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Kristene Quan/ MEDILL

Online beauty retailers such as Birchbox are offering consumers a new way to test products: sampling programs. The curated box of four to five sample beauty products are delivered to members' doorsteps for a monthly subscription fee.

Try this: Online beauty retailers offer sample programs

by KRISTENE A. QUAN

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Touch, try, smell and feel.

The beauty retail business relies heavily on consumers' sensory experience – the ability to physically test products before making a purchase.

For decades department stores and beauty retailers have focused on giving customers an in-store experience where they can play with products and consult with experts on the latest beauty trends. With the rise of beauty boutiques in drugstore chains such as Walgreen Co., consumers are not short of places to sift through hundreds of beauty products.

So, how can consumers filter through the beauty clutter to find the best beauty products without having to do the research themselves? Beauty sampling programs.

Beauty samples are nothing new. Companies often distribute samples of a brand's new line after consumers make a full-priced purchase. However, online beauty retailers are rejuvenating this old practice by delivering the latest beauty samples straight to consumers' doorsteps for a monthly subscription price.

Online beauty retailer Birchbox has received significant attention since it was founded in 2010. The company has established a niche within the beauty retail industry by focusing on online sampling.

The New York-based business delivers four to five deluxe sample-size beauty products to members for a monthly subscription of \$10. The samples are tailored specifically to consumers' preferences, which have been determined from questionnaires about their beauty regimen and concerns.

Editorial content and social media presence are significant contributors to Birchbox's success. Consumers have access to exclusive content, sneak peeks, special deals and how-to-videos through the company's website and social media pages on Facebook and YouTube.

"They do great Facebook and blog entries because they show you how to use the products," explained Clare Hobbs, a Birchbox subscriber. "They do a lot of interesting content, which I think is challenging when there is so much content out there to actually capture a consumer's attention."

The 31-year-old, who has been a Birchbox member for more than a year and a half, was motivated to sign up because the company does "a lot of the editing, researching and work for you."

"What initially attracted me to them is having a profile of what you're looking for and what you like and having samples delivered to you every month and getting a surprise," she said.

The founders of Birchbox, two female Harvard Business School graduates, have a definite advantage: "They are their own target," said Hallie Davison, an editor at Tablet Inc. who is familiar with Birchbox's beauty service. She noted that other beauty companies such as Sephora USA Inc., which is owned by the luxury brand company LVMH, often have executives who are not their target customer.

Other online beauty retailers offering consumers sample products for a monthly fee include MyGlam and the Look Store LLC. Like Birchbox, both companies deliver four to five deluxe samples to consumers' doors for a fee of \$10 per month.

Although these companies are relatively new players in the online beauty game, one retailer has been around since the dot-com bubble was in full swing: Beautyhabit.

The Los Angeles-based company offers hand-selected products that are hard to find and a sample beauty program since its inception 16 years ago. Beautyhabit customers can request three free deluxe samples – slightly larger than the typical samples given out at department stores – upon checkout. Or, the online beauty boutique's "Try Before You Buy" program lets consumers test three different fragrances for \$15, and they receive a \$10 coupon to use towards a full-size version.

Some experts think the model of online retailers offering beauty sample programs is working but has some shortcomings.

"Some of the flaws of any online retailer when you're talking about sensory things is that you don't have that sensory experience," said Virginia Bonofiglio, the acting chairperson of the cosmetics and fragrance marketing department at the Fashion Institute of Technology in New York. "For me, the consumer might want to get that sensory experience at a brick and mortar."

Even so, Birchbox's retail concept is influencing brick-and-mortar beauty stores.

"It's kind of cyclical," Bonofiglio said. "The in-store people are saying that they have to do more online, and the Birchbox people are pushing brick-and-mortar store people to do better."

With the growing number of online beauty retailers offering beauty samples, beauty stores need to adjust to the new level of competition, retail experts say. "Anywhere where you can buy products that Ulta sells is a competitor," said Dan Hofkin, an analyst at William Blair & Co.

However, Hofkin noted that brick-and-mortar beauty retailers like Ulta Salon, Cosmetics & Fragrance Inc. and Sephora are growing their own online businesses by offering established brand names.

"They are growing their e-commerce business as well," he said. "The key is that they have to service customers in a multichannel capacity and offer customers a full set of options."

Department stores also are trying to counter the pressure from online beauty retailers by offering customers exclusive in-store specials like free mini-facials and makeup artist consultations. Nordstrom Inc. often has beauty events to get customers into its Michigan Avenue store. For the rest of March, the upscale department store chain will have four beauty events where consumers can consult with makeup brand experts.

However, Birchbox is trying to get a piece of the brick-and-mortar business as well. Through social media websites Twitter and Foursquare, the online beauty retailer has created “sample drop” locations where Birchbox Twitter followers “check-in” using Foursquare and receive free samples from its beauty partners. Through these sample drops, the company is essentially eliminating the barriers of its online-only presence.

A sense of community among consumers is something that all retailers are hoping to leverage with an online presence, but it can sometimes backfire if consumers think a retailer is being too pushy. Birchbox customer Hobbs said she thought the company had hit the right combination of customer service and social media.

“They’re constantly communicating with their consumers but in a way that’s not annoying,” she said. “That’s a pretty hard balance, and they do it really well.”

However, whether or not online beauty retailers offering sampling programs are profitable in the long-term is still uncertain. “At this point, it’s a little bit early to draw a significant conclusion from it,” Hofkin said. “I will say that competition is growing from alternative channels including online.”