more search interest, although interest in Regenerist is slowly falling

## Comparative social media presence metrics

	facebook		twitter		
	Likes (thousands)	Talking about this	Topsy Tweet Count (pass 30 days)	Followers (thousands)	Tweets
<b>Marque Brand</b>					
Estée Lauder	1,065	20,351	5,984	55.7	2,545
Avon	1,178	41,732	45,000	52.4	3,330
Lancôme	3,901	98,169	6,056	142.7	5,349
Olay	1,683	45,170	6,154	41.2	2,124
<b>Products</b>	Likes (units)		Followers (units)		
Estée Lauder Resilience	Not on Facebook		114	Not on Twitter	
Avon Anew	19	1	1,203	Not on Twitter	
Lancôme Rénergie	Not on Facebook		175	Not on Twitter	
Olay Regenerist	Not on Facebook		930	7	-

	facebook			twitter		
	Likes (% increase)			Followers (% increase)		
	7d	1m	3m	7d	1m	3m
Estée Lauder	1.09%	4.54%	12.20%	0.76%	3.53%	18.51%
Avon	5.57%	8.37%	26.66%	0.96%	4.17%	11.49%
Lancôme	0.49%	2.84%	9.18%	0.43%	1.35%	2.66%
Olay	1.14%	5.52%	13.13%	0.51%	1.90%	4.30%

- Lancôme has the strongest social network with substantially more Facebook Likes and Twitter Followers
- It also generates substantially more buzz on both media platforms
- Avon has the highest Topsey Tweet Count (a broad measure of Twitter presence) but we believe much of this is about the company's troubles
- Avon Anew is the only brand to have a Facebook page, which is pretty inactive
- Olay Regenerist is the only brand to have a Twitter account, which is followed by just seven people

- Avon has by far the strongest growth in Facebook likes over the three measured periods – week, month or quarter
- Olay is consistently placed second for growth in Facebook likes while Estée Lauder is second for Twitter growth, other than for three-month growth, for which it's highest

## Comparative news media metrics

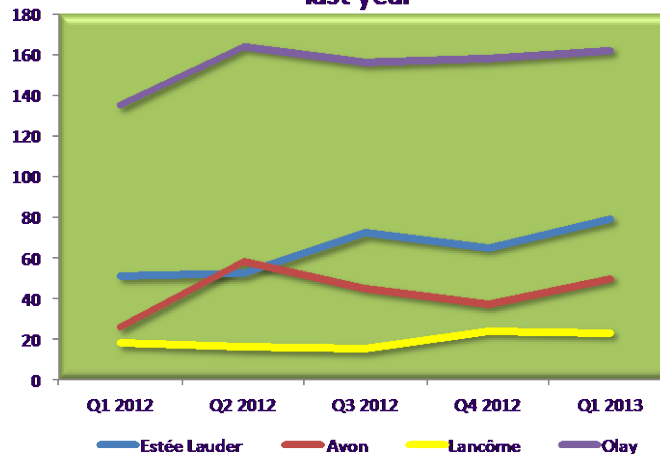
## Media mentions for Q1 2013

	Mainstream (all media)	Trade	Lifestyle	Press Releases
Estée Lauder	79	57	11	1
Avon	50	42	4	2
Lancôme	23	4	14	1
Olay	162	82	14	0

Note: Just US, English language for Personal Care Products industry included

We seek to capture brand name mentions (so for Avon the brand, not Avon Inc. of the county). This process is not foolproof but filters for media search are better than Google hits so these data likely better reflect brand mentions.

## Mainstream US media mentions over the last year

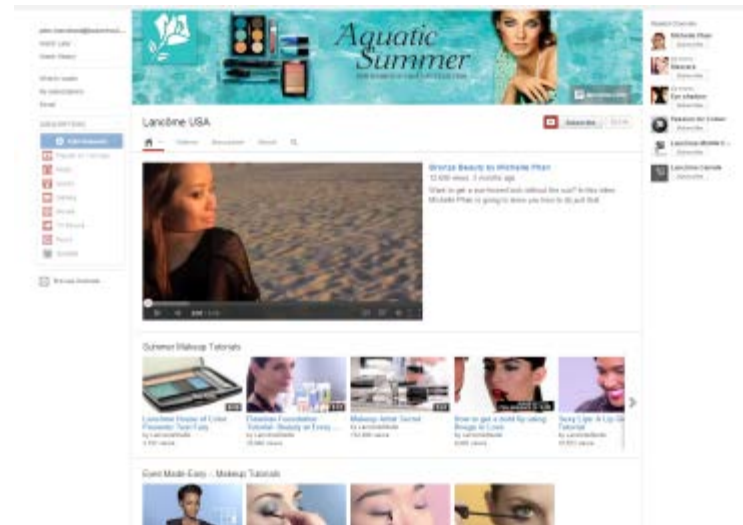


Note: Media hits is a good and simple way to see what media presence a brand has but it is very much a first step. It doesn't capture quality of media output (WSJ or Kalamazoo Gazette), article position (front page or mid-page side bar), tone (positive or negative), interest level (many comments or none). A more considered assessment would need more research and analysis. We can include proprietary brand awareness metrics in our analysis as needed.

- Olay is the outstanding lead on mainstream and trade media mentions
- Olay is joint top with Lancôme for lifestyle media mentions
- Press releases by the brands over the period were very limited

- Over the last year, Olay continued to have substantially more mainstream media mentions
- Estée Lauder is managing to close the gap somewhat
- Lancôme is the group laggard with just a small number of mentions each quarter

# YouTube channels...





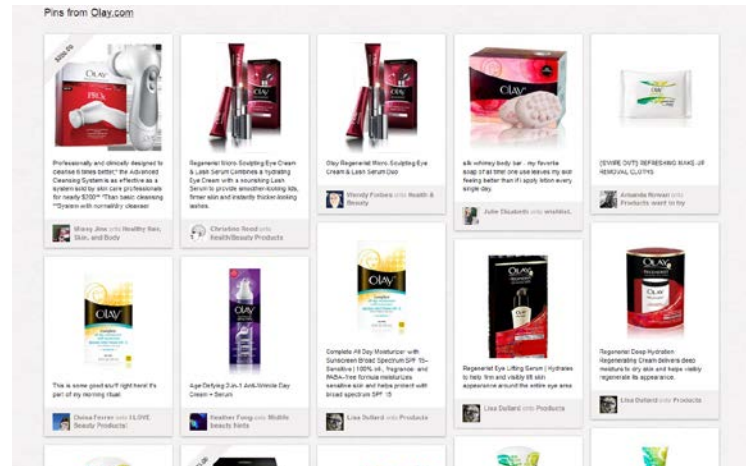
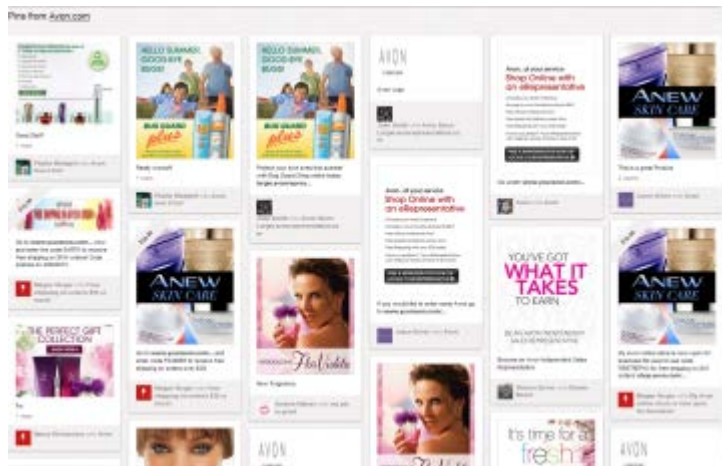
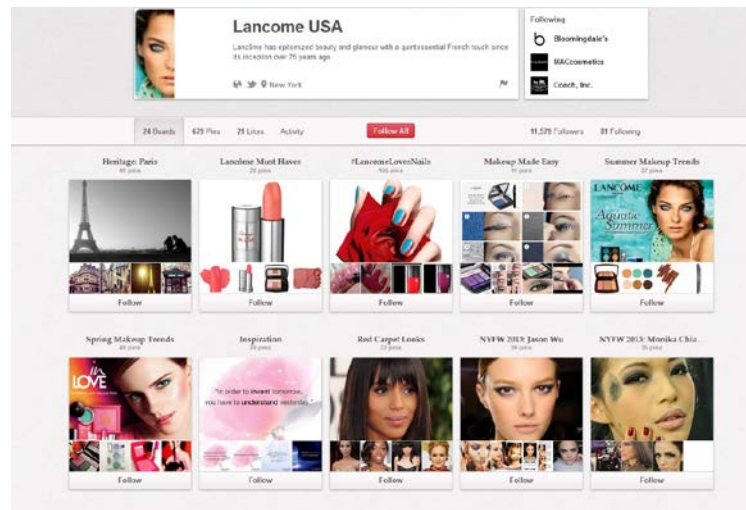
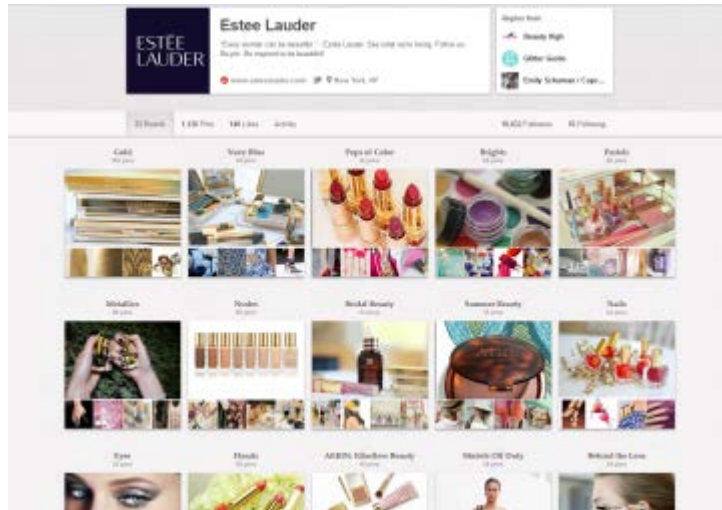
# Facebook pages...





# Twitter pages...

Pinterest pages...





# Instagram pages...

Olay is not on Instagram

# Advertising and promotion

Advertising spend and insights  
Promotional activity

## Topline news about pricing, advertising and promotions

## Advertising & Promotions – Key Insights

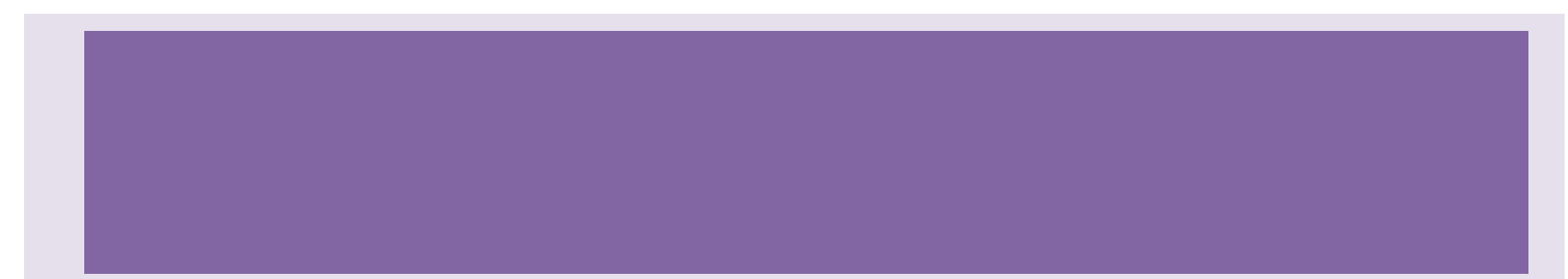
- Kantar Media ad spend data indicates that:

Kantar Media's licensing restrictions prevent us from showing these data without an agreement in place

- Estée Lauder continues to increase its ad spend. Over the last three years it has roughly doubled its media investment and this year it expects current year total ad spend to be up mid-single digits full year
- Avon is reassessing ad spend, pulling back from TV and other expensive media and reinvesting in digital components. Management mentioned that where it has eased up on ad spend it has suffered a sales impact
- L'Oréal did not provide data on its ad spend for the most recent quarter but it did say that 2012 advertising and promotion expenses were up 7.7%
- Estée Lauder looks to have run the fewest promotions, with just two promotions located in the quarter. All three other companies provided a range of promotional discounts over the quarter

# How much are competitors spending on advertising?

<i>Advertising spend (\$ million)</i>	April-June '12	July-Sept '12	Oct-Dec '12	Jan-March '13	Q-o-Q change (%)	Y-o-Y change (%)
<b>Estée Lauder</b>	Kantar Media's licensing restrictions prevent us from showing these data without an agreement in place					
Brand: Estée Lauder						
<b>Avon</b>						
Brand: Anew						
<b>Lancôme</b>						
Brand: Rénergie						
<b>Olay</b>						
Brand: Regenerist						



## Competitor comments about advertising spend and intent

### Should be up mid single digits for full year with Q4 in line with prior quarters. Media investment has doubled in last three years

*"...Advertising was up roughly 4% in the third quarter. ...we expect that it will be flat to last year in terms of the fourth quarter -- relatively flat to last year in terms of the fourth quarter. So overall, we expect that our advertising spend will be up mid-single digits for a full year."* – Tracey Travis, CFO. Q3 2013 Earnings Call Transcript, May 2, 2013.

**Estée Lauder**

*"In the fourth quarter, we expect our advertising spending will now be consistent with the prior year's quarters, as we properly support our innovation and business trends to drive higher sales."* – Tracey Travis, CFO. Q3 2013 Earnings Call Transcript, May 2, 2013.

*"... I think we have basically doubled the level of media investment over 3 years. I believe that's been one of the major element of our restructuring. We have taken, as you all know, a lot of cost out of the system and we have reinvested part of this in creating the right level of media investment for the company. The company needs to expand globally. I think I feel very comfortable with the level of advertising power that we have reached at this point in time. And from now on, we believe we can continue driving media updates on sales growth, while internal percentage of sales, we are in the range of our ultimate goals."* – Fabrizio Freda, CEO. Q3 2013 Earnings Call Transcript, May 2, 2013.

### Reduced spend impacted brands. Expects spend to rise to support new launches and is looking at changing mix with more digital

*"... we have an opportunity to really strengthen our brand component. And in some areas where we've walked away from advertising, we've seen a negative impact on our brand. So we're continuing to look at that. You do see that we did not spend as much this quarter as we had in 2012. We do have new launches and some other things planned for the second-half, so we're revisiting that, the advertising component. I will also say that we also have to get smart about how we use media. So, digital advertising, for example, is much less expensive than TV, so we'll continue to look at the right media mix."* – Sheri McCoy, CEO. (Q1 2013 Earnings Call Transcript, April 30, 2013)

**Avon**

*"...what we have done last year is really starting to test some of the advertising in-market, making it more relevant in the individual market, to make sure that we get a better return overall from the spend that we have in the markets."* – Kimberly Ross, CFO (Q1 2013 Earnings Call Transcript, April 30, 2013)

### Spending up 7.7% supporting Lancôme's new campaign. No comment on future spend

*"Advertising and promotion expenses increased by 7.7%; they came out at 30.2% of sales, slightly below the figure for 2011."* (2012 Annual Results Press Release, February 11, 2013)

**L'Oréal (Lancôme)**

Conference call on 2012 results (Feb 12, 2013): *"As you've seen, with the success of Génifique, Visionnaire, Rouge In Love, La Vie Est Belle, Lancôme is once again a dazzling star in the firmament of luxury beauty with its new territory, ideal skin, its new packaging and new advertising campaign."* – Nicolas Hieronimus - President of L'Oréal Luxury

**P&G (Olay)**

Nothing provided

## Observed promotional activity

ESTÉE LAUDER

## Recent Estée Lauder promotional activity

*No promotions provided on Estée Lauder's Facebook page*

Expires May 7, 2013

Power Eye Duo. Free with \$50 purchase. Exclusive online deal. <http://www.Estée lauder.com/promotions/index.tmpl>

March 6, 2013

[Macy's: Estée Lauder 8-Piece Gift Set w/ \\$35 purchase](#). Macy's offers an Estée Lauder 8-Piece gift set for free with any Estée Lauder purchase of \$35 or more. Even better, Estée Lauder orders of \$70 or more will also receive an eye shadow compact and travel pouch.



## Observed promotional activity

A V O N

## Recent Avon promotional activity

Expires May 3,  
2013

Anew Clinical Pro Line Treatment \$29.99 + Free Shipping <http://www.retailmenot.com/landing/avon.com?c=4646605>

Check out the final leg of [mark.girl](#) "How I'm Wearing It" photo contest: The Skinny Pant trend. Enter your super-stylish pictures for an opportunity to win a fresh new look: <http://bit.ly/WpCATS>

April 12, 2013

Open to US and DC legal residents 18 and over. No purchase necessary. Void Where Prohibited. Contest ends April 16, 2013. For Official Rules, visit <http://on.fb.me/153A76g>

No date provided

Anew Clinical Sale - Buy 1, Get 1 for only \$5! Mix or match select products. SAVE up to \$34!  
[http://shop.avon.com/promotions\\_list.aspx?promo\\_id=15494](http://shop.avon.com/promotions_list.aspx?promo_id=15494)

No date provided

Avon Solutions & Avon Care Sale - 2 for \$6.99! Mix or match select products. SAVE up to \$10!  
[http://shop.avon.com/promotions\\_list.aspx?dept=promotions&promo\\_id=15496&promo\\_cat\\_id=2](http://shop.avon.com/promotions_list.aspx?dept=promotions&promo_id=15496&promo_cat_id=2)

No date provided

Blackhead Remover - yours for only \$0.99 with each select Clearskin® purchase!  
[http://shop.avon.com/promotions\\_list.aspx?dept=promotions&promo\\_id=15495&promo\\_cat\\_id=2](http://shop.avon.com/promotions_list.aspx?dept=promotions&promo_id=15495&promo_cat_id=2)

No date provided

Pocket Mini Palette (an \$8.99 value) - yours for only \$2.99 with each Anew Full-Size Regimen Kit purchase!  
[http://shop.avon.com/promotions\\_list.aspx?dept=promotions&promo\\_id=15488&promo\\_cat\\_id=2](http://shop.avon.com/promotions_list.aspx?dept=promotions&promo_id=15488&promo_cat_id=2)

## Observed promotional activity



## Recent Lancôme promotional activity

April 29, 2013	Did you enter the #LancômeLovesNails Instagram Contest? Instagram your best Classic & Charming wedding-inspired nail look to win our bridal nail collection. (Here in Lilac Love by Fierce Makeup and Nails <a href="http://bit.ly/17tRJaq">http://bit.ly/17tRJaq</a> )
April 19, 2013	Exclusively on Lancôme.com: Personalize your 7-piece gift with any \$60 online purchase. <a href="http://bit.ly/11sRBTt">http://bit.ly/11sRBTt</a>
March 27, 2013	When was the last time you could get our Number 1 products for only \$75 with free shipping and handling (\$134 value)? Tune into <a href="#">HSN</a> to learn more!
March 26, 2013	Celebrate spring with the favorite women in your life! Receive a complimentary brunch with any La vie est belle purchase. Who will you treat? <a href="http://bit.ly/YhKjqn">http://bit.ly/YhKjqn</a>
March 18, 2013	For 2 days only: Spend \$60 on Lancôme.com and receive this exclusive 6 piece gift along with a cosmetic bag and free shipping. (\$120 value) See more here: <a href="http://bit.ly/Ymt810">http://bit.ly/Ymt810</a>  <a href="#">Rent The Runway</a> is giving away a DREAM PROM with a celebrity performance, fashion & makeup to 1 high school affected by Hurricane Sandy.
March 14, 2013	Tomorrow 3/15 is the submission deadline. Enter here: <a href="http://rtr.cm/Ye8q3q">http://rtr.cm/Ye8q3q</a>  Who will you share this with?
March 6, 2013	Only 3 days left to treat yourself! Get a Color Design Quad for \$21.50 (\$43 value) with a purchase of any mascara at select Lancôme counters until March 9th! <a href="http://bit.ly/WmxtAK">http://bit.ly/WmxtAK</a>
February 17, 2013	Love fashion? Win \$2,000 of designer Monika Chiang's fashion and the Lancôme Spring makeup collection. Enter to win: <a href="http://bit.ly/V3RalJ">http://bit.ly/V3RalJ</a>
February 1, 2013	Instagram your best nail look with #LancômeLovesNails for a chance to win a full set of Vernis in Love + be featured on Facebook! <a href="http://bit.ly/11b8N5t">http://bit.ly/11b8N5t</a>

## Observed promotional activity



## Recent Olay promotional activity

April 28, 2013	Attention Olay fans: Starting today through June 30th, get \$10 off when you spend \$30 on some of your favorite products at Olay.com! <a href="http://www.olay.com/olay-coupons">http://www.olay.com/olay-coupons</a>
April 26, 2013	Think pink! Our award winning Pro-X Advanced Cleansing System just got a makeover. Score one for less with the coupon in your Sunday paper.
April 2, 2013	Get a FREE sample of Fresh Effects {Shine, Shine Go Away!} now! <a href="http://social.olay.com/KQC">http://social.olay.com/KQC</a>
April 17, 2013	Haven't tried Olay Fresh Effects yet? Now is your chance! We're offering a FREE sample of {Shine, Shine Go Away!} cleanser, which deep cleans to purify and refresh your skin! <a href="http://social.olay.com/KQC">http://social.olay.com/KQC</a>
March 15, 2013	March into the new month with your best face forward. Our friends at CVS/pharmacy are here to help! Check out their sale prices on Olay starting this week and use your CVS/pharmacy Extra Care card for a big savings. Make your savings even bigger by following this link <a href="http://www.cvs.com/pgbeautyrebate">www.cvs.com/pgbeautyrebate</a> to a \$15 rebate when you buy \$50 of P&G Beauty products.
March 1, 2013	Do you love Olay Pro-X as much as we do? Are you interested in collaborating with us on the next big skin breakthrough? Well, the experts on Olay Pro-X want to hear from you! Who knows, your 'big idea' might impress them so much, that it could win you a cool \$5,000! <a href="https://www.cocreate-pg.com/contest.php?id=15">https://www.cocreate-pg.com/contest.php?id=15</a>
Feb 21, 2013	Calling all bargain hunters! Save 50% on P&G's Red Carpet Collection, including our Regenerist Eye and Lash Serum Duo, featured today on Good Morning America! Click here to buy: <a href="http://social.olay.com/5OG">http://social.olay.com/5OG</a>
Feb 12, 2013	Last minute Valentine's date? Olay will cover overnight shipping on your Rent The Runway order and send you a free full-size sample of Regenerist Eye & Lash Duo! Just use discount code: OLAYVDAY. <a href="http://social.olay.com/rF5">http://social.olay.com/rF5</a>
Feb 9, 2013	Get gorgeous for V-Day with Olay and Rent the Runway! For a limited time, get 20% off your rental plus a sample of Regenerist Micro-Sculpting Eye & Lash Duo. Use discount code: OLAYVDAY <a href="http://social.olay.com/3uG">http://social.olay.com/3uG</a>

# News and reviews

Brand, corporate and market news

Reviews

Consumer videos and comment

## Topline insights about news and reviews

## News & Reviews – Key Insights

- Avon launched its ANEW Clinical Absolute Even Multi-Tone Skin Corrector and named Lauren Andersen as its Global Celebrity Makeup Artist. The company's turnaround continues to receive attention and new CEO Sheri McCoy is reportedly looking to modernize its direct sales
- P&G says it plans a major overhaul, including a roll out of a reformulated line of Olay Regenerist beauty products
- Recent reviews of Estée Lauder Resilience Lift, Firming/Sculpting Face and Neck Creme have been mostly negative (misleading promotions, dubious research claims)
- Commentary about Avon's Anew Clinical ThermaFirm Face Lifting Cream was mostly negative (allergic reactions, 'lackluster formula', use of methyl lactate a potential 'irritation')
- Lancôme Rénergie Lift Multi-Action Lifting & Firming Cream was met with mixed reviews ('a nice thick cream', 'I would recommend it'...but also 'very expensive', 'disappointing')
- Olay Regenerist Micro-Sculpting Cream had mixed comments ('it breaks me out', 'kind of like a gummy mask', 'very similar formula to before',... but also 'my skin never felt or looked softer')

## Recent brand, corporate and market news

ESTÉE LAUDER

## Brand news

None

## Corporate news

May 2, 2013 [The Estée Lauder Companies Reports Solid Fiscal 2013 Third-Quarter Results](#)

## Market news

['Stress Sweat' and Other Problems You Never Knew Existed](#)

Advertising Age  
March 5, 2013

...Scientists long have known that air pollution damages skin, but Estée Lauder recently "developed a new testing methodology which helped us better understand how existing anti-aging technology helps improve the appearance of damage caused by environmental assaults," said Charisse Ford, senior VP-global marketing at Estée Lauder, in an email. That led to Advanced Night Repair Eye Serum, which has seen strong sales since it hit the market in the U.S. 10 weeks ago, she said.

[Estée Lauder M.A.C. Driving Sales From Nigeria to Brazil](#)

Bloomberg  
March 5, 2013

...M.A.C. is already the best-selling high-end makeup in India, Brazil, South Africa and Turkey, according to the company. The brand's tony stores are a revelation in nations such as Nigeria, where Western-style retailers are so scarce that wealthy shoppers are forced to search out upmarket brands on trips overseas. Once M.A.C. has a foothold in a market, Estée Lauder sends in its other brands such as Clinique and Aveda.

## Recent brand, corporate and market news

A V O N

## Brand news

- March 21, 2013 [Avon Names Lauren Andersen Global Celebrity Makeup Artist](#)  
Avon Products Inc. names Lauren Andersen Global Celebrity Makeup Artist. In the role, Andersen will serve as a global spokesperson for the Avon Color brand, share beauty tips and trends in the Avon Brochures and create beauty videos for Avon's YouTube Channels. Lauren will play an integral role in debuting the newly revamped Avon Color line, launching summer 2013.
- March 15, 2013 [Introducing Avon ANEW Clinical Absolute Even Multi-Tone Skin Corrector](#)  
ANEW Clinical Absolute Even Multi-Tone Skin Corrector dramatically reduces the look of seven types of discolorations.
- February 7, 2013 [ANEW Clinical Pro Line Eraser Treatment with A-F33 Earns Two Prestigious Honors in U.S.](#)  
Avon's latest anti-aging breakthrough has received top honors from two of the most well-recognized beauty publications in the U.S.:
- Allure magazine named ANEW Clinical Pro Line Eraser Treatment with A-F33 a 2012 Best of Beauty Best Breakthrough. The annual list features the year's most innovative products.
  - ANEW Clinical Pro Line Eraser Treatment also received a 2012 Beauty INC. Award from Women's Wear Daily, earning the honor of Mass Skin Care Product of The Year for 2012.

## Corporate news

- April 8, 2013 [Avon plans to cut over 400 jobs, exit Ireland](#)

## Market news

- Zacks Equity Research  
April 9, 2013 [Avon's Cost-Saving Plans on Track](#)  
The distressed global beauty company, Avon Products Inc. (AVP) has moved ahead with its previously announced target of bringing down costs by \$400 million through 2016. The company has laid down plans to cut about 400 jobs globally and close down operations in Ireland. Apart from this, Avon also intends to either restructure or cease its operations in some underperforming markets mainly in Europe, the Middle East & Africa region.
- Bloomberg  
February 25, 2013 [Avon Turnaround Takes Modern Look at Direct Selling \(Video\)](#)  
Bloomberg's Sheila Dharmarajan examines the turnaround plan of Avon CEO Sheila McCoy, who laid out her strategy of embracing technology with mobile applications, putting brochures online and adding more profitable home and fashion products to boost earnings. She speaks on Bloomberg Television's "In The Loop."
- New York Times  
Feb 2, 2013 [Wall St. Is Pounding on Avon's Door](#)  
SOME C.E.O.'s are tough acts to follow. Andrea Jung isn't one of them. Ms. Jung ran Avon Products for 13 years and, by the time she left as chairwoman in December, this venerable beauty products company didn't just need a makeover — it needed a full-body lift.

## Recent brand, corporate and market news



## Brand news

[Lancôme Announces Partnership With Visionary Jason Wu](#)

Feb. 1, 2013 Lancôme is thrilled to announce its partnership with highly celebrated fashion designer, Jason Wu. With a self-proclaimed adoration for women and enhancing the female form, his talent is a natural fit for Lancôme, a brand symbolic of the ultimate in femininity with modern sensibilities.

## Corporate news

[L'Oréal invents the luxury beauty of tomorrow in China](#)

April 10, 2013 L'Oréal reaffirms its commitment to developing the luxury beauty market in China at a press conference held today in Shanghai. The market leader and pioneer in luxury beauty in China laid out its plans for attracting the next generation of Chinese luxury consumers, namely with the introduction of game-changing innovations like the successful launch of instrumental beauty leader, Clarisonic, in January 2013 and the highly anticipated opening of the new Yves Saint Laurent Beauté boutique in May 2013.

[L'Oréal Unveils New Research & Innovation Center In India](#)

January 10, 2013 L'Oréal, one of the region's fastest-growing beauty companies, accelerates product development for the Indian market thanks to state-of-the-art R&I facilities.

## Market news

[L'Oréal Eats Into P&G's China Lead With Mushroom Lotions](#)

Bloomberg  
March 22, 2013 At L'Oréal's Shanghai research center, more than 260 scientists working with skin cells and test tubes tailor products from lipsticks to shampoos for Chinese shoppers. This year's offerings: a cosmetic balm for Chinese men looking to mask face blemishes, and skin serums made from white fungus, ginseng, and cordyceps -- a type of parasitic mushroom widely used as a herbal remedy...

[Watch Kate Winslet Slow Blink in New Lancôme Ad](#)

New York Magazine  
March 6, 2013 [Rock'n'Roll](#) seems to be suiting her well because damn, Kate Winslet is looking pretty phenomenal these days. She recently did a photo shoot with photographer Miguel Reveriego for [Lancôme's](#) latest skincare launch, Rénergie Lift Multi-Action Reviva-Concentrate (available next April), featuring pale grey eyeshadow and crimson lips.



## Recent brand, corporate and market news



## Brand news

None in last three months

Latest: November 26, 2012, [Procter & Gamble Offers Products to Preserve Aging Hair](#)  
New Pantene and Olay Products the Result of Extensive Clinical Research

## Corporate news

May 2, 2013 [The Mommy Effect – How Mom’s Everyday Actions Make a Meaningful Difference](#)  
This Mother’s Day, P&G honors Moms by inviting you to share your mom’s everyday act of love. Every Mom has one – her own little signature act of love that simply speaks volumes. It may be that she knows precisely when and how a favorite blanket needs to be washed to make it soft and fresh again. Or that she can gently wipe little hands and faces clean, no matter what kind of mess they’ve gotten into.

April 26, 2013 [Crest, Febreze, Olay Crack Top 10 On IRI New Product Pacesetters List](#)  
Procter & Gamble continued its long history of leadership innovation launching three of the most successful new products of 2012. Crest Complete Multi Benefit (#5), Febreze CAR Vent Clips (#8) and Olay Body Collections (#9) placed in the Top 10 of IRI’s New Product Pacesetter list for the non-food product category.

## Market news

USA Today  
March 1, 2013 [P&G reboots its Olay Regenerist line](#)  
In a major overhaul of a top-selling brand, Procter & Gamble is rolling out a reformulated line of Olay Regenerist beauty products to boost sales in the fiercely competitive, \$60 billion-a-year skin-care business...

## Recent online product reviews

ESTÉE LAUDER

## This section brings together recent online reviews about the target Estée Lauder product

Product covered: Estée Lauder - Resilience Lift, Firming/Sculpting Face and Neck Creme

Note: as a user of this service you specify the products you want us to cover



Reviewer	Most Recent Activity	Selected Comment	Average Rating
MakeupAlley	Not reviewed		
Amazon	January 27, 2013	<b>Most helpful comment:</b> If you thought you were getting a good deal on a full sized jar of this moisturizer, you are mistaken. It is 6 jars of the gift with purchase .5oz jars. Yeah it equals out to be the same amount, but they mislead you into thinking you are getting the bigger jar. I am keeping it because I don't want to waste my time returning it.	2.0
Paula's Choice	January 15, 2013	<p>While this facial moisturizer with sunscreen uses “neck” in the name, in truth, you should be able to apply any well-formulated facial moisturizer with sunscreen to your neck, too (and chest, if this area of skin will be exposed to daylight). Regrettably, this isn't a well-formulated product, at least not from the sunscreen angle.</p> <p>To provide the best broad-spectrum protection, any SPF-rated product should contain one or more of the following active ingredients: titanium dioxide, zinc oxide, avobenzone, Mexoryl SX (ecamsule), or Tinosorb. Without at least one of these, your skin isn't getting sufficient UVA protection, so it remains vulnerable to the sun's most aging rays. Actually, it's a strange misstep for Lauder, as they typically get the UVA element right.</p> <p>Although this emollient moisturizer contains some good ingredients for dry skin, the plant extracts and antioxidants it contains won't remain stable due to the jar packaging. Please see More Info for details on the problems jar packaging presents. The Paula's Choice Research Team never recommends products packaged in jars, but we've found you plenty of brilliantly formulated options that come in light- and air-proof packaging on our Best Moisturizers list.</p> <p>As for Lauder's claims about this product, there is no reliable research proving plankton extract and the mineral malachite can stimulate collagen and elastin production. Even if they could, the lack of reliable UVA protection in this product would undermine any repairing effect, leaving skin's supportive elements vulnerable to more damage. Besides, stimulating skin's collagen and elastin with the goal of lifting skin does not work if your sagging is from gravity, bone loss, or other age-related changes, which are beyond the control of skin-care products.</p> <p>There is no research showing that the mineral malachite and mimosa can do anything anti-aging for your skin, although there is some intriguing research on the wound-healing properties of mimosa bark; however, it's important to note that wrinkles aren't the same as wounds (Sources: Journal of Ethnopharmacology, July 2009, pages 391–396, and September 2007, pages 400–408). The wound-healing properties are due in part to the plant's high tannin content, yet here's the irony: Tannins can have a constricting effect on the skin, causing irritation that may hurt its ability to look and act younger.</p>	Poor
Sephora	Not reviewed		

## Recent online product reviews

AVON

## This section brings together recent online reviews about the target Avon product

Product covered: Avon - Anew Clinical ThermaFirm Face Lifting Cream

Note: as a user of this service you specify the products you want us to cover



Reviewer	Most Recent Activity	Selected Comment	Average Rating
<a href="#">MakeupAlley</a>	March 25, 2013	<p><b>Most recent comment:</b> I don't know what is in the product that did it but I opened the sealed package last night and applied it on my face and neck. I didn't do an allergy test on it since I've been using other Clinical products for years. I had a severe allergic reaction to this product. I woke in the middle of the night with my face and neck itching so bad I couldn't sleep. The next morning my face was so swollen and red I couldn't stand it. I ended up at the Urgent Care clinic for a Benadryl and steroid shot.</p> <p>If anyone has ANY ideas of what could have caused this please let me know. I called Avon directly this morning and unfortunately the young lady that answered couldn't speak English very well. I missed a day of work and now I'm scared to try anything else since I don't know what is in the product that would have caused such a reaction.</p> <p>Just be very cautious using this particular product from Avon. Everything else from the company I love, just not this!!!!</p>	3.2
<a href="#">Amazon</a>	April 29, 2013	<p><b>Most helpful comment:</b> Wonderful product! I've been using this facelift cream for several years and it's amazing how quickly it works to tighten and "lift" the skin - you'll see a noticeable difference in days.</p>	4.0
<a href="#">Paula's Choice</a>	April 8, 2013	<p>In case the name of this product wasn't obvious enough, it's designed as an alternative to Thermage treatments. Thermage is a cosmetic corrective procedure that uses radiofrequency energy to heat skin, causing a controlled, nonablative wound that stimulates new collagen production. It is a viable option for tightening skin and smoothing the appearance of wrinkles, and the results continue to improve as more is learned about how to perform the procedure to get the best results.</p> <p>Does Avon's alternative even come close to mimicking the effect of Thermage? Not in the least. This is a surprisingly lackluster formula for a cream advertised as having "potent ingredients." It consists primarily of water, slip agents, triglyceride, several thickeners, shea butter, film-forming agent, preservatives, several plant extracts, minerals, and a tiny amount of vitamin E. Avon refers to this as their "most advanced and powerful facial lifting product ever." Well, it isn't, at least not from any published research, or any research Avon is willing to part with, and not in comparison to other products Avon sells. At best, this is a decent moisturizer for someone with normal to slightly dry skin, but the menthol derivative (menthyl lactate, used in a small amount to create the impression that the product is doing something) isn't the best for any skin type. In fact, the irritation this can cause (and other irritants like fennel don't help, either) can hurt skin's healing process and ability to produce healthy collagen. Your skin deserves better than this!</p> <p>Lastly, we wish this wasn't the case, but this product cannot lift sagging skin. The multiple factors that cause skin to sag (sun damage, muscle laxity, hormonal shifts, gravity, bone loss) cannot be addressed by skin-care products or any single ingredient or blend, regardless of how exotic or scientific they seem. The only solution for sagging skin is cosmetic corrective procedures (including Thermage) or cosmetic surgery.</p>	Poor
Sephora	Not reviewed		

## Recent online product reviews



### This section brings together recent online reviews about the target Lancôme product

Product covered: Lancôme - Rénergie Lift Multi-Action Lifting & Firming Cream

Note: as a user of this service you specify the products you want us to cover



Reviewer	Most Recent Activity	Selected Comment	Average Rating
MakeupAlley	April 12, 2013	<b>Most recent comment:</b> I received this with GWP. It is a nice thick cream. This is going to sound weird but it almost makes my skin too soft. It does work that well but I wouldn't use it for everyday. I think (for my skin anyway) it would be great after a day spent outside in a Canadian winter where your skin is wind burned and chapped. It is more of a cream that I would use sparingly. One great thing is that it is so thick and doesn't break me out.	4.7
Amazon	March 13, 2013	<b>Most helpful comment:</b> This Muti Action Lifting and Firming Cream for day use is very creamy and goes on so nicely. It also has an SPF 15 and I would recommend it be used along with the Rénergie Night Cream.	5.0
Paula's Choice	January 16, 2013	<p>This very expensive moisturizer from Lancome essentially takes cues from many of their other moisturizers which make all manner of anti-aging claims. The problem? None of them are all that exciting and definitely not worth the cost. Rénergie Lift Multi-Action Night contains emollients to make dry skin feel smooth and soft, but that's about all it can reasonably do. The formula contains a few anti-aging ingredients, but none of them are present in the amounts they should be if your goal is younger-looking, firmer skin.</p> <p>It's disappointing yet par for the course with Lancome that artificial coloring agents are present in higher concentrations than most of the antioxidants and the peptide this contains. Also disappointing is the jar packaging, because once opened it won't keep the light- and air-sensitive ingredients this contains stable during use. Talk about not getting your money's worth!</p> <p>What about tightening and lifting skin? Many skin-care products claim they can firm and lift skin, but none of them work, at least not to the extent claimed. A face-lift-in-a-bottle isn't possible, but with the right mix of products, you will see firmer skin that has a more lifted appearance—and that's exciting! In order to gain these youthful benefits, you must protect skin from any and all sun damage every day, use an AHA (glycolic acid or lactic acid) or BHA (salicylic acid) exfoliant, and use products that have a wide range of antioxidants and skin-repairing ingredients. This combination of products (remember, one product doesn't do it all) has extensive research showing how they can significantly improve many of the signs of aging such as firming skin, reducing wrinkles and brown spots, and eliminating dullness.</p>	Poor
Sephora	Not reviewed		

## Recent online product reviews

OLAY®

## This section brings together recent online reviews about the target Olay product

Product covered: Olay - Regenerist Micro-Sculpting Cream

Note: as a user of this service you specify the products you want us to cover



Reviewer	Most Recent Activity	Selected Comment	Average Rating
<a href="#">MakeupAlley</a>	March 27, 2013	<b>Most recent comment:</b> This product is so filmy after it dries. I rub my face and gunky balls of the moisturizer start coming off. Terrible over makeup. I want the anti-aging benefits so I use it even though it breaks me out. I don't know if it's anti-aging my skin but I'm using it in hopes that it will. Causes severe pimples and severe residue on my skin. Kind of like a gummy mask.	3.6
<a href="#">Amazon</a>	May 2, 2013	<b>Most helpful comment:</b> I am 51 years old and have tried my fair share of anti-wrinkle creams in my time. Yes, I've even tried the more expensive brands that claim to be worth every penny of the 100+ dollars you're asked to dish out for a 6 oz container. These premium brands, as they like to call themselves, are not bad. At least the one's that I have tried do work pretty well. My fine lines were diminished, wrinkles seemed to smooth out, and my skin never felt or looked softer. However what has me kicking myself is that for the past year I've been using Olay along with retinol cream (Retinol Cream (Vitamin A) - 2 oz. + FREE St. Ives Renewing Collagen Elastin Advanced Body Moisturizer Gift Set) which btw literally makes fine lines disappear within two weeks of daily use and the results were not at all different from my experience with the premium department store brands. So, even with the higher price tag of these more expensive creams and their claims of far superior ingredients, I still can't say that it has actually prevented wrinkles or fine lines any better than the creams at a fraction of the price. So save your money because these less expensive creams are just as good if not even a little better.	4.0
<a href="#">Paula's Choice</a>	January 29, 2013	Regenerist Micro-Sculpting Cream purports to be the result of 50 years of Olay research, so you'd expect this to be a breathtakingly unique formula. It's not, and in fact it's very similar to all of the other Regenerist moisturizers and serums (we can't imagine what Olay was doing for 50 years, because if this is all they came up with that would not be something to brag about).  Increasing hydration can make skin cells plump, but that doesn't restore volume to a face that is sagging due to the complex process of aging. In other words, despite the name, this is not a face-lift in a jar. Actually, the jar packaging does a disservice to the range of antioxidants in this product (it does contain more antioxidants than many Olay products). That leaves you with a decent lightweight moisturizer for normal to slightly dry skin.	Average
Sephora	Not reviewed		

## New videos where consumers talk about competitor products

ESTÉE LAUDER

This section brings together recent consumer created video reviews about the target Estée Lauder product

Product covered: Estée Lauder - Resilience Lift Firming/Sculpting Face and Neck Creme

Note: as a user of this service you specify the products you want us to cover



Dec 12, 2012

[Estée Lauder Review](#)

550 views



April 22, 2013

[Mila Kunis Prom tutorial](#) (Estée Lauder Resilience Lift Moisturizer)

80 views



April 15, 2013

[Spring/ Summer Luminous Foundation Routine!](#)

77 views



April 23, 2013

[MakeUPbyKIANI Skin Care Treatment](#)

32 views

## New videos where consumers talk about competitor products

A V O N

**This section brings together recent consumer created video reviews about the target Avon product**

Product covered: Avon - Anew Clinical ThermaFirm Face Lifting Cream

Note: as a user of this service you specify the products you want us to cover



*None available*

## New videos where consumers talk about competitor products

LANCÔME  
PARIS

**This section brings together recent consumer created video reviews about the target Lancôme product**

Product covered: Lancôme - Rénergie Lift Multi-Action Lifting & Firming Cream

Note: as a user of this service you specify the products you want us to cover



*None available*



## New videos where consumers talk about competitor products

OLAY®

This section brings together recent consumer created video reviews about the target Olay product

Product covered: Olay - Regenerist Micro-Sculpting Cream

Note: as a user of this service you specify the products you want us to cover



March 13, 2013 [Olay regenerist micro sculpting cream review](#)

39 views



March 12, 2013 Olay Regenerist microsculpting cream product review

49 views

# NPD and innovation

## R&D investment

Company comments about R&D plans

Company comments about innovation

Media commentary on innovation

Company comments on new products

New products

Recent trademark activity

## Topline insights about NPD &amp; Innovation

## NPD & Innovation– Key Insights

### R&D

- L'Oreal continues to have the most impressive R&D spend as a share of sales, substantially greater than its competitors. P&G is being criticized for insufficient R&D spend, with questions surrounding its ability to develop truly innovative products. Still, its spend as a share of sales is over double those of Estée Lauder and Avon.
- All companies profess to be committed to investing in innovation although Avon's emphasis seems to be on how to take its innovations to market better.
- Emerging themes are the need to engage consumers in the innovation process and the growing importance of innovating just for markets in Asia, especially China.

### New Products

- Estée Lauder and L'Oreal have the strongest new skincare product launches. The Estée Lauder brand benefited from recent launches of Perfectionist CP+R, Advanced Time Zone, Advanced Night Recovery Eye Serum Infusion and the Optimizer line of products. In May it will be rolling out its Estée Lauder Nutritious line.
- Avon launched its ANEW Clinical Absolute Even Multi-Tone Skin Corrector and introduced products under its Avon Elements brands. It promises launches for the second half of the year.

## Topline insights about NPD & Innovation

### ...NPD & Innovation– Key Insights

#### ...New Products

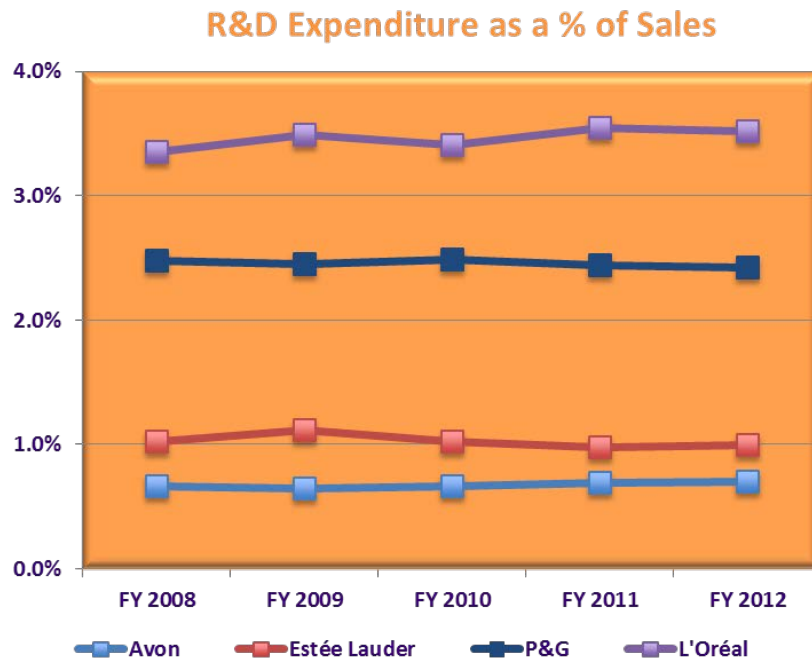
- Lancôme introduced Rénergie Multi-lift Reviva-Plasma and Teint Visionnaire.
- P&G is refreshing its Regenerist line (the biggest change to Regenerist since it launched a decade ago) and introduced its new Olay Regenerist Micro-Sculpting Cream. The full line up will be available by fall. P&G also introduced Total Effects CC Cream and Olay Fresh Effects.

#### Trademark filings

- Trademark filings can indicate future intent of new products. On March 20, Estée Lauder filed for ESTEE LAUDER BEAUTIFUL BLUSH for possible use in skincare (at this point beautifulblush.com is unregistered).
- On February 14, Lancôme filed for WOMEN COME TO LANCOME TO BE MORE BEAUTIFUL, THEY LEAVE HAPPIER (note: leavehappier.com was registered December 12, 2012; bemorebeautiful.com was registered March 8, 2013. Both are currently for sale). Its mark LANCOME SUPER SERUMS was published for opposition April 18.

## R&amp;D Investment

## R&amp;D spend as a percentage of sales has been fairly constant



- L'Oréal consistently invests considerably more than its competitors in R&D as a % of sales
- L'Oréal invests 45% more per unit of sales than P&G and 5x the amount that Avon does
- Moreover, because L'Oréal is more concentrated in the beauty business than P&G (which also manufactures household care products, pet food and batteries), it likely secures greater synergies from its spend
- P&G has seen a slight decline in its R&D spend as a share of sales in recent years. However, over the longer term, P&G's spend as a share of sales has fallen more dramatically (from a peak of 5% in 1999) and this has been a source of criticism for the company

## What are companies saying about their R&D activity and plans?

### Confident of R&D abilities. Is investing heavily in research and innovation and specially for skin care that it sees as its 'core'

*"...Our significant capabilities in product development and blue sky innovation, particularly at our R&D centers in Tokyo and Shanghai, are focusing on creating more products in these segments [skin care and face products], with a strong emphasis on local consumer relevance backed by increasing investments in consumer insights". – Fabrice Weber, The Estée Lauder Companies Inc. - President of Asia-Pacific, Q2, 2013 Earnings Call Transcript, Feb 5, 2013*

#### Estée Lauder

*"I want to outline our strategic vision for R&D and innovation. We are committed to building our strong track record in this field. We want to create a robust portfolio and pipeline of products. We want to fuel growth for short-term, near-term and long-term. This is our global R&D organization. It's 7 technical centers across 3 continents.*

*Our core is skin care. And we complement this core of skin care with external networks and ecosystems, partners, universities and other sources of technology to complement our strong focus on skin care. We leverage these global capabilities to win, focused on developing locally relevant products. We test with the most demanding consumers in the world, whether it's Shanghai or Paris. And third, we want to develop this for bigger and better launches. We are a creativity-driven company and consumer-inspired. Our global creativity is built on product development teams with each one of our brands that work together with creatives, R&D and technology for a network of creativity and innovation." – Carl Haney - Executive Vice President of Global Research & Development, Corporate Product Innovation, Package Development, The Estée Lauder Companies Inc. 2013 Consumer Analyst Group of New York Conference Feb 22, 2013*

### Believes it has a strong R&D heritage but hasn't leveraged it in the marketplace. Needs to better fold in consumer proposition

*"We have a great history of innovation. One of the things that I was delighted to see when I joined Avon was our R&D capabilities. Very strong innovation capabilities both from a science standpoint and technology standpoint. And if you look at the cadence of what we've done over the years, we have some great new technologies. Where we've fallen short is really the cadence of innovation in terms of have we made the breakthrough ideas big enough? Have we appropriately marketed them and merchandised them? And have we put the appropriate pricing in so that we are getting the price that we need and making sure the representatives get the earnings?"*

#### Avon

*So as we move forward, it's not about the science and technology, it's about making sure that we have the consumer proposition tied with the science and technology in the appropriate way. – Sheri McCoy, CEO. (Transcript of Avon Products Inc. Presents at 2013 Consumer Analyst Group of New York Conference, Feb-21-2013)*

## What are companies saying about their R&D activity and plans?

**No mentions in call transcripts although R&D is known to be a focus of the company** (see note below)

### Lancôme (L'Oréal)

January 2013, L'Oréal opened its Research & Innovation Centre at Mumbai : *"The new Research & Innovation Centre at Mumbai is a fantastic asset which is going to allow us to accelerate in the conquest of the Indian market but also to innovate from within India itself. It has a dual purpose: firstly to adapt our global technology to the very precise needs of Indian consumers, but also to invent new products inspired by observing local beauty rituals, natural ingredients and ayurvedic traditions."* – Pierre-Yves Arzel, Group General Manager L'Oréal India

*"For L'Oréal, beauty is above all a scientific adventure. This conviction is expressed in the central role played by its Research & Innovation Division, to imagine and create the products of tomorrow".* – company website

**Has increased R&D spend in the past three years and is committed to maintain ability to innovate**

### Olay

*"...we've increased the spending on research and development the past three years, we're going to continue to make sure that we're building the capability to keep that innovation going..."* Bob McDonald, CEO CFO (Q3, 2013 Earnings Call Transcript, April 24, 2013)

*Note: At the time this document was prepared, L'Oréal's English website was giving errors for its Research & Innovation news pages*

## What are competitors saying about their innovation activity and intent?

### Estée Lauder

*"...when you add up our skin care innovations in the United States, 17 of the top 20 SKUs are ours."* – Carl Haney - Executive Vice President of Global R&D , Corporate Product Innovation, Package Development, 2013 Estée Lauder CAGNY presentation, Feb 22, 2013

*"...we are going to work now in acceleration innovation in skincare and makeup to accelerate growth and we are going to be more active in fragrance to start growing also in the Fragrance category".* – Fabrizio Freda, CEO. Q3 2013 Earnings Call Transcript, May 2, 2013

Regarding Innovation: *"..., we will continue to focus on Estée Lauder brand and Clinique as much as we can. We have a fantastic innovation program for both brands in the future three years, which is leveraging our compass analysis, meaning the areas of fastest growth in the world, and leveraging our best technologies."* – Fabrizio Freda, CEO, Feb 5, 2013

*"We also need to improve our innovation, marketing, and merchandising programs so that consumer pull helps drive the business"* – Sheri McCoy, CEO. (Q1 2013 Earnings Call Transcript, April 30, 2013)

### Avon

*"The area that I'm probably the most disappointed in, in terms of our overall performance, is skincare. Because if you look at our products, I mean, we have terrific products. I mean, I feel very good about our innovation."* – Sheri McCoy, CEO. (Q1 2013 Earnings Call Transcript, April 30, 2013)

*"All these innovations enabled the division to make historic breakthroughs in haircare, hair colourants and facial skincare, both in Western Europe and North America."* – Q1 2013 Results Press Release, April 18, 2013

### Lancôme

Conference call on 2012 results (Feb 12, 2013): *"Thanks to its lead in terms of scientific innovation, Lancôme continues to accumulate real breakthrough product, such as Genifique Light Pearl Yeux and its revolutionary applicator rewarded by the Marie Claire, Prix D'Excellence, it joins a long list of great iconic products from Lancôme in the antiaging area. The brand continuing to climb the luxury scale and broken through in the premium segment with its Absolué range, whose flagship products, Absolué L'Extrait has won acclaim from Asian users."* – Jean-Paul Agon - Chairman, CEO

*"We've introduced 30 new category country combinations this year and we're going to continue to do that... So we're expecting sequential improvement in the top line driven by innovation. And we're expecting continued sequential improvement in market share just as we tried to indicate with this quarter's report".* – Bob McDonald, CEO

### Olay

*"...We're continuing to invest in innovation, we've increased the spending on research and development the past three years, we're going to continue to make sure that we're building the capability to keep that innovation going. And the results in the marketplace are demonstrating that we're executing with excellence today more so perhaps than the previous periods you were talking about.."* – Bob McDonald, CEO



## What is the media saying about competitor innovation activity?

### [Estée Lauder Dream Team Talks Innovation](#) (beautyfashion.com, April 18, 2013 )

Cosmetic Executive Women (CEW) hosted a Women and Men in Beauty Series event entitled “*The Estée Lauder Companies’ Dream Team: Beauty Product Innovators*” which included a panel of Estée Lauder’s top innovators. beautyfashion.com gives these highlights:

- A beauty product is innovative when it is able to sustain the waves of change and adapt to what consumers want
- On consumer influence on product development: “*Our consumer’s voice is so important to us because they are incredibly engaged. We want to be inspired by them.*” – Anne Carullo, senior vice president, global product development, Estée Lauder and Tom Ford Beauty
- On the importance of listening to instincts while brainstorming: “*My management team trusts my judgment. Part of good innovation is not being restricted by fear of failure. You reach greater heights of creativity that way.*” – Karyn Khoury, senior vice president, corporate fragrance development worldwide, The Estée Lauder Companies.

### [At Estée Lauder, a Brand Is Developed Just for China](#) (New York Times, September 24, 2012)

#### Estée Lauder

“Estée Lauder created a new brand for China, called Osiao (pronounced O-Shao). The product was developed at a company research institute in Shanghai and manufactured in Japan and the cosmetics line is aimed initially at customers in China and is scheduled to go on sale first in select specialty stores in Hong Kong.

Company researchers in China spent several years extensively studying different types of Asian skin and tested the Osiao products on several thousand women in Hong Kong and mainland China, as well as Japan and Korea.

...In fact, the company was so intent on developing an Asia-oriented brand that it kept Osiao under wraps — from both employees and competitors — for more than four years. IdeaBank, the Estée Lauder Companies’ in-house innovation unit, worked on the new line using a secret code name: “Project Flow.” The code name was a nod to the Chinese idea of ‘Qi,’ a mystical force that is sometimes translated as “energy flow.” Employees say they shredded Project Flow documents every night before they left the office.

Executives initially decided to dedicate the new brand to skin care — rather than perfumes, say, or color cosmetics like lipstick — because market research indicated that skin treatments were the most important category to Asian consumers. The company’s research institute in China identified further trends that helped influence the brand concept.

The brand’s in-store counters are designed to emulate traditional apothecaries, with wooden drawers and cabinets. To further that theme, first-time customers will be invited to sit down with a skin care adviser who will take them through a questionnaire and observation process that echoes the diagnostic techniques used by practitioners of traditional Chinese medicine. Afterward, the advisers will give clients suggested skin care regimens customized for their own skin type.”

## What is the media saying about competitor innovation activity?

### Avon

No commentary located

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#### [What Makes L'Oréal 'Worth it'?](#) (April 2, 2013, Euromonitor International blog)

"...Having beauty as its sole focus, L'Oréal is able to channel all its funds into the industry and benefit from greater synergies in comparison with some of its competitors, such as Procter & Gamble and Unilever, whose focus is more diluted. L'Oréal claims to invest approximately US\$800 million in R&D, accounting for 3.5% of its total revenue, and the company boasts of having created 130 molecules in the last 40 years. L'Oréal is also a prudent marketer, incorporating its R&D findings into breakthrough product developments. For example, Visionnaire, one of Lancôme's most successful skin care launches, was founded on the LR2412 molecule the company claims to have developed. The LR2412 molecule is said to contain retinoic acid which helps with the growth of cells while penetrating a deeper level of the skin."

#### [Formulating Innovative Anti-aging Skin Care: A Q&A with L'Oréal's Gabrielle Sore](#) (March 21, 2013, GCI Magazine)

"Gabrielle Sore, scientific communication director of skin care for L'Oréal Research and Innovation, talked with GCI magazine.

### Lancôme

How can skin care products better address aging?

"...Another approach is to repair or restore with molecules like Pro-xylane, a biomimetic active ingredient originally developed by Lancôme that induces and stimulates dermal and epidermal glycoaminoglycans and participates in reinforcing the dermal-epidermal junction. Another example is LR2412, a "jasmonate" also developed by Lancôme that acts on each level of the skin to aid in the fight against wrinkles, pore enlargement and other skin imperfections. Furthermore, to better address skin aging, skin care products can also be combined with devices or instrumental cosmetics, which permit to complete treatments at home.

... What are some new targets for cosmetic products?

There are several contributors to aged skin appearance. We will focus on four recent insights related to skin aging: the superficial dermis, the gene expression, the regenerative potential of stem cells and the skin glycobiology. Accounting for the clinical, histological and molecular characteristics of the superficial dermis make the upper part of the skin a key target.

The dynamics of gene response is a true signature of biological aging, far more accurate than chronological aging. Skin stem cells and their immediate micro-environment must be protected for life long benefits. Finally, carbohydrates can be considered as carriers of skin biological information and organization."

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## What is the media saying about competitor innovation activity?

[L'Oréal Unveils New Indian Research and Innovation Center](#) (January 10, 2013, cosmeticsandtoiletries.com)

"L'Oréal has inaugurated its new research and innovation (R&I) center in India, created to study Indian hair and skin specificities as well as the beauty routines and expectations of Indian consumers. L'Oréal plans to invest a total of €140 million in India from 2011 to 2016.

The Indian R&I center in India is the L'Oréal's sixth R&I hub globally (other locations include Europe, the U.S., China, Japan and Brazil, and these locations also work in coordination with global R&I teams based in France)..."

[L'Oréal concentrates on skin science development with new research centre](#) (December 18, 2012, cosmeticsdesign-europe.com)

### Lancôme

Following a string of facilities opening around the world, French firm L'Oréal has opened an Advanced Research Centre in A\*STAR's Institute of Medical Biology (IMB) to plug into the research environment in Biopolis and Singapore.

...The Lancôme brand owner says the decision was made to fit into its strategy to foster relations with local centres of scientific excellence and internationalize its research to be closer to consumers in support of its strategy to gain one billion new consumers over the next 10 to 15 years.

IMB shares the Paris-headquartered company's enthusiasm for the deal, and believes it could lead to an advancement of skin science for the benefit of skin care.

"This will allow us to tap on each other's strengths, to better understand Asian skin, which will bring many applications, from personal care to healthcare solutions," says professor Birgitte Lane, executive director of IMB.

"We welcome L'Oréal into the lively scientific community at Biopolis. They join a growing number of companies bringing their research into Biopolis, and will strengthen the healthy cluster of public-private open research partnerships that is developing here."

## What is the media saying about competitor innovation activity?

### [Procter and Gamble Fights to Keep Touching Consumers' Lives](#) (April 2013, blog by Ron Ventura)

In the past decade the ratio of R&D investment as % of sales continuously dropped from its peak of nearly 5% in 1999 to 3% in 2006 and 2.4% in 2011-2012. According to Bloomberg-BusinessWeek, this cutting back in R&D is explained not necessarily by reliance on external resources through Connect & Develop but mostly by decentralising and passing authority for R&D to heads of business-units who have put other priorities before investment in R&D.

### [The Board and the 'I' Word: Innovation Means Inventive Minds](#) (March 15, 2013, Blog by S. Caroline Schroder)

"...In 2004, a P&G executive told Fortune proudly that P&G had outsourced its "gobbledygook chemical synthesis problems" as global one-offs via InnoCentive.com... By 2011, Harvard Business Review proclaimed that "P&G Tripled its Innovation Success Rate". On top of a \$2 billion R&D budget, \$400 million went not to science but 'foundational consumer research'. Hardly science. Meanwhile P&G's top drove "inspirational" purpose downwards through staff and out to "improve" consumers. By 2013, Fortune reports that P&G has been fighting "brain drain", "innovation machine" shut down, 20% cut in net income, and loss of share in "2/3 of its markets". Worst, the board refused to hear top complaints as its members fought their own disasters, even an insider trading indictment (Gupta). CEO McDonald, a West Point educated engineer, hopes that a "culture of productivity" will revive company (and job)."

### [At Procter & Gamble, the Innovation Well Runs Dry](#) (September 6, 2012, BusinessWeek)

"...Lately, though, there's been a dearth of pioneering brands emerging from the world's largest consumer-products company. Spending on research and development in fiscal 2012 ended June 30 was \$2.03 billion, or 2.4 percent of sales, the same as the prior year and down from 3 percent of sales in 2006. P&G's most recent homegrown blockbusters—Swiffer cleaning devices, Crest Whitestrips, and Febreze odor fresheners—were all launched at least a decade ago. Says Peter Golder, a professor at the Tuck School of Business at Dartmouth College: "P&G is built on creating new categories, and innovation is in its DNA, but they need to rediscover it."

...In recent years, however, the company's product pipeline has been mainly focused on "reformulating, not inventing, products," says Victoria Collin, an analyst at Atlantic Equities in London. Among these are new scents of Tide for Eastern European markets and Secret deodorant's Natural Mineral line. As a result, analysts say P&G has lost customers in the U.S. and other developed countries, who've switched to cheaper products made by such rivals as Unilever, as well as store brands.

When former CEO A.G. Lafley took charge in 2000, he sought to increase the rate of product development by collaborating with outside partners who could help with everything from packaging to product design. Working with outsiders has enabled P&G to gain access to some important technologies, such as a wrinkle-reducing ingredient made by a French company, Sederma (CRDA), that's used in its best-selling Olay Regenerist skin cream.

But Lafley also decentralized R&D, making business-unit heads responsible for developing new items. R&D chief Brown says that inadvertently slowed innovation by more closely tying research spending to immediate profit concerns. Between 2003 and 2008, the sales of new launches shrank by half. By the time McDonald became CEO in 2009, the number of what the company considered to be big product breakthroughs had fallen to an average of fewer than six per year as unit heads focused on short-term results and smaller inventions, says Brown.

McDonald, who has acknowledged that the company's R&D has been "inadequate" in some product categories and regions, has now centralized 20 percent to 30 percent of P&G's research efforts. He also named Jorge Mesquita, already chief of its pet care and snacks businesses, as head of P&G's new business creation and innovation unit and given him responsibility for coordinating product launches.

Olay

## What is the media saying about competitor innovation activity?

One area of focus is beauty, where “we lost our way for a couple of years,” says Brown. That business, which includes deodorants, cosmetics, and hair care and made up 24 percent of P&G’s \$83.7 billion in sales in fiscal 2012, has been lagging competitors such as L’Oréal (OR) in product launches. (L’Oréal says it rolls out about 500 a year.)

McDonald has said he hopes cost-cutting will free up more money for product development. Yet the squeeze has forced P&G to make tough choices even when it does introduce appealing products. One example: Spending to support a popular new Olay hair removal product last year pulled money from other products, “so the base business lost more than this new thing gained,” Brown says.

Meanwhile, Unilever says it can roll out 10 new products in 60 countries in the same time it once took to introduce them in just 10 countries. Recent new products include Clear anti-dandruff shampoo and a Rexona deodorant that uses proprietary Motionsense technology to activate the product as the wearer moves...”

### [Why Some Think P&G's Innovation Is Slipping](#) (February 20, 2012, Advertising Age)

“...Analysts and investors are decidedly unimpressed with P&G these days. After making progress last year to get toward the top of its competitive set in top-line sales, the company has slipped back to near the middle in recent quarters. P&G lost share in categories representing 55% of its global business last quarter, as neither consumers nor competitors completely went along with price hikes. Over the past two years, P&G’s U.S. sales have risen only 3% and it’s stock price has been flat. Fed up, a handful of analysts doubt the power of P&G’s innovation machine and voiced concerns that the company is too big and too complacent.

... P&G has pumped up spending on R&D in the past two years, to more than \$2 billion -- 60% more than its closest competitor, Mr. McDonald said. It began stepping up investment and management structure to develop brands and categories three years ago, and it has more in the pipeline, though he wouldn’t disclose what. Innovation of this kind “takes time,” he said.

Realistically, P&G’s trademark filings are heavy on what appear to be closer-in line extensions. That’s a change from the turn of the millennium, when several new brand names were in the mix.

...Perhaps the most intriguing recent P&G trademark filings are for T@U, for removable or temporary tattoos. It appears to relate to a P&G patent for delivering drugs to the skin through tiny needles in a patch. The technology was originally part of P&G’s now-abandoned effort of several years ago to introduce Intrinsa, a female version of Viagra.

If T@2 works, it just might leave the lasting mark P&G is seeking.”

### [Making Ideas Work](#) (Winter 2012, Booz & Co.)

In an analysis of R&D investment and corporate growth Booz & Co. put P&G at #8 in its list of the most innovative companies. It added:

“...Need Seekers, such as Apple and Procter & Gamble, make a point of engaging customers directly to generate new ideas. They develop new products and services based on superior end-user understanding. Their goal: to seek out both articulated and unarticulated needs, and then to try to get their new products to market first.”

### Olay (continued)

## What are companies saying about their new product activity?

*"...here is a sampling of upcoming initiatives. **Clinique and Smashbox are introducing CC creams, with innovative technology. CC creams, which stands for color correcting, are among the most popular new products on the worldwide beauty scene.**" – Fabrizio Freda, CEO. Q3 2013 Earnings Call Transcript, May 2, 2013*

*"...Clinique gained substantial share in prestige anti-aging, with the launch of **Even Better**, which currently is the leading prestige hyperpigmentation franchise in EMEA. And **Clinique Chubby Stick** franchise has made a significant impact, leading to a greater share in the lips category and makeup overall." – Ivan Fernandez, President of EMEA. Q3 2013 Earnings Call Transcript, May 2, 2013*

### Estée Lauder

*"The **Estée Lauder brand** benefited from the recent launches of **Perfectionist CP+R, Advanced Time Zone, Advanced Night Recovery Eye Serum Infusion and the Optimizer line** of products, as well as higher sales of Advanced Night Repair Synchronized Recovery Complex". (Feb 5, 2013, Earnings Release)*

*Estée Lauder and La Mer brands won the prestigious Marie Clare Prix D'Excellence Award that honored the most innovative products of the year for their Revitalizing Supreme Anti-Aging Cream and their Moisturizing Soft Cream, respectively." – Fabrizio Freda, CEO. Q2 2013 Earnings Call Transcript, Feb 5, 2013.*

*"We do have new launches and some other things planned for the second-half." – Sheri McCoy, CEO. (Q1 2013 Earnings Call Transcript, April 30, 2013)*

### Avon

*[In the UK] we came out with our **AF33 skincare product** and did surround sound, we saw very, very strong performance. I think they had the best growth that we -- best new product, I think, in 10 years." – Sheri McCoy, CEO. (Q1 2013 Earnings Call Transcript, April 30, 2013)*

### Lancôme

*"...the quarter was marked by new initiatives such as **Rénergie Multi-lift Reviva-Plasma and Teint Visionnaire by Lancôme, Eau pour Homme and Eau de Nuit by Giorgio Armani, along with Rouge Volupté Shine and Forever Light Creator by Yves Saint Laurent. Urban Decay and Clarisonic** posted very good growth over the quarter." (Q1 2013 Results Press Release, April 18, 2013)*

### Olay

*"We've launched several new innovations including upgrades to our existing lines and new innovations would address key segments that we have portfolio gaps. Examples in United States, new **Olay Regenerist Micro-Sculpting Cream, Total Effects CC Cream, Olay Fresh Effects.**" Bob McDonald, CEO CFO (Q3, 2013 Earnings Call Transcript, April 24, 2013)*

## What new products have come onto the market?

# ESTÉE LAUDER

### New products launched in the US in Q1 2013

*Note: we have prepared the new products section using information available online but should you wish, we can use Mintel's GNDP*

#### No additions to the Estée Lauder - Resilience Lift line. Some other facial moisturizer launches by Estée Lauder:

##### **Advanced Time Zone** (available from December 26, 2012)

##### **Age Reversing Line/Wrinkle Creme Broad Spectrum SPF 15**

1.7oz US\$65.00

Look younger in just 5 days. Help rewind the visible signs of aging. Tested and proven: Skin looks dramatically smoother, fresher, less lined-fast. Our revolutionary Tri-HA Cell Signaling Complex™ helps skin boost its natural production of line-plumping hyaluronic acid by 182% in just 3 days.\*

Actively helps skin boost its natural support structure to visibly-and dramatically-reduce the look of lines and wrinkles.

##### 2 CREMES TO CHOOSE FROM

- Normal/Combination Skin creme is lightweight, silky, refreshing.
- Dry Skin creme is luxuriously emollient and velvety smooth.

##### FORMULA FACTS

- Dermatologist-tested
- Non-acnegenic



##### **Re-Nutriv**

##### **Intensive Age Renewal Crème** (available from October 2012)

1.7oz US\$190.00

Estée Lauder invents the first Re-Nutriv SuperCreme to re-energize skin's younger look in a powerful new way. Far more than a moisturizer, it combines proven repair serum benefits, RVF-10™ cell boosting technology and advanced hydration into a single skin-renewing breakthrough.

Now, dramatically reduce the look of lines and wrinkles. Reveal firmer, smoother, radiant looking skin.

Fine dry lines virtually vanish; wrinkles look distinctly reduced.

Skin feels smoother, more refined and renewed as firmness and elasticity are regained.

You'll glow with a healthy, radiant look of youth.

25 Patents Worldwide\*

##### FORMULA FACTS Dermatologist-tested

Non-acnegenic

\*Patents and patents pending.



## What new products have come onto the market?

# ESTÉE LAUDER

### New products launched in the US in Q1 2013

#### Planned May 2013 Release - Estée Lauder Nutritious Collection:

##### **Nutritious**

The Nutritious Collection, your total approach to skin's radiant health. Detoxify. Neutralize. Infuse. Recharge and renew your skin for a radiant, energized look every day. Pure Pomegranate Extract plus essential minerals and nutrients nourish and balance skin to help protect against environmental irritants.

- Nutritious Radiant Vitality 2-in-1 Foam Cleanser works as gentle foam cleanser or as weekly purifying mask.
- Nutritious Radiant Vitality Energy Lotion is a high-performance Treatment Lotion that infuses skin with comforting moisture.
- Nutritious Radiant Vitality Essence Oil is a daily radiance boost for your skin. Comforting natural lipids fortify and help protect skin against environmental assaults.
- Nutritious Radiant Vitality 2-Step Treatment includes a Detoxifying Clay Mask and a Nutrient Infusing Gel Mask.

##### **Nutritious**

##### **Vita-Mineral Moisture Crème**

1.7oz US\$60.00

Recharge and renew your skin for a radiant, energized look every day.

Pure Pomegranate Extract plus essential minerals and nutrients nourish and balance skin to help protect against environmental irritants.

Luscious creme formula delivers instant hydration that lasts all day and helps strengthen skin's moisture barrier.

Daily energizers amplify skin's natural ability to look healthy, awake and alive.





## What new products have come onto the market?

AVON

### New products launched in the US in Q1 2013

#### Avon added ANEW CLINICAL Absolute Even Multi-Tone Skin Corrector (and Absolute Even Spot Correcting Hand Cream SPF 15):

##### Avon ANEW Clinical Absolute Even Multi-Tone Skin Corrector

US\$39.99

ANEW Clinical Absolute Even Multi-Tone Skin Corrector dramatically reduces the look of seven types of discolorations.

The Background: From acne marks to sun spots, women of all ages share a key skin concern: discolorations. Unable to find a true solution, countless women hide their complexions with makeup. Now Avon introduces an innovative solution with ANEW Clinical Absolute Even Multi-Tone Skin Corrector, a new serum developed to effectively even out the look of all skin tones. With Avon's latest breakthrough, the hiding is over.

The Technology: The mild, gentle formula is developed with DSX-7 technology, a complex containing two complimentary forms of Vitamin C for optimal performance.

Anew Clinical Absolute Even Multi-Tone Skin Corrector targets the look of seven different types of discolorations: Spots, Blotchy red patches, Post-acne marks, Brown patches, Uneven skin tone, Freckles and Sallow skin



## What new products have come onto the market?

AVON

### New products launched in the US in Q1 2013

Beyond its ANEW line Avon added facial moisturizers in its Avon Elements brand , including some that that will be available soon:

#### Avon Elements Youth Restoring Anti-Wrinkle Moisture Cream Broad Spectrum SPF 20

US\$11.99

Infused with nutrient-rich Amethyst Mineral Complex. Helps skin look younger and healthier as fine lines appear to fade. Suitable for sensitive skin. Hypoallergenic. Fine lines appear faded...skin looks healthier. 1.7 fl. oz.



#### Avon Elements Moisture Boost Daily Moisture Cream Broad Spectrum SPF 15 for Combination Skin (coming soon)

US\$8.99

Formulated with Camellia Tea Leaf. Targets oily and dry areas so skin stays in perfect balance. Suitable for sensitive skin. Hypoallergenic. Skin looks balanced...cheeks feel nourished, T-zone looks shine-free. 1.7 fl. oz.



## What new products have come onto the market?

LANCÔME  
PARIS

### New products launched in the US in Q1 2013

#### Lancôme updates Rénergie with Multi-Lift Reviva-Plasma serum:

##### Lancôme Rénergie with Multi-Lift Reviva-Plasma serum

1.7oz US\$120.00

Imagine your skin feeling firmer and even more lifted day after day. Inspired by the latest lifting procedures, discover the power of a cosmetic lifting effect in a serum with our new Rénergie Lift Multi-Action Reviva-Concentrate™.

Reviva-Concentrate™ is a serum for women that want visibly tighter, firmer and more lifted skin. Skin will look re-plumped and facial contours will look more defined. See firmer, plumper skin in just 1 week.

##### Results

Women are convinced:

After 1 application everyday<sup>1</sup>, 89% find that their skin looks revitalized.

Your friends notice it:

Visible Results after 2 weeks:

- 76% of women said their friends found their skin
- looked more beautiful and revitalized after 2 weeks<sup>2</sup>

Visible Results after 8 weeks<sup>2</sup>

- Skin looks revitalized (94%)
- Facial contours appear more defined (87%)
- Skin feels denser (92%)

1 Self-assessments - 4 week study; 2 Self-assessments - 8 weeks



## What new products have come onto the market?

### New products launched in the US in Q1 2013

**Olay - Regenerist line is being refreshed. Full updated line expected to be on shelves by fall**

#### Regenerist Micro-Sculpting Cream

Mass: \$20.99-\$27.99

Two new anti-aging ingredients, and the same luxurious feel you've come to expect from America's #1 selling anti-aging moisturizer.

Penetrates rapidly to deliver anti-aging ingredients 10 layers deep into skin's surface. Results:

- 1 Day: Reduces the appearance of lines, boosts hydration & brightness
- 14 Days: Skin is noticeably firmer and skin elasticity is improved
- 28 Days: Reverses the look of up to 10 years of wrinkles



#### Commentary:

##### [P&G reboots its Olay Regenerist line](#) (USA Today, March 1, 2013)

...*"It's the biggest change to Regenerist since the launch of Regenerist"* a decade ago, said Mary Johnson, a principal scientist with P&G's Beauty and Grooming unit.

.. Lela Coffey, marketing director for Olay in North America, said Regenerist is P&G's top-selling product line in its crucial \$2 billion-a-year Olay skin-care brand. The reformulation represents a major shift in a product that millions of women rely on to combat the signs of aging.

...*"The Olay brand recognized it was not enough to keep formulating our products in the same way,"* Coffey said. *"We redesigned our best-selling Regenerist line to awaken skin, helping boost its responsiveness to anti-aging treatments for faster, more visible results."*

Specifically, Olay is boosting ingredients that combat dry skin and enhance cell regeneration and collagen levels in skin cell studies. New ingredients to better enhance cell protection and increase elasticity and cell energy also are being introduced.

Olay also is reformulating the product's base solution of water to silicone to enhance its delivery and absorption of all the active ingredients.

## What new products have come onto the market?

### New products launched in the US in Q1 2013

#### Some other facial moisturizer launches by Olay:

##### **Olay Fresh Effects** (launched Jan 2013)

Mass: \$4.99-\$11.69

The first Olay Boutique created specifically for the postacne/pre-anti-aging segment of women who want simple but effective skincare that keeps their skin looking and feeling fresh.



##### **Olay Total Effects CC Tone Correcting UV Moisturizers** (launched October 2012; rolled out Q1)

Olay CC Cream – Total Effects Tone Correcting Moisturizer with Sunscreen Broad Spectrum SPF 15

Mass: \$18.99-\$24.99 (1.7 oz)

Olay Total Effects CC Tone Correcting UV Moisturizers are the first-ever mass market line of CC (Color & Correction) products in North America, building on an emerging beauty trend that originated in Asia.

This new Olay product line is designed for women who love BB (Blemish Balm or Beauty Balm) creams for their ability to provide a quick, flawless finish but who are seeking anti-aging skincare solutions with long-term benefits.



## Recent competitor trademark activity

Trademarks can give early insight into planned new product launches as companies prepare the groundwork by securing rights to names.

Trademark applications go through a series of steps as they move from initial filing through to registration. In our review we capture trademarks for which there was activity in the last 12 months.

Competitors often seek to secure domain names and other brandable assets before launching a product.

In addition to activity on pre-existing trademarks, we located new filings during the last quarter:

### Estée Lauder

- Application filed March 20, 2013 for Estée Lauder BEAUTIFUL BLUSH. However, BEAUTIFULBLUSH.COM is unregistered (registering it could complicate their launch plans)
- Application filed January 23, 2013 for EL Estée Lauder Estée Lauder, along with a mark (see details that follow)

### Lancôme

- Application filed February 14, 2013 for WOMEN COME TO Lancôme TO BE MORE BEAUTIFUL, THEY LEAVE HAPPIER (note: leavehappier.com was registered December 12, 2012; bemorebeautiful.com was registered March 8, 2013. Both are currently for sale)

## Recent competitor trademark activity


## Summary of trade mark activity in last 12 months

<b>Estée Lauder</b>	<p>Filed two applications related to possible use in skin care in the last three months with activity on another four. Active names:</p> <ul style="list-style-type: none"> <li>• EL ESTEE LAUDER ESTEE LAUDER (filed Jan 23, 2013)</li> <li>• ESTEE LAUDER BEAUTIFUL BLUSH (filed March 20, 2013)</li> <li>• ROSY PRISM</li> <li>• PANBOO</li> <li>• PLEASURES POP</li> <li>• MODERN MUSE</li> </ul>
<b>Avon</b>	<p>Just one active application with possible use in skin care over last 12 months. Active name: AVON ELEMENTS</p>
<b>Lancôme</b>	<p>Two applications related to possible use in skin care with activity in the last 12 months, one filed in the last quarter. Active names:</p> <ul style="list-style-type: none"> <li>• LANCOME SUPER SERUMS</li> <li>• WOMEN COME TO LANCOM TO BE MORE BEAUTIFUL, THEY LEAVE HAPPIER (filed February 14, 2013)</li> </ul>
<b>Olay</b>	<p>Three active applications with possible use in skin care over the last 12 months, two of which became registered. Active names:</p> <ul style="list-style-type: none"> <li>• OLAY BB CREAM (registered)</li> <li>• OLAY FRESH EFFECTS (registered)</li> <li>• OLAY LOVE THE SKIN YOU'RE IN.</li> </ul>

*Note: for this work we screened on the brand name (e.g. 'Olay'), which will capture filings with this name. Further work would be needed to locate brand extensions that do not include the brand name.*

## Recent competitor trademark activity

ESTÉE LAUDER

Trademark	Serial Number	Categories	Current status	Date of status	Filing date	Registered	Notes
EL ESTEE LAUDER ESTEE LAUDER	85830110	Non-medicated skin care preparations	A non-final Office action has been sent (issued) to the applicant. This is a letter from the examining attorney requiring additional information and/or making an initial refusal. The applicant must respond to this Office action. To view all documents in this file, click on the Trademark Document Retrieval link at the top of this page.	Apr. 24, 2013	Jan. 23, 2013	No	Description: The mark consists of a configuration of a brown bottle with a small gold square on one face with the stylized brown letters "EL" within and the gold words "ESTEE LAUDER" below; gold and brown horizontally striped cap with lines on the top and with the dropper nesting on the bottle at a downward angle. The bottle and cap are positioned in front of a stylized DNA helix sequence. The color white represents background, outlining, shading, and/or transparent areas and is not part of the mark. The stippling is for shading purposes only.  See image:
ESTEE LAUDER BEAUTIFUL BLUSH	85881066	Fragrances for personal use; Non-medicated skin care preparations	New application will be assigned to an examining attorney approximately 3 months after filing date.	Mar. 23, 2013	Mar. 20, 2013	No	
ROSY PRISM	85751579	Cosmetics; Non-medicated skin care preparations	Application has been published for opposition. The opposition period begins on the date of publication.	Mar. 12, 2013	Oct. 11, 2012	No	
PANBOO	85747898	Cosmetics; Non-medicated skin care preparations	Application has been published for opposition. The opposition period begins on the date of publication.	Mar. 12, 2013	Oct. 08, 2012	No	
PLEASURES POP	85744013	Fragrances for personal use; Non-medicated skin care preparations	Notice of Allowance (NOA) sent (issued) to the applicant. Applicant must file a Statement of Use or Extension Request within six months of the NOA issuance date.	Jan. 15, 2013	Oct. 02, 2012	No	
MODERN MUSE	85722551	Fragrances for personal use; Non-medicated skin care preparations	Notice of Allowance (NOA) sent (issued) to the applicant. Applicant must file a Statement of Use or Extension Request within six months of the NOA issuance date.	Jan. 15, 2013	Sep. 06, 2012	No	

Note: xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx



## Recent competitor trademark activity

A V O N

Trademark	Serial Number	Categories	Current status	Date of status	Filing date	Registered	Notes
AVON ELEMENTS	85799716	Non-medicated skin care preparations, namely, Creams, lotions, gels, toners, cleansers, and moisturizers	Application has been published for opposition. The opposition period begins on the date of publication.	Mar. 19, 2013	Dec. 11, 2012	No	

Note: xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx

## Recent competitor trademark activity




Trademark	Serial Number	Categories	Current status	Date of status	Filing date	Registered	Notes
LANCÔME SUPER SERUMS	85621879	Perfume, eau de toilette; gels, salts for the bath and the shower not for medical purpose; toilet soaps, body deodorants; cosmetics, namely, creams, milks, lotions, gels and powders for the face, the body and the hands; non-medicated sun care preparations; make-up preparations; shampoos; gels, sprays, mousses and balms for hair styling and hair care; hair lacquers; hair colouring and hair decolorant preparations; permanent waving and curling preparations; essential oils for personal use	Application has been published for opposition. The opposition period begins on the date of publication.	Apr. 18, 2013	05/10/2012	No	
WOMEN COME TO LANCÔME TO BE MORE BEAUTIFUL, THEY LEAVE HAPPIER	Feb. 14, 2013	Perfume, eau de toilette; gels, salts for the bath and the shower not for medical purpose; toilet soaps, body deodorants; cosmetics, namely, creams, milks, lotions, gels and powders for the face, the body and the hands; non-medicated sun care preparations; make-up preparations; shampoos; gels, sprays, mousses and balms for hair styling and hair care; hair lacquers; hair colouring and hair decolorant preparations; permanent waving and curling preparations; essential oils for personal use	New application will be assigned to an examining attorney approximately 3 months after filing date.	Feb. 21, 2013	Feb. 14, 2013	No	

Note: xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx

## Recent competitor trademark activity



Trademark	Serial Number	Categories	Current status	Date of status	Filing date	Registered	Notes
<a href="#">OLAY BB CREAM</a>	85614037	Skin care preparations and cosmetics	Registered. The registration date is used to determine when post-registration maintenance documents are due.	Apr. 16, 2013	2-May-12	Yes	
<a href="#">OLAY FRESH EFFECTS</a>	85625319	Non-medicated skin care preparations and cosmetics	Registered. The registration date is used to determine when post-registration maintenance documents are due.	Apr. 02, 2013	15-May-12	Yes	The mark consists of the words "OLAY FRESH EFFECTS" with "OLAY" in black stylized font above "FRESH EFFECTS" in green script inside a white trapezoid with two curved sides bordered in shades of green and blue.
<a href="#">OLAY LOVE THE SKIN YOU'RE IN.</a>	85708806	Application has been published for opposition. The opposition period begins on the date of publication	Non-medicated skin care preparations	Feb. 26, 2013	Aug. 21, 2012	No	See image: 

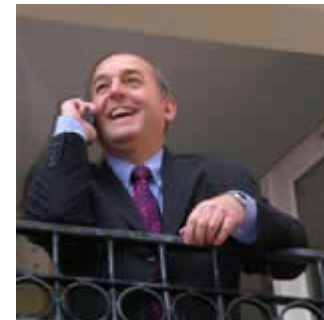
Note: xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx

## Questions? Comments? Contact us...

- US: John Marchant (212 866 4680)  
[john.marchant@business360.com](mailto:john.marchant@business360.com)



- UK: Roger Sharp (+44 1304 613 474)  
[roger.sharp@business360.com](mailto:roger.sharp@business360.com)



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