

# QUARTERLY DTC ADVERTISING TRENDS *HEALTH & BEAUTY*

Q3 2023





# Introduction

This report provides insights into Q3  
July - September, 2023



## Performance Insights

This report covers performance insights into the beauty industry, featuring data benchmarks from our diagnostic tools as well as our software partners.

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## About Blue Wheel

Blue Wheel is an omni-channel marketing and operational partner delivering excellence in digital commerce — from Click to Ship.

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2023 Q3

# Paid Social Performance Insights

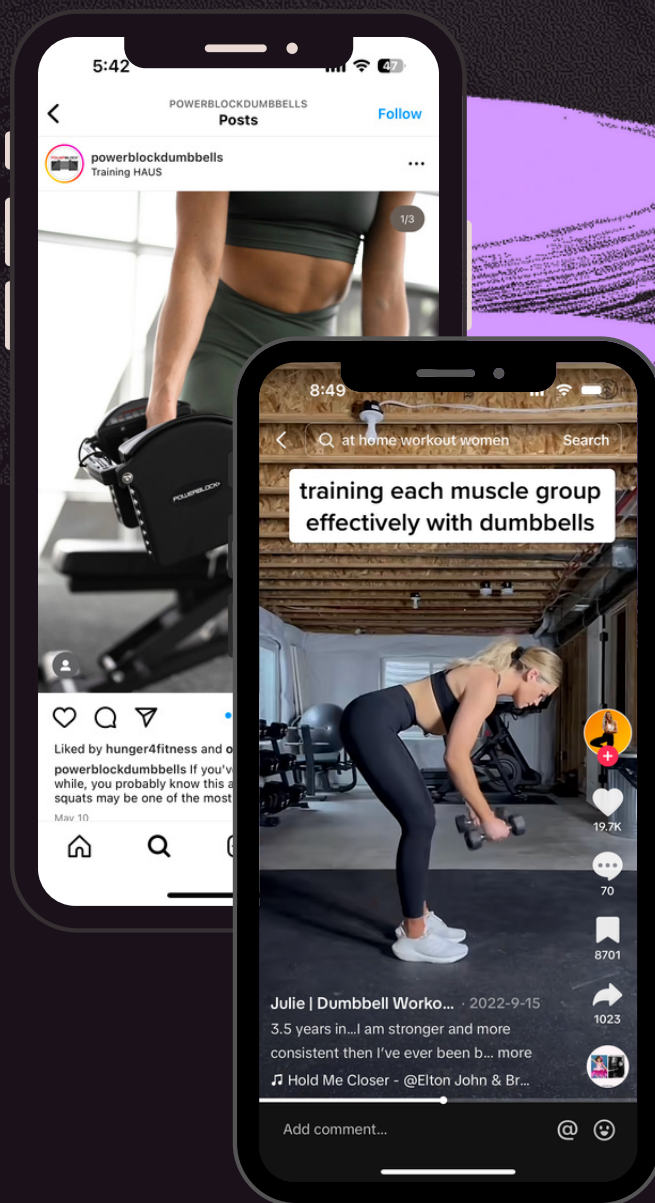
OVERALL DTC



In terms of paid social advertising, TikTok has the highest click-through rate (CTR) and scroll stop, with CPCs coming in at 76% less expensive than Meta.



Meta is more expensive compared to other platforms due to it still being one of the core media buying channels in the space. However, cost per acquisition (CPA) is lowest on Meta at \$52.81.





2023 Q3

# Paid Social Performance Benchmarks

OVERALL DTC

	Cost Per Acquisition	Scroll Stop	CPC	CTR
TikTok	\$167.36	32%	\$0.53	2.33%
Meta	\$52.81	8.3%	\$2.19	1.96%
Snapchat	\$77.70	10%	\$1.62	0.82%
Pinterest	\$349.53	38%	\$0.82	0.64%





# Benchmark Breakdown

## paid social

### Return on Ad Spend (ROAS)

Prospecting ROAS was 1.54 & Retargeting ROAS was 3.38

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### Meta serves as a core media buying channel

Meta is pricier than other platforms because it holds a prominent role as a core media buying channel in the industry. In Q3 (July-September 2023), the Cost Per Click (CPC) decreased by 2%, and it's down by 10% when compared to the first quarter. This could potentially be attributed to the rollout of Advantage+. We can also observe a 20% decrease in the Cost Per Acquisition (CPA) from one quarter to the next.

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### TikTok versus Meta

We saw the lowest CPAs across social platforms on Meta, while Scroll Stop tracked 312% higher on TikTok than Meta. Seeing as TikTok is a video-first platform where users go to engage with video content, users are more likely to pause and interact with content on TikTok due to its video-centric nature. TikTok may be an awareness platform, but still viable for brands.



2023 Q3

# Paid Search Performance Insights

OVERALL DTC



Click-through rate (CTR) was 52% higher on Google than on Bing in Q3.



CPCs were 27% higher on Bing than on Google in Q3.



GA4 rolled out in Q3, which could potentially skew data.



2023 Q3

# Paid Search Performance Benchmarks

OVERALL DTC

	Ad Spend	CTR	CPC
Google	67%	32%	\$0.53
Bing	33%	8.3%	\$2.19

\*CPA is not available due to the rollout of G4 in Q3.



# Benchmark Breakdown

## paid search

### Search Impression Share: Google versus Bing

As of 2023, Google retains an 83.84% share of the global market. However, this has fallen from 89.95% in the past three years, and during which, Bing's share has risen from 3.99% up to 8.88%. We are seeing Bing continuing to gaining relevance - they now have an integration with Chat GPT - and it's proven a strong avenue for conversions.

Our suggestion: If you go into your Google Analytics account and you are seeing a strong revenue rate from Bing organic, it's a good idea to have a campaign going on Bing.

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### Click Through Rate

The cost per click (CPC) on Bing was 27% higher compared to Google in Q3. Bing's CPCs increased, possibly because more advertisers joined the platform during the third quarter for Back To School campaigns, and in preparation for the fourth quarter.

Bing is often utilized as a supplementary search platform. So you didn't include it in your advertising strategy in the first half of 2023, it's likely that Bing was integrated into media plans during the second half.

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2023 Q3

# Health & Beauty *Industry Trends*







2023 Q3

# Health & Beauty Industry Benchmarks

The data below includes all segments, regardless of AOV & regardless of ad spend.

**\$10.48**

Facebook CPM

**1.65%**

Facebook CTR

**2.0**

Facebook ROAS

**1.49%**

Google CTR

**3.5**

Google ROAS



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# Health & Beauty Industry Data Trends for 50k+ in Ad Spend

The data below is based on ad spend over \$50k per month.

Average Order Value	Facebook CPM	Facebook CTR	Facebook ROAS	Google CTR	Google ROAS
<\$50	\$9.02	1.62%	1.76	1.4%	2.98
\$50-\$100	\$11.83	1.47%	1.92	1.73%	3.5
\$100+	\$16.15	2.18%	2.1	1.49%	3.5
All AOV	\$11.29	1.6%	1.90	1.58%	3.4



2023 Q3

# Health & Beauty Industry Data Trends *for <50k in Ad Spend*

The data below is based on ad spend under \$50k per month.

Average Order Value	Facebook CPM	Facebook CTR	Facebook ROAS	Google CTR	Google ROAS
<\$50	\$6.38	1.70%	1.96	1.40%	3.3
\$50-\$100	\$9.28	1.65%	2.25	1.30%	3.8
\$100+	\$14.41	2.19%	3.96	1.31%	4.6
All AOV	\$8.45	1.76%	2.44	1.35%	3.9





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# Blue Wheel's Performance Commerce Effect

PCE is Blue Wheel's proven process for transforming brands across the entire omni-channel ecosystem. We believe that growth happens from the first touchpoint to the last. The benchmarks below are specific to what Blue Wheel's beauty brands are seeing, on average.

51%

% Topline Sales  
from Ad Sales

54%

Returning Customer  
Revenue

46%

First Time  
Purchase Revenue

3.71

MER

6%

Subscribe & Save  
Conversion

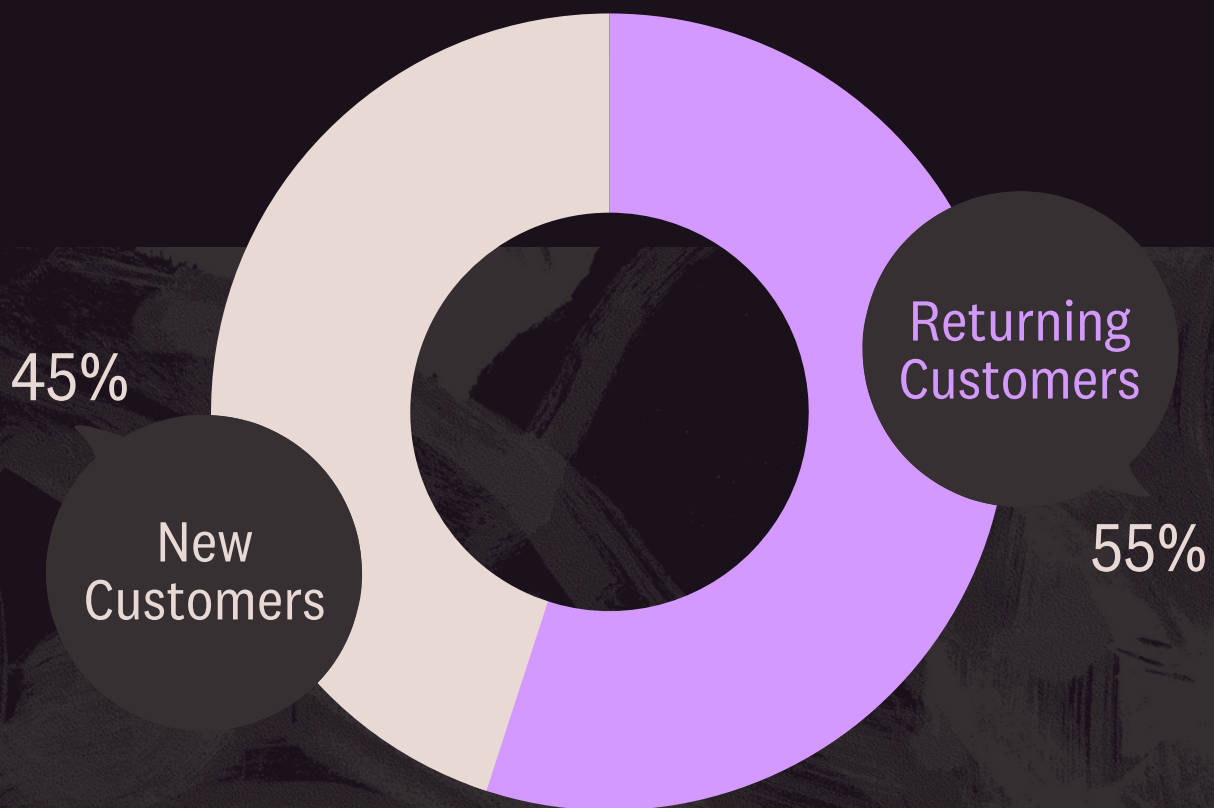
2.3

Blended ROAS



2023 Q3

# Blue Wheel's Performance Commerce Effect





# Data Trends Breakdown

## industry & blue wheel data trends

### Beauty Brands Spending Over 50k per Month

Beauty brands spending more than \$50k per month are investing heavily in new customer acquisition, which we see from lower CPMs and lower ROAS as they go after new-to-brand customers who are not converting. Q3 is a critical time to ramp up new customer acquisitions.

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### Beauty Brands Spending Under 50k per Month

Beauty brands that are spending less than \$50k per month with AOVs over \$100 have higher ROAS than other segments. This is due to Retargeting and Branded strategies on Google, so these brands are focusing on the very bottom of the funnel.

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### Focus on Platform ROAS

In Q3, we saw MER was down 21% quarter over quarter, while platform ROAS increased only slightly by 5%, suggesting that brands started focusing more on platform ROAS vs. topline growth.

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### New Users Down

Percentage of new users on site was down 36% quarter over quarter. As brands pulled back from new customer acquisition and prioritized platform ROAS, less new users were coming to the site. When looking at % of new (45%) versus returning (55%) customers, this makes sense. If brands were focusing more on new customer acquisition, MER, or topline, these percentages would be reversed.

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2023 Q3

“Q3 is a critical time to **ramp up**  
**new customer acquisitions**”





# BOLD STRATEGIES FOR BOLD BRANDS



Blue Wheel is an omni-channel marketing and operational partner delivering excellence in digital commerce — from Click to Ship.

## *From Click...*

Omni-Channel Advertising →  
Influencer Marketing →  
Lifecycle →  
SEO →  
Creative →  
Organic Social Media →

## *To Ship*

Catalog Management ←  
Fulfillment & Inventory Planning ←  
Customer Service ←  
Marketplace Expansion ←  
Brand Protection ←

