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INFLUENCER MARKETING: BEAUTY INFLUENCERS ARE CHANGING THE  
COSMETIC INDUSTRY

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## **ABSTRACT**

This study aims to discover how beauty influencers change the marketing strategies and business models for cosmetic companies by affecting their audiences' opinions. A beauty influencer, also referred to as a "beauty YouTuber," "beauty guru," or "beauty vlogger," is an individual who is knowledgeable about makeup, creates and posts videos about beauty and fashion on social media platforms, and affects their audiences' purchasing decisions. Influencer marketing is a new concept that allows cosmetic companies to communicate with their consumers through collaborating with beauty gurus to promote, create, and distribute their products. This new concept is gradually being adopted in the makeup industry. Cosmetic companies are reaching out to beauty gurus in a variety of methods: product promotion, sponsorship, or creating their own product lines. The most influential beauty YouTubers can build their own brands. In addition, the overlapping between the rise of influencer marketing and the growth of e-commerce introduces new purchasing and distributing channels. This paper also explores that a successful global beauty YouTuber often exhibits superior makeup techniques in their videos and uses multiple languages on social media to interact with international audiences. Influencer marketing challenges the established makeup industry by introducing new marketing tactics and business practices to promote, design, and distribute cosmetic products.

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## **Chapter 1**

### **Introduction**

With the prevalence of the mobile internet, the number of people on social media is increasing. The features of social media platforms provide non-celebrities with an opportunity to exhibit their knowledge and personal experiences to become an influencer. For instance, a person who is well educated about makeup can create and post a beauty video, like a makeup tutorial video on YouTube. The person could establish their authority and credibility by expressing their knowledge in videos and become a trustable figure to their audiences. When this person has a loyal community consisting of their followers, their opinions and behaviors have been shown to influence their audiences' purchasing decisions. Think about how cosmetic companies would advertise their products ten years ago: when people read a magazine, a newspaper, or turned on their televisions, a well-known celebrity holding a product showed up there. Nowadays, if you ask a millennial or a younger person where to find information on makeup, they would probably mention YouTube beauty videos. With such a trend, cosmetic companies worldwide are discovering new methods for marketing their brands and products, which include collaborating with beauty YouTubers to raise their brand awareness and inviting them to design new products. The companies can directly reach the followers by using influencer marketing, and the brands become more recognizable among YouTube viewers through word of mouth.

In addition, since millennials and teenagers usually spend a long time on social media every day and are more familiar with influencers, beauty brands are utilizing this particular strategy for catching their attention. Compared to well-established companies, niche brands

reach out to domestic beauty influencers more frequently and launch collaborative products for appealing to millennials. Meanwhile, well-established companies use influencers as a medium to attract global attention. In addition, the rise of influencer marketing overlaps with the growth of e-commerce. This potentially alters the traditional business model in the beauty industry by offering unlimited shelf space, shorter lead time, and easier checkout. Besides discussing the circumstances of the industry, a famous Korean beauty YouTuber, Pony Syndrome, will be introduced to display how she established her influential identity worldwide. More and more cosmetic companies are teaming up with influencers on social media, the beauty influencers change the marketing strategies and business models for the companies to raise brand awareness, develop fashionable products, and create new e-commerce marketplaces.

## **Chapter 2**

### **Literature Review**

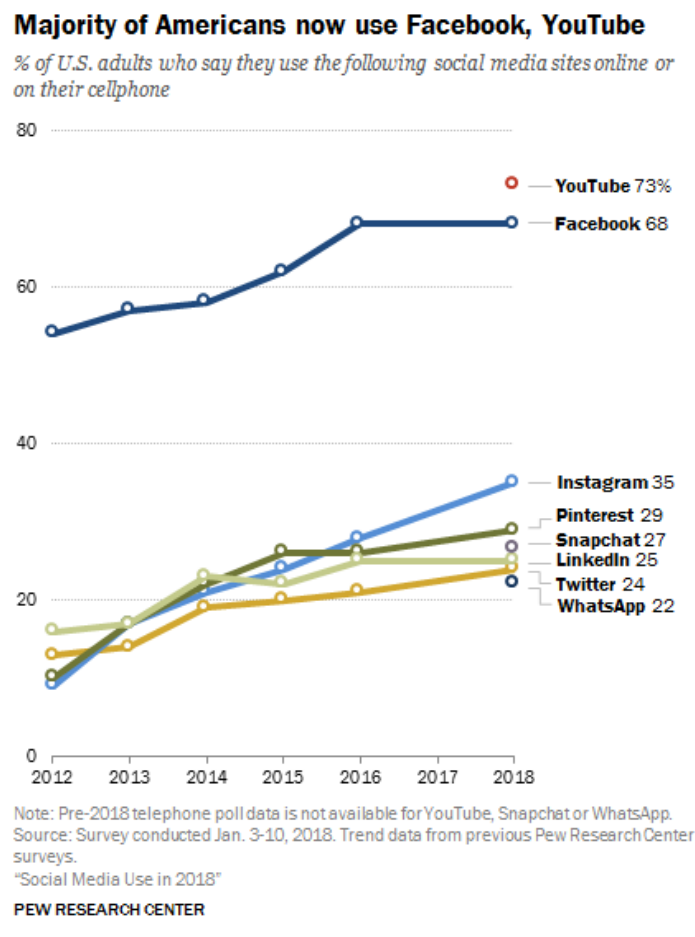
Although it is common for people to find various promotions on Facebook, Instagram, YouTube, and many other media platforms, it is rare to find scholarly articles discussing how influencers collaborate with companies and affect their marketing strategies since this is a new trend. With an increase of the active users on social media, the majority of both domestic and global companies are starting to use influencer marketing. This chapter mainly investigates the changes of marketing strategies and business models in the beauty industry. Also, it explains the current attitudes of cosmetic companies worldwide toward influencer marketing. In order to catch up with the latest methods of this strategy, the sources of this literature review are largely based on trade journals and news articles.

#### **An increasing number of people are on social media**

The marketing strategies for cosmetic companies are changing because of an increasing usage of social media. Social media's definition written in *Merriam-Webster Dictionary*, also known as social networking service (SNS), is "forms of electronic communication (such as websites for social networking and microblogging) through which users create online communities to share information, ideas, personal messages, and other content (such as videos)" ("Definition of SOCIAL MEDIA"). With the prevalence of smartphones, the usage of social media is common in many people's daily lives, especially millennials. A survey conducted by the Pew Research Center reveals that 73% of U.S. adults watch YouTube videos in 2018, with



94% of those adults lying within the 18 to 24 year-old age group. Facebook has the second largest user base with 68% of U.S. adult users, and the rest of social media platforms have 22% to 35% of U.S. adult users (Smith and Monica). In addition, according to an article published in 2018 in *The Washington Post*, “seventy percent of teens use social media more than once a day (compared with 34 percent in 2012)” (Knorr). These data show a significant increase in the number of people using social media, and millennials spend a long time with a higher frequency on the platforms.



**Figure 1. The Proportion of U.S. Adults on Social Media**

When more people routinely logging in their social media accounts, the marketing strategies gradually move from traditional advertising methods, such as newspapers, broadcast television, and outdoor billboards, to digital marketing. *Financial Times*, an international daily newspaper headquartered in London, defines digital marketing as “the marketing of products or services using digital channels to reach consumers. The key objective is to promote brands through various forms of digital media” (Willett). According to an article published in *Journal of Product Innovation Management*, the examples of digital media include text, audio, and video, that can be viewed through the internet. Therefore, social media marketing is one of the forms of digital marketing. The article also states that social media communication and online advertising are positively associated with the growth of sales and revenues in new automobiles (Gruner et al. 189). The concept can also apply to the beauty industry as cosmetic companies can use social media for promoting products. The primary way to measure the return on investment is brand awareness, but other ways to financially evaluate it are engagement and word of mouth by observing the levels of activity on social media platforms (Hoffman and Marek 45). The conversations on social media can be highly influential and form a favored environment for promoting the brand. For example, Starbucks successfully raised the exposure of its brand through advertising free coffee on YouTube and boosting discussions on Twitter before Election Day in 2008 (Hoffman and Marek 45). Therefore, social media has become a critical segment of marketing strategies for many companies to raise their brand awareness.

## **The rise of influencer marketing in the makeup industry**

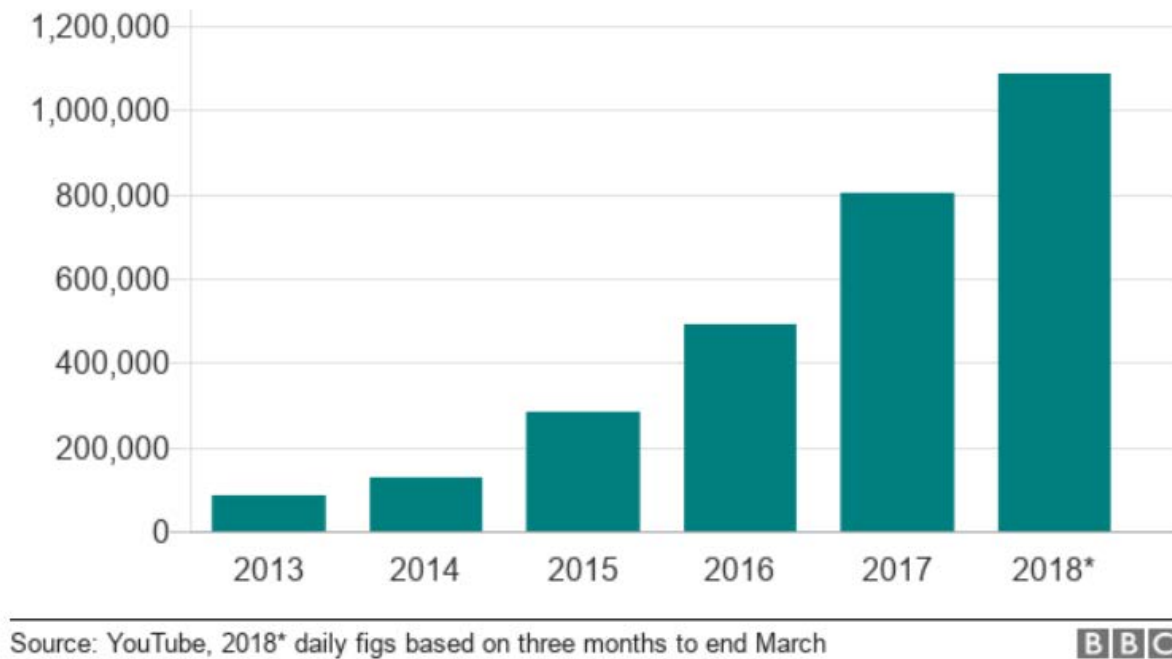
Under the diversity of social media marketing, a new form of advertising is developed through collaboration with social media influencers. An article published in *Elon Journal* defined it as, “social media influencers represent a new type of independent, third-party endorsers who shape an audiences’ attitudes through blogs, tweets, and the use of other social media channels” (Glucksman 78). Compared with celebrity endorsements, influencer marketing requires believable models, who have a considerable number of followers, to exhibit their knowledge and experiences related to the industry (Mathew).

Among all kinds of social media marketing industry uses, influencer marketing strategies are most popular in the beauty industry. As stated by an article published in *Forbes*, “influencer marketing is continuing to grow in popularity and, in my opinion, few industries offer greater proof than cosmetics” (Grosman). Ordinary people can start a beauty video at low cost and low barrier to entry. Many of them establish credibility and authority, through educating their audiences with makeup tips and by sharing product reviews to gain their loyal followers. Cosmetic companies tend to utilize beauty influencers’ popularity by collaboration, to promote the brands and launch new products. In order to maximize the effectiveness, the firms are selecting appropriate beauty YouTubers to voice for them. As the article states, “when employing an influencer-driven approach to reach digitally savvy shoppers, what’s more important than the size of one’s following is the level of your audiences’ engagement as well as having a voice and personality that are aligned with the company’s own branding” (Grosman). From the author’s viewpoint, for most cosmetic companies, it is important to consider an influencer’s number of followers and their public impression. For instance, Nikkie de Jager (as known as NikkieTutorials), a beauty YouTuber with over 11 million followers on her YouTube

channel, is well-known for her cosmetic tutorial videos. She confidently presents her makeup skills, which typically leaves a positive impression on her audiences. In her video “Power of MAKEUP,” Nikki demonstrated her makeup techniques by wearing makeup on half of her face and conveyed a positive message to her viewers that makeup is fun. The video has eight million “thumbs up,” which indicates her audiences like this confident figure Nikki presented. As a beauty YouTuber who has millions of followers and maintains a confident figure, Nikki was asked to collaborate with the professional line OFRA, a niche cosmetic brand founded in 1994 (“Nikkie de Jager”). With her large number of subscribers on YouTube and a positive figure in front of the general public, Nikki de Jager’s business value is recognized by cosmetic companies.

One of the reasons that beauty YouTubers are remarkably influential is because the size of the audiences for YouTube makeup videos has been increased in recent years. According to *BBC NEWS*, the average daily number of makeup video views has grown dramatically by almost 500% in 5 years (Gelbart).

### YouTube beauty videos: Average daily views

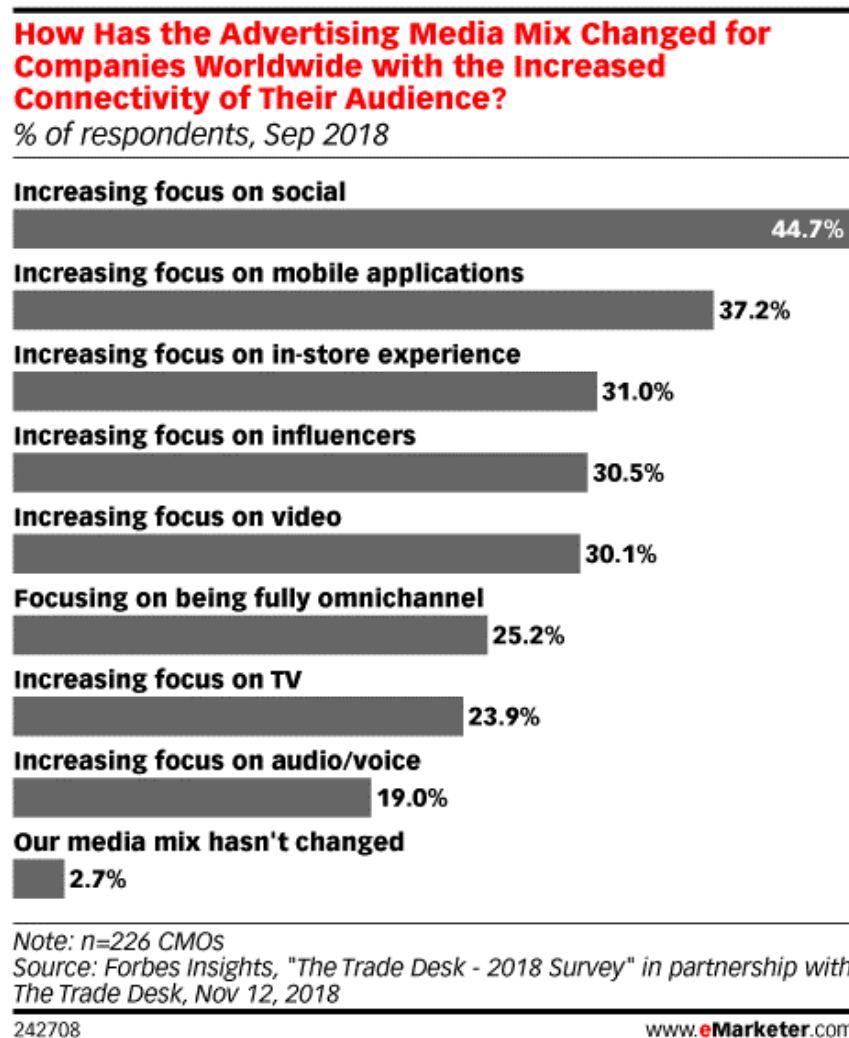


**Figure 2: Statistics of the Views of YouTube Beauty Videos**

As we mentioned above, millennials make up a large portion of the population using social media. In order to acquire more young customers, cosmetic companies can use influencer marketing strategies. A study conducted by GlobalData, a data analytics and media company, revealed that the successful cosmetics companies occupy larger market shares with increasing sales revenues through a higher exposure with millennial customers. The net sales of Estée Lauder have increased by 14 percent with stronger appeal to younger audiences (Sandle). In addition, BBC NEWS reported that “cosmetics companies are teaming up with YouTubers in an attempt to reach younger consumers” (Gelbart and Jones) using L’Oreal Paris and MAC as examples. Therefore, influencer marketing can be utilized to gain more millennial customers.

## Influencer marketing is a global trend

According to a report "Global Influencer Marketing 2019," published in *EMarketer*, a subsidiary market research company, "influencer marketing is a part of marketing plans for businesses around the world, especially in industries such as fashion, beauty, retail and entertainment" (Williamson). As shown in the Figure 3, a worldwide survey conducted by *Forbes Insights* reveals that one third of the companies are increasing their focus on influencers as part of their promotion plan (Williamson).



**Figure 3. The Survey of 226 CMOs by *Forbes Insights*, conducted in Sept. 2018**

In addition, as stated by the report, 32% of social media marketers in North America said influencer marketing is the most prominent marketing tactic. Asian markets are even more passionate about influencer marketing strategies. As stated by the report, 56% of Japanese marketers, 60% of Chinese companies, and 62% of Indian brands indicate their usage of influencers in 2018 (Williamson). Looking through these statistical numbers, we can conclude that influencer marketing is showing up in various fields. Back to the beauty industry, the author Debra Williamson wrote, "fashion and beauty are two other verticals that are continuing their strong support of influencer marketing" (Williamson). In addition, a study conducted by *Glossy*, a beauty and fashion segment of Digiday, explains that 88% of 133 worldwide fashion and beauty brand executives answered that they are engaging in influencer marketing (Williamson). This statement proves the importance of incorporating influencers in their marketing strategies. However, according to the report, 53% of digital marketers from UK and US indicated their marketing budget for influencers is less than 10% of the entire marketing expenses, and more than 90% of UK and US companies answered that their budget for influencers is less than 30% (Williamson). Although many cosmetic companies are collaborating with beauty influencers currently, the investment on influencers is still much smaller than other marketing expenses.

### **From influencers to entrepreneurs**

Instead of collaborating with cosmetic companies, some beauty influencers choose to stand out and develop their own businesses. One such example is Michelle Phan, who earned almost 9 million followers on YouTube. According to an article published in *ABC News*, after ending her successful collaboration with L'Oreal, in 2011, Phan co-founded a company named

Ipsy, a subscription service providing a bag of 5 beauty products monthly (Sawyer and Jarvis).

The article states, “now she’s on a mission to do so much more than teach young girls how to wear makeup. She wants to educate women on how to become their own entrepreneur and mentor any young creators who want to follow in her footsteps” (Sawyer and Jarvis). Instead of merely teaching makeup techniques, Phan doubles as a model along with being a female entrepreneur. According to an article published in 2016 in *Fast Company*, a monthly American business magazine, "Ipsy now boasts more than 1.5 million subscribers (who pay \$10 a month for the bags), surpassing Birchbox at just over a million. In the fall, Ipsy raised \$100 million in Series B funding from the high-profile firms TPG Growth and Sherpa Capital, valuing the company at a reported \$800 million" (LaPorte). Ipsy, as a niche brand, expanded its fan base, boosted its market value, and exceeded its competitor Birchbox (another company offering subscription service for cosmetic goods) in just a few years after its launch.

The main reason for success of Ipsy is hidden behind its unique business model. The article states, "its bet: that as the cosmetics industry grows ever more decentralized, Ipsy will emerge as the go-to source for beauty advice and intelligence" (LaPorte). Ipsy raises its brand awareness through developing a beauty network with more than ten thousand beauty YouTubers, who are required to make several Ipsy-related videos monthly. Reading through Ipsy's plan, Phan utilizes influencer marketing to establish her own business. There are more examples of influencers who became entrepreneurs: Tati Westbrook created her business called Halo Beauty Inc.; Kathleen Fuentes co-founded a brand called KL Polish; Pony Syndrome established her beauty brand called Pony Effect. According to these examples, some influencers gradually realize their commercial value and convert it into profit by starting their own businesses.



## **Psychology behind influencer marketing**

With the emergence of influencer marketing, a question is raised: why is influencer marketing so effective? Morgan Glucksman, a senior student majoring in Strategic Communications at Elon University, explained the reason for its effectiveness. In the paper, she introduced Albert Bandura, who is a Canadian-American psychologist teaching at Stanford University, and stated his social learning theory that, “in the social learning system, new patterns of behavior can be acquired through direct experience or by observing the behaviors of others” (Glucksman 79). By connecting the professor’s standpoint to the beauty videos, viewers can learn more cosmetic knowledge, including brands, products, and makeup tips, through watching how beauty gurus (experts) finish up their looks. Bandura also described how people learn from the examples. “On the basis of informative feedback, they (consumers) develop thoughts or hypotheses about the types of behavior most likely to succeed. These hypotheses then serve as guides for future actions” (Glucksman 79). In other words, audiences could become the potential customers once they see the end results. Furthermore, from Bandura’s study, Morgan summarized the concept of Electronic Word of Mouth (eWOM), which allows customers to leave good or bad comments on a product or a company via the internet. She mentioned that, through sharing their attitudes, social media influencers become a key factor in building consumer’s thoughts on goods and services (Glucksman 79). The theories explain the relationship between influencers and followers, and they are strongly support the effectiveness of influencer marketing.

## **Chapter 3**

### **Company Analysis**

Niche brands and large corporations usually have different concentrations of promotion plans, but now they both use influencer marketing to raise brand awareness and launch collaborative products. As we mentioned in the literature review, influencer marketing is gradually becoming a preferred method for makeup companies to interact with customers. The initial participating companies using influencer marketing are small businesses, while well-established companies are following their steps. This section explores the similarities and differences between the ways niche brands and large companies collaborate with beauty influencers by using ColourPop and MAC as examples. Also, with the rise of e-commerce, influencer marketing introduces a new purchasing and distributing channels on social media.

#### **ColourPop**

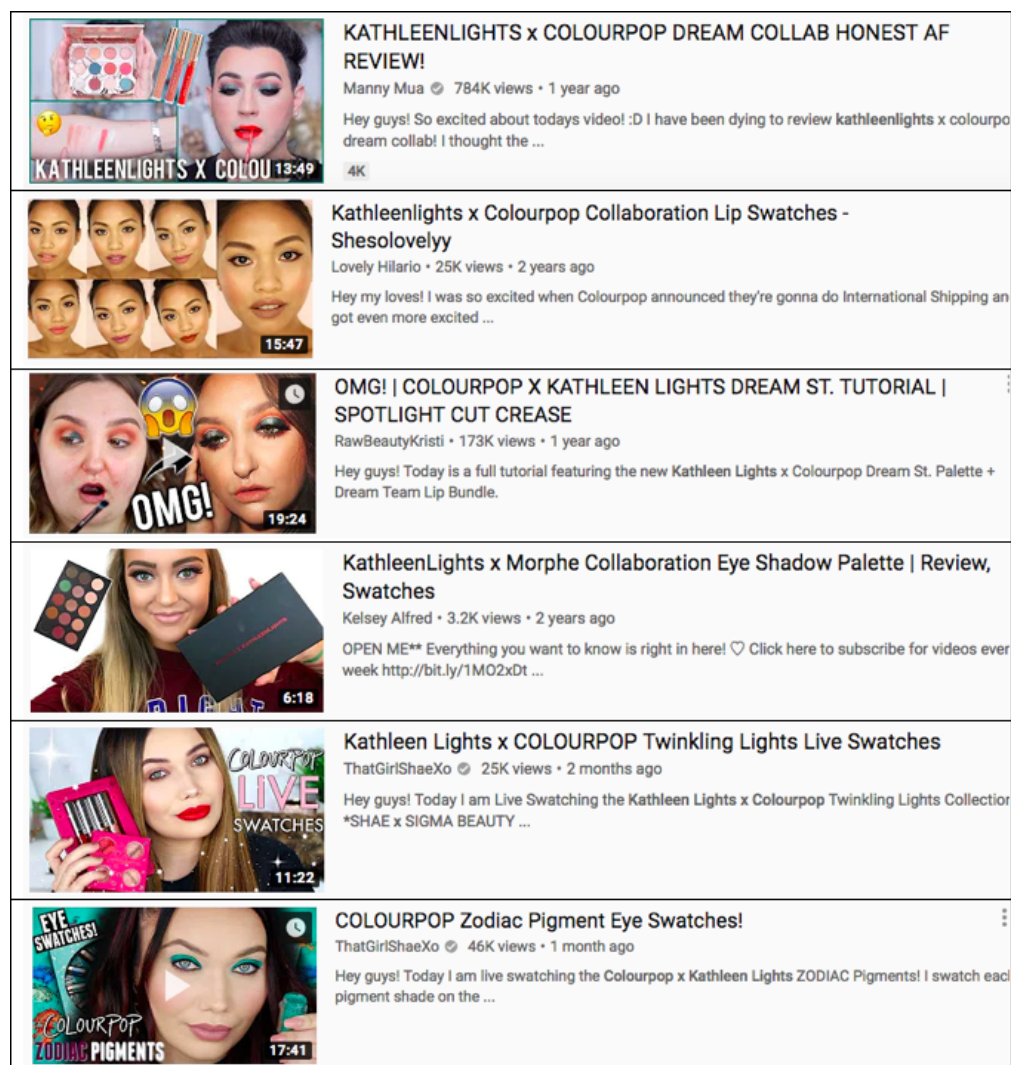
Compared to the large organizations, small companies usually have more limited budget for advertising, and social media could be an excellent environment for enhancing brand awareness. In recent years, a cosmetic brand burst into people's makeup bags and acquired a extensive group of fans on social media - ColourPop. The company was founded in Los Angeles, California in 2014 by siblings Laura and John Nelson, who introduced their cosmetic products with high quality and low prices: \$5 eye shadows, \$6 concealers, and \$7 lipsticks. As they stated in their promotional video, "our mission from day one has been to redefine what the luxury products are in the beauty space to have amazing formulas with super affordable prices"

(colourpopcosmetics). ColourPop also produces trendy products to satisfy customers' (mostly millennials) needs. The article "How ColourPop Is Putting A New Face On The Online Cosmetics Business" published in *Fast Company* states, "the company can zip from concept to market in a matter of days, capitalizing on fast-moving trends. Take that lipstick: The Nelsons noticed that similar products were trending on social media in early 2015, and by summer, they had their own take ready to go—long before the heritage brands could react" (Marikar). From this statement, we can see that compared with large companies, ColourPop is more agile to catch the current trend and provide customers with popular products.

As a newly born makeup brand, ColourPop is boosting its popularity in just a few years, but surprisingly, the only marketing channel for ColourPop is social media. Its official account has 7.2 million followers on Instagram, which is almost four times the number of the followers of the drugstore cosmetic brand Revlon. ColourPop majorly utilizes influencers on their Instagram for their marketing. Scrolling down their official page, you will see lots of impressive eyeshadow artworks made by Instagram celebrities. ColourPop connects with the celebrities by asking them to create attractive makeup looks by using their products for their brand promotion.

In addition, browsing the official shopping website, you will find a section called "COLLABS," which assembles all the collaborative products with six American and two international beauty influencers. According to an article in *Northwestern Business Review*, "ColourPop utilizes these influencers by creating makeup collections with them—with one of the first being KathleenLights—to make itself appear reliable" (Tapia). KathleenLights is a famous beauty YouTuber, who has 4 million subscribers on her YouTube channel. ColourPop not only acquires attention from KathleenLights' followers but also expands its fan base and raises brand awareness through their collaborative products. The article also states, "if ColourPop manages to

work with an influencer like KathleenLights (which it has), other YouTube influencers will want to use the products in their videos (which they already have)” (Tapia). The figure below displays the videos of other beauty YouTubers reviewing the KathleenLights and ColourPop collaborative products. Through word of mouth, the brand would have many profitable opportunities to reach followers who are nested in other beauty gurus’ communities. Thus, brand awareness of ColourPop is spreading widely as they reach millions of followers on social media.



**Figure 4. Image of Other Makeup YouTubers Review Videos**

## MAC

Similar to niche brands, well-known cosmetic companies are also adding influencer marketing as a part of their marketing strategies. MAC, a cosmetic company founded in 1984, is one of the most famous professional makeup leaders in the beauty industry, embracing diversity and worldwide fashion trends as an art community (“Our Story”). Its official account has 21.2 million followers on Instagram, which is almost two times the number of followers of the high-end cosmetic brand Urban Decay. Similar to ColourPop, MAC adds eye-catching makeup looks made by Instagram celebrities. However, MAC uses a different approach to emphasize the connections with them. Rather than just showing pictures, they give short tutorial videos of how cosmetic artists present a creative look by using MAC products. The video posts usually provide some practical and easy to remember tips for their audiences, and the artists MAC selected usually have a certain number of followers on their Instagram accounts.

Moreover, instead of building a long-term relationship with beauty influencers, like ColourPop did, MAC collaborated with different groups of influencers for a new series launch. In 2017, MAC announced its collaboration with ten global beauty influencers for a spring collection, mainly focusing on North American and European regions (Morel). In the following years, MAC worked with a new group consisting of 12 international internet celebrities for its Maker lipstick line. Influencers teamed up with MAC to create the personal-style lipsticks and spread brand awareness to this worldwide network (Rao). From these news, we can see MAC tend to collaborate for short-periods of time with more international beauty influencers in order to raise brand awareness worldwide.

### **Cosmetic companies are facing the trend**

As illustrated in the previous examples of ColourPop and MAC, regardless of the size of the makeup firms, influencer marketing is an undeniably effective strategy for advertising new products. The effectiveness is also shown in the numbers. According to an article published in *Glossy* (a magazine launched by Digiday focused on beauty and fashion), MAC significantly benefited from influencer marketing: “in a partnership with influencer Patrick Starr, the #MACPatrickStarr hashtag drove \$7.6 million earned media value (EMV) from 250 unique ambassadors, according to Tribe Dynamics co-founder and president Conor Begley” (Rao). Earned media value (EMV) is a financial measure in dollar amounts to calculate the value gained through promotional efforts. The article also mentions ColourPop: “through their work with the brand, beauty influencers Kathleen Fuentes (aka Kathleen Lights) and Karen Gonzalez raked in \$3 million and \$1.4 million EMV across their 75 and 67 posts, respectively” (Rao). This evidence shows that both large companies, like MAC, and niche brands, like ColourPop, could potentially save a large amount of the marketing expenses from social media promotions.

In summary, the tactics of both ColourPop and MAC interacting with influencer marketing are similar: create a vivid, eye-catching makeup look, connect with famous beauty bloggers on social media, launch collaborative products with the new series, and reach an expanding fan base eventually. However, the specific strategies for using influencers are different. ColourPop collaborates with domestic beauty YouTubers more frequently and maintains a long-term relationship with them. MAC aims to capture a global market and cooperates with more international beauty influencers, but the period of collaboration is usually short since the influencers are typically utilized for promoting new products. Also, compared to

well-established companies, niche beauty brands, like ColourPop, are focusing more on millennials. They listen to their customers' voices more frequently and launch popular products tailored to their tastes at lower prices.

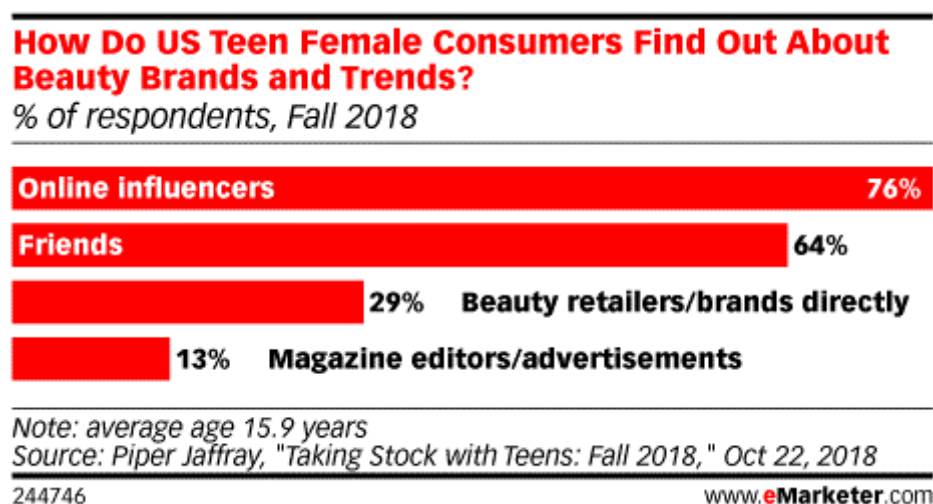
Even though many cosmetic companies have started using influencer marketing, niche brands are still the leading players in the game. Lin Grosman is the director of Marketing at GoDataFeed, which is a multi-channel platform that helps thousands of retailers sell more on 200+ e-commerce channels. From her standpoint, “small companies are borrowing much bigger voices on social media platforms like Instagram and through a veritable army of makeup video bloggers (vloggers) on YouTube” (Grosman). Although many niche brands merely depend on influencer marketing for promotions, which sounds like a risky practice without considering other forms of advertising, ColourPop proved this decision is viable to raise brand awareness.

### **Long tail theory**

Introduced by Chris Anderson and defined by Investopedia, "the long tail is a strategy that allows businesses to realize significant profit out of selling low volumes of hard-to-find items to many customers instead of only selling large volumes of a reduced number of popular items" (Kenton). Applying this theory to our topic: even though most niche cosmetic brands only have a small number of customers with low sales, with the greater emergence of such small businesses, these brands could potentially erode the market share of the top manufacturers and eventually occupy a more substantial portion in the future.

With frequent usage of social media, millennials become target audiences for many cosmetic companies, and the most common way they learn about makeup brands and products is through beauty influencers. According to a survey conducted by investment bank Piper Jaffray,

76% of American female teens find out the beauty brands and trends through online influencers. However, only 29% and 13% of the population answered beauty retailers and magazines (Williamson). From statistical results, teenage girls are most likely to learn cosmetic knowledge from beauty influencers on social media.

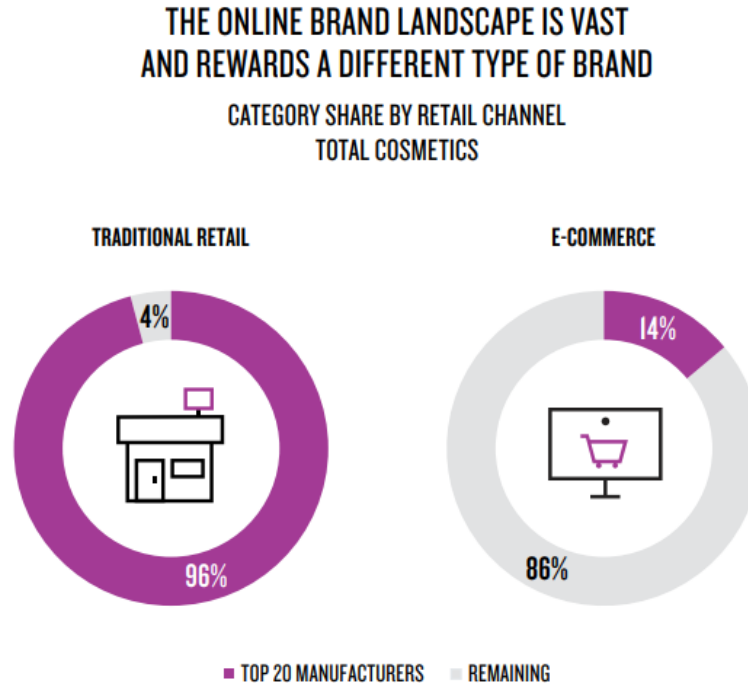


**Figure 5. The Study of US Teens conducted by Piper Jaffray in Fall 2018**

In the next decade, the current young generations are projected to become the primary consumers in the beauty industry. Further, they are more likely to get used to learning about cosmetics from the internet environment and purchasing them online. Therefore, it is important for cosmetic companies to offer online shopping options for millennial or teen customers.

However, top cosmetic companies only take a small portion of the market share of online stores. A study investigated by Nielsen Holdings, a global measurement and data analytics company, reveals that top 20 beauty manufacturers still mainly rely on the physical stores to generate the profits, and they only occupy 14% of online share currently (Kunze).





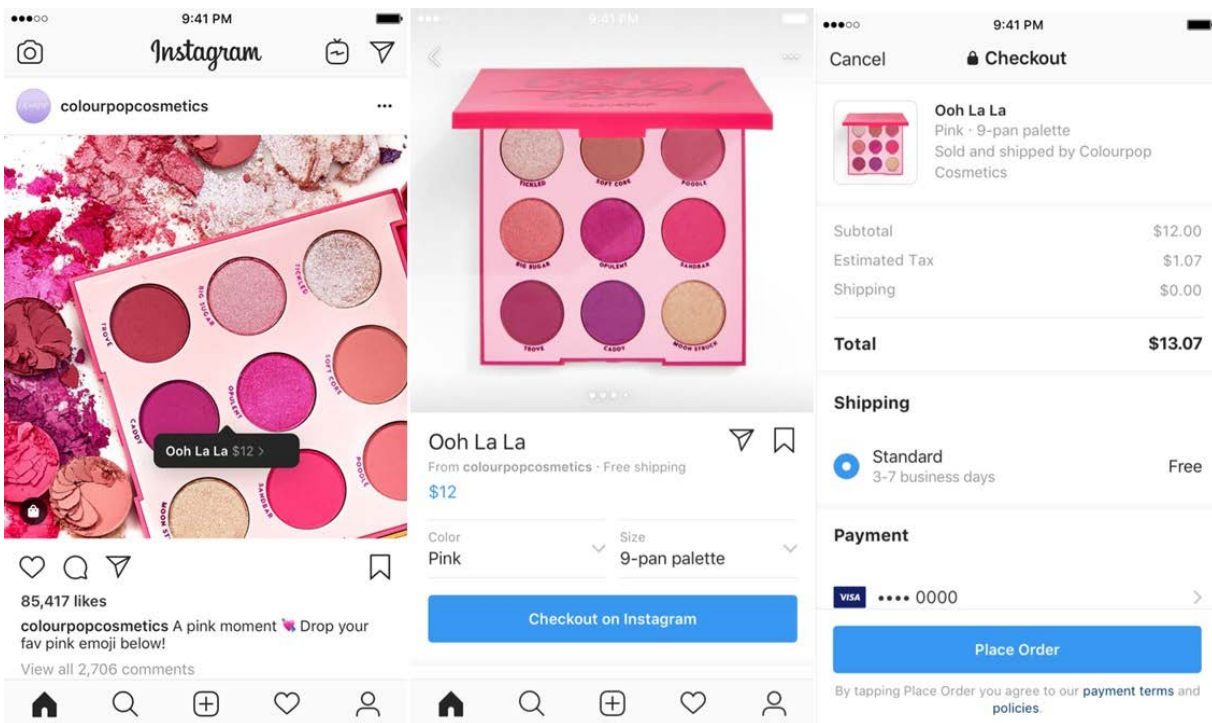
Source: Nielsen Retail Measurement Services, Core syndicated hierarchy All Outlets Combined + Convenience, and Nielsen E-commerce measurement, Total U.S., 52 weeks ended Nov. 4, 2017.

**Figure 6. The Online Brand Landscape**

From the diagram, we cannot clearly see the market shares of niche brands. However, since many niche brands, like ColourPop, mainly sell products online, they should occupy a substantial portion of e-commerce. Additionally, as we mentioned above, niche brands usually listen to their customers' opinions and respond rapidly by launching popular products at lower prices. Due to lower prices, stylish products, and higher occupancy of e-commerce, millennials are more likely to choose niche brands when they purchase online. To avoid losing future customers, many large companies, like MAC, are transforming their traditional retail mode to a digital approach to reach potential audiences and maintain connections with current consumers.

In fact, Instagram, a photo and video-sharing social media platform, is becoming an e-commerce marketplace by adding a checkout feature. According to an article published in *Barron's*, “the app, which is owned by Facebook (ticker: FB) said Tuesday that it was rolling out

a new checkout feature for users that want to buy the products they see without ever leaving the site” (Walsh). As shown in Figure 6, Instagram users now can easily purchase items on its mobile application. This new feature facilitates customers to checkout on Instagram and provides another online shopping site for merchants to sell their products. Through this new characteristic, cosmetic companies also can relate their products with influencer marketing. For example, when a beauty influencer recommends a product on their Instagram posts and adds a purchase link to the product, their users have a higher possibility to generate interests to that item based on their reliability to him or her.



**Figure 7. Checkout on Instagram**

This convenience also potentially changes people’s purchasing behavior, as it is easier to click a “place order” button on your phone than physically travel to a retail store. In addition, online stores can offer unlimited space to present their products and indicate most popular products, such as “best-seller” or “highest-rated”; in contrast, retail stores have a limited area on

their shelves for each brand, so they are not able to satisfy all customers' needs. Furthermore, a niche brand like ColourPop can respond to their audiences much faster than a traditional drugstore brand like Revlon, because they can skip the step of communicating with retailers. Based on these factors, online cosmetic stores tend to have more advantages to connect with consumers. Therefore, this intersection between influencer marketing and e-commerce potentially alters the traditional product distribution, and social media platforms, like Instagram, which is opening a new marketplace for brands.

## **Chapter 4**

### **Influencer Analysis**

From the previous chapters, evidence is provided that influencer marketing is a new and effective method for cosmetic companies to interact with customers. However, these articles did not analyze how influencers affect their audiences' opinions. In this chapter, to better understand influencer marketing in a global setting, Pony Syndrome (real name: Hey-Min Park), a famous Korean beauty YouTuber, will be discussed to investigate the reasons of being famous globally. Although many beauty YouTubers have a certain extent of influence in their own countries, it is rare to find a beauty influencer who is recognized well-known worldwide, so we see the value to investigate Pony's stories in-depth. This analysis cannot prove the way Pony affects her audiences' purchasing decisions. However, with millions of views on her videos, we can assume that the greater exposure of beauty brands or products could potentially increase the audiences' desires to purchase them.

#### **Background of Pony Syndrome**

As one of the most popular Korean makeup bloggers, Pony has 6 million followers on Instagram, 4.9 million subscribers on YouTube, and 8 million followers on Sina Weibo (Chinese social media). She has teamed up with plenty of brands from different countries, including Korea, Japan, U.S., and China. The article "Who Is Pony Makeup? 7 Things To Know About Korea's Most Famous Beauty Guru" published in *Bustle*, an online American women's magazine, introduced how Pony developed her beauty career. The author stated that Pony

partnered with a famous Korean singer Lee Chae-rin, and this collaboration helped Pony raise her popularity as a cosmetic artist. In addition, Pony learned about graphic design from school, published four books of teaching makeup techniques, designed her makeup styles for international audiences, and started her makeup line with Memebox, a subscription service focusing on Korean beauty products (Builder). As someone who is very knowledgeable in makeup, Pony is excellent at altering her appearance of the specific makeup styles and explaining her makeup techniques in detail. Pony's tutorial videos takes a large portion of her YouTube channel, compared to her life-style videos. The video with the highest number of views is her Taylor Swift transformation makeup tutorial video, which teaches her audiences how to make themselves look like Taylor Swift by wearing makeup.



**Figure 8. Taylor Swift Transformation Makeup Tutorial posted by Pony Syndrome**

According to an article published in *Allure*, Pony is well-known for using makeup to transform herself into different persons, especially celebrities like Kylie Jenner and Taylor Swift. As the article stated, “unlike most beauty bloggers, Park rarely sticks to one specific look or

vibe, instead changing her appearance on a daily basis: Sometimes she's a makeup-free, freckled Asian girl; other times she's a rainbow-haired, glitter-covered vixen. And she nails each look perfectly" (Fuller). Assuredly, Pony's transformation videos become a competitive advantage to distinguish her from other makeup YouTubers, which she also utilized for her cosmetic business. In 2015, Pony established her makeup brand, Pony Effect, which grew quickly and went global in just a few years. The success of the brand is tightly connected with Pony's popularity. On the official brand page, the slogan is written: "A makeup brand by K-beauty leading MUA Pony, inspired by the philosophy of Infinite Transformation" ("Pony Effect").

### **Collaboration on social media**

From January 2018 to January 2019, Pony posted 34 YouTube makeup videos (excluding the videos not directly relating to makeup) and more than half of the videos (18 videos) are sponsored by many established makeup brands, such as MAC, Shiseido, Bobbi Brown.



**Figure 9. Screenshot of Pony's Video Thumbnail**

In Figure 9, Pony posts a tutorial video teaching how to do makeup with a soft purple finish, and the video is sponsored by several cosmetic brands, such as Beauty Fit, Dior, and Shiseido. In the video, Pony shows each product she was going to use, presents the product

names with a subtitle both in English and Korean, and explains the techniques for creating a better look. She also leaves a realistic and relatable impression by chatting about her personal life, especially her shopping experience with makeup products. Watching her video is like listening to a friend's makeup tips; her audiences are immersing into a comfortable environment with straightforward language. Furthermore, her way of presenting the sponsorship is smart. Pony does not specify the collaboration on the thumbnail, title, or orally in the video, but hides it in the description part. Viewers unconsciously learn about brands and products by watching her repetitive uses.

Another reason that Pony is able to interact with international audiences is through her social media postings with different languages. She speaks Korean in the video but includes an English subtitle for English-speaking audiences, and the video she posted on Sina Weibo contains a Chinese caption. Although many social media applications, such as Instagram, have translation functions, the audiences usually feel closer to people who speak in their native language.

## **Chapter 5**

### **Present and Future**

In conclusion, this paper investigates the changes of marketing strategies and business models in the makeup industry due to beauty influencers. It also explores the differences and similarities of the way that ColourPop and MAC use influencers and the essential factor of being a global beauty YouTuber. As the statistics are shown in the literature review, with an increased number of people on social media, a beauty YouTuber can influence their audiences' opinions through sharing their makeup knowledge and personal experiences. Being aware of this phenomenon, many companies are starting to engage with influencer marketing in the makeup industry. Many beauty influencers collaborate with cosmetic brands to promote and design products, and some of them become entrepreneurs to build their own makeup businesses, some of which open new models such as monthly subscription services.

Company analysis exhibits both niche brands and large companies have similar approaches to using influencers to connect with consumers. However, niche brands collaborate more frequently with domestic influencers, while large companies pay particular attention to collaborate with global influencers. In addition, niche brands tend to target on millennials as their main customers by providing trendy products at lower prices online. With the rise of e-commerce, online cosmetic stores are projected to respond their customers' desires in a much faster speed and offer more product options than physical stores.

Influencer analysis illustrates it is essential for a beauty YouTuber to be knowledgeable about makeup. Exhibiting impressive makeup looks and educating their audiences tend to help Pony gain more attention. Also, Pony's example presents that doing transformation makeup to



look like a celebrity could not just display her excellent makeup techniques, but also help more viewers generate interest in her videos. In addition, using different languages on social media can help increase their popularity worldwide.

In general, influencers change the way cosmetic companies communicate with their customers in brand awareness, product design, and purchasing sites. As reported by the article "Global Influencer Report 2019," 55% of global marketers believe the budget for influencers will increase in 2019 (Williamson). With this trend, influencer marketing will continuously affect the beauty industry and become more of a focus within cosmetic marketing strategies.

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## Education

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### **The Pennsylvania State University, Smeal College of Business**

University Park, PA

### **Schreyer Honors College**

Class of May 2019

Bachelor of Science in Management Information System, Minor in Statistics

## Skills

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Proficient in Microsoft Excel and Microsoft Access, Advanced in Tableau, SQL, Basic in R language, SAS, and SAP

## Research Experience

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### **Schreyer Honor Thesis - Data Analysis of Social Media Influencers**

August 2018 - Present

- Investigate the relationship between social media influencers and the factors of promoting products in the makeup industry
- Analyze content of promotions by comparing the numeric data (followers, likes, dislikes, and comments) to determine the effectiveness of advertisement by influencers
- Build a personalized database of all promotional information using Excel

### **Supply Chain Independent Studies**

August 2018 - Present

- Collaborate with Johnson & Johnson to determine an innovative way to reduce lead time on delivering products to customers
- Deliver a professional presentation and playbook to explain the process and results of the research at the end of semester

Business Courses Projects

## Business Systems Design Project

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### **Business Systems Design Project**

January 2018 - May 2018

- Utilized SQL language to manage databases and retrieved specific needed information
- Designed ER Diagrams, wrote SQL code, and generated the databases by organizing the relationships between each attribute

### **Business Analytics Project**

August 2017 - December 2017

- Investigated the use of databases, basic data mining tool and the advanced level of spreadsheet management for analysis of thousands of records
- Analyzed the utilization of learning systems with a team of four by using Excel and Tableau and presented the influence of parental involvement in children's education

### **Information Systems in Business Process Design Project**

January 2017 - May 2017

- Analyzed Big Data with VLOOKUP, PivotTable and data mining to support decision-making
- Created databases and explored relationships between different datasets using Access Analyzed Big Data

## Work Experience

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### LEAP Mentor

*University, PA*

*Summer Program*

June 2018 - August 2018

- Planned and organized 20 academic and social programs for 24 freshman students in six weeks
- Presented information session to around 500 students to introduce campus resources
- Communicated and interacted with approximately 1,000 students in the leap programs

### Student Employee

*Erie, PA*

*Dobbins Dining, Penn State Behrend*

April 2016 - May 2017

- Multitasked duties during high volume shifts and adapted to new responsibilities quickly
- Trained five new student workers on how to provide a quality service while maintaining a welcoming environment

## Campus Activities

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### PENN STATE Dance MaraThon Chair, Member

*University Park, PA*

*Japanese Friendship Association*

August 2017 - Present

- Attend weekly meetings to plan and organize monthly events with games and news
- Motivate 50+ students to engage beneficial activities to the society while experiencing Japanese cultures
- Prepare Japanese traditional crafts and set up the stage for culture events

### Promotion Chair

*University Park, PA*

*Bounce Dance Club*

August 2017 - Present

- Organize and publish weekly social media posts (Wechat and Instagram) for advertising purposes
- Manage and assign the promotion tasks to 13 members in the promotion committee
- Design and distribute the 150 tickets and 10 posters for showcases and private events

### Member

*University Park, PA*

*Circle K Service Club*

January 2018 - Present

- Commit 15 volunteer hours per semester mainly through fundraising, recycling and saving energy
- Contributed to organization's fundraising total of \$6,000 to benefit THON Membership Committee

## Lanaguage

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Chinese (native speaker), English (fluent), Japanese (conversational)