

RESS SERVICES
BENEFIT
An E-book from



SALSIFY

9 WAYS TO BRING **TACTILE** **BUYING** **EXPERIENCES** ONLINE

WHAT THE HEALTH & BEAUTY
INDUSTRY CAN LEARN FROM
SHOES, FASHION, GLASSES,
AND EACH OTHER

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THE INTRODUCTION

Some products - books, music, and movies - can be sold online even more easily than in-store.

Others that involve a highly tactile buying experience - cosmetics among them - are much harder to adapt to online sales. For most consumers buying a pair of shoes without taking some steps in them, a perfume without smelling it, or a cocktail dress without trying it on is a bigger gap to cross than buying a trade paperback.

Fortunately there are some inspiring examples of companies that have managed to bridge this gap.

We've looked across industries to find inspiration for pushing the e-commerce in health & beauty further.

Rob Gonzalez

Co-Founder, Salsify.com

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THE CHALLENGE

The cosmetics industry is already garnering annual online revenue of about **\$4 billion**.

But in an industry where consumers are used to spritzing perfume, getting recommendations from helpful makeup professionals, and trying on samples in the store, health and beauty retailers face tough customer expectations when moving the shopping experience online.

THE CHALLENGE

Retailers have tried to replicate elements of the in-store experience online by incorporating beauty tips and social shopping features into their sites.

Despite these efforts, *the majority of customers aren't discovering and purchasing new cosmetics products online.*

**ONLY 16% OF ONLINE
CUSTOMERS ARE USING
E-COMMERCE SITES TO DISCOVER
NEW COSMETICS PRODUCTS**

THE CHALLENGE

The good news is that industries facing similar challenges have succeeded in having customers discover and purchase new products that they've never physically touched online for the first time.

Footwear, clothing, and glasses have been particularly innovative in the way they bring users online, and have been more successful in online sales than anyone ever expected.

THE CHALLENGE

We interviewed key innovators and analyzed strategies that worked particularly well for these other “tactile” industries.

This is what we found.

SHOES

WHETHER YOU'VE BACKED YOUR HEEL INTO A COLD METAL SHOE SIZER OR HAD A SALESPERSON PUSH ON A SHOE TO FIND THE END OF YOUR TOES, MOST OF US HAVE SOME IDEA OF WHAT IT'S LIKE TO SHOP FOR SHOES THE OLD-FASHIONED, IN-STORE WAY.

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Today, shoes are among the top 5 most frequently purchased items online. Yet only a few years ago, people questioned whether anyone would buy shoes without first trying them on.

Similarly, a consumer likes to physically see makeup on her own skin or smell a cologne with his own nose before purchasing a new product - especially if it's expensive.

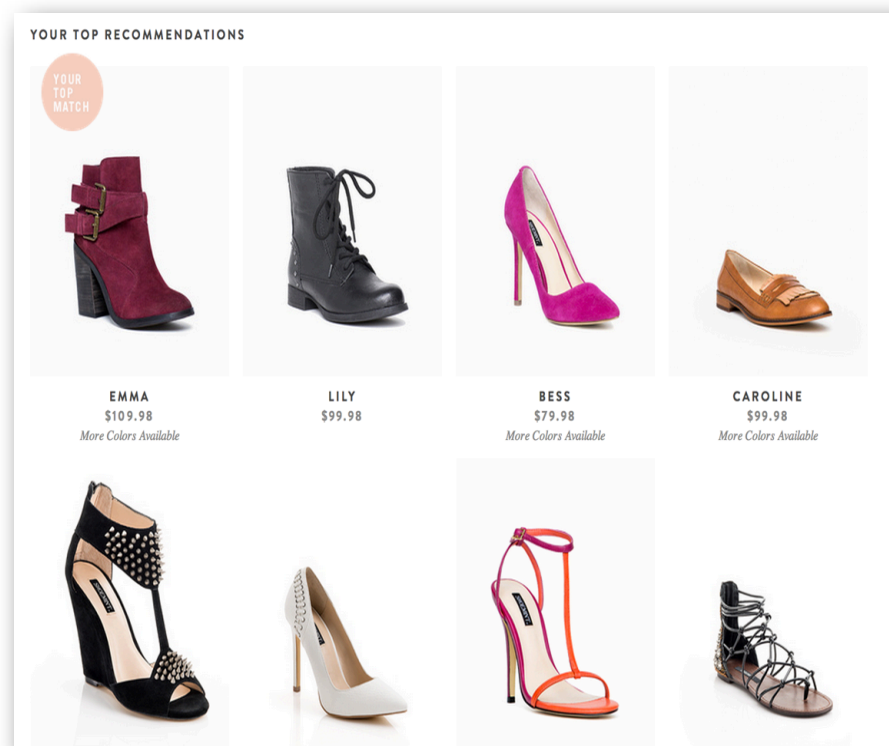
Here are some strategies the shoe industry adopted to bring the shopping experience online, from new product discovery to making a satisfactory purchase.

SHOE STRATEGY 1

Personalize recommendations to help facilitate the **discovery** process

THE SHOEMINT MODEL

Though social shopping illustrates the extent to which friends influence what we buy, people are still also sold by celebrity. The combined star power of actress Rachel Bilson, stylist Nicole Chavez and shoe mogul Steve Madden brings inherent expert endorsement to their online shoe website Shoemint.



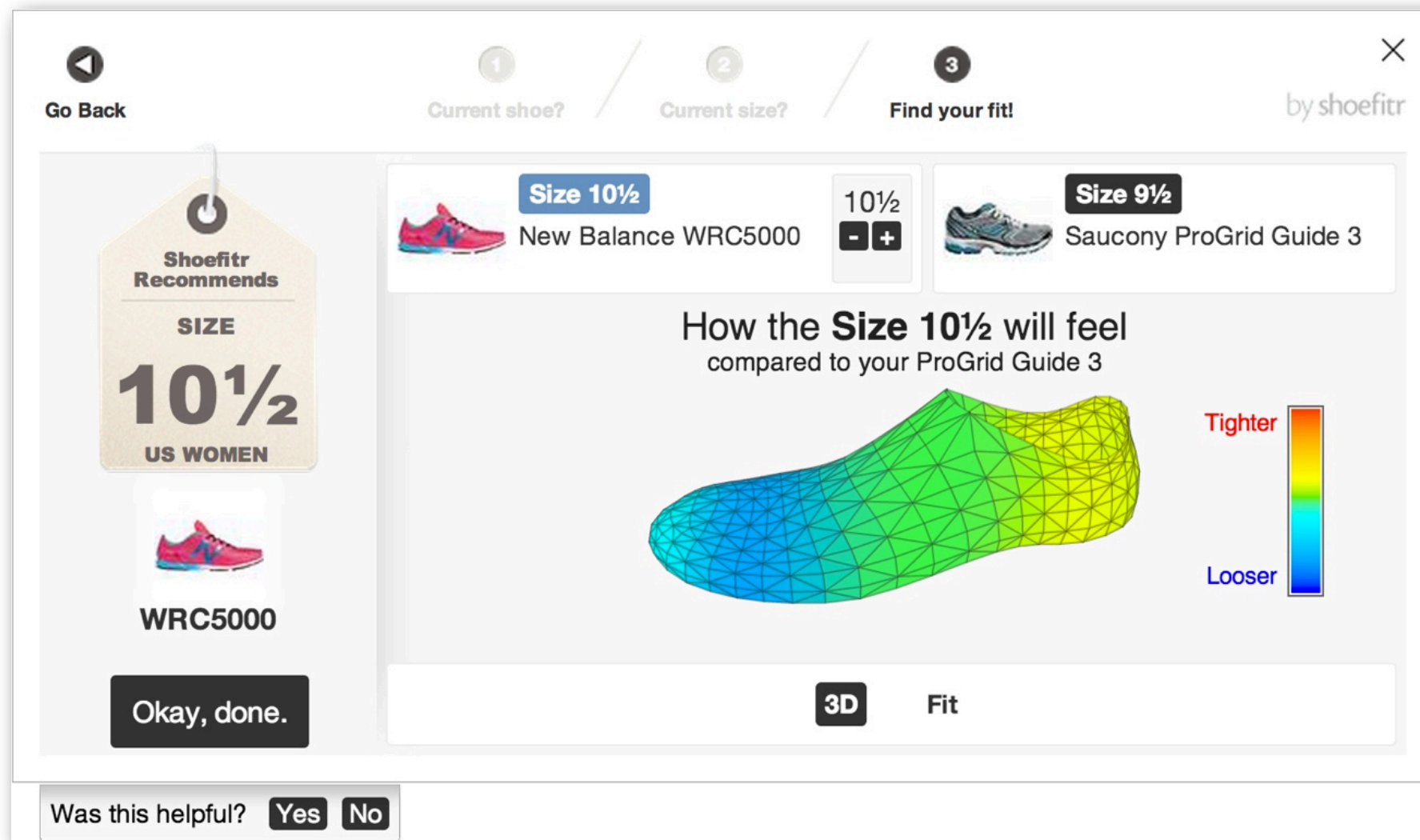
But the hallmark of the Shoemint model is that **the endorsement is personal**. New members must complete a survey to create a unique style profile, which is used to present the member with specific shoes each month. Thus, the experience goes beyond just being exposed to the newest fads, and is instead a lot like being styled by your trendy best friend - if your trendy best friend is Rachel Bilson, that is.

SHOE STRATEGY 2

Demonstrate fit based on a consumer's current shoe to facilitate the fitting process

THE SHOEFITR MODEL

When the team behind Shoefitr was just starting out, their preliminary market research revealed that **75% of shoppers** were hesitant to buy shoes online. Their main concern? That the shoes they purchased wouldn't fit.



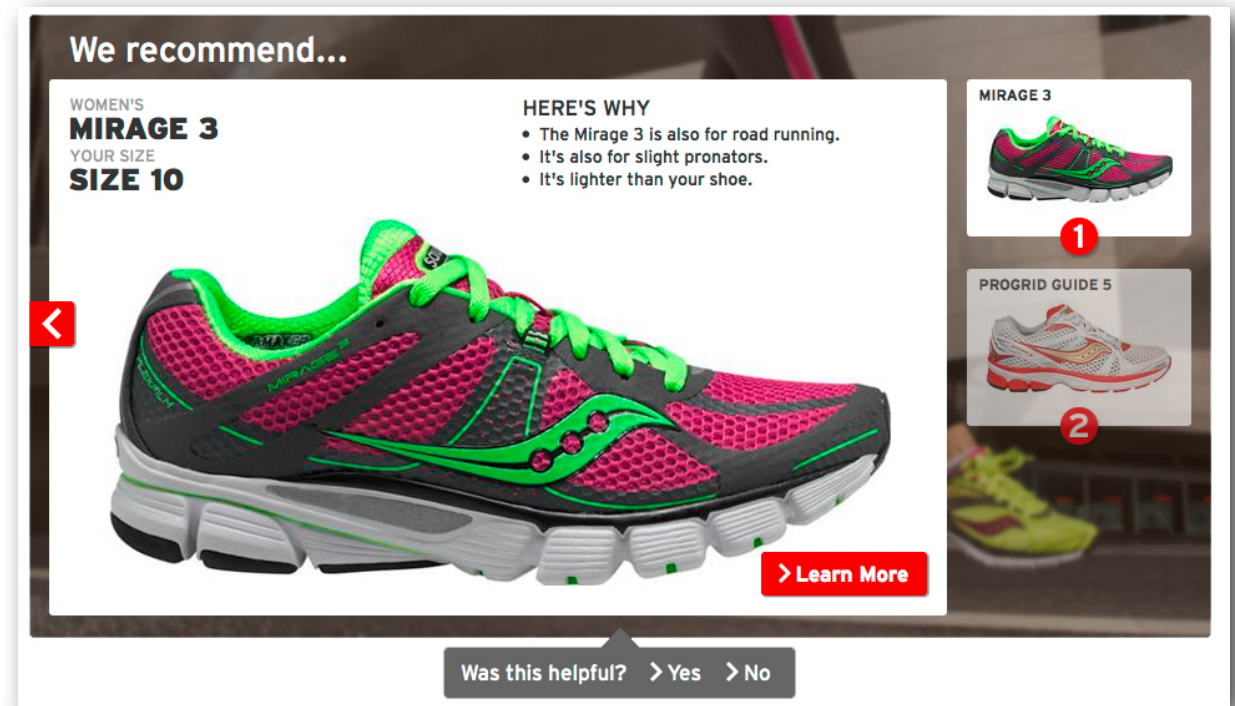
Shoefitr blends 3D scanning and imagery software with folks who know shoes very, very well. The application presents a thermal diagram of how a particular shoe will fit on your foot, all based on the size and model of a shoe you're currently wearing.

“Sizing is subjective.”

- Shoefitr co-founder
Nick End

Since testing their software in the storeroom of a small specialty shop, Shoefitr has partnered with some of the most popular brands in running shoes and high heels. It's also perfecting an application that recommends other shoes based NOT on what other people have purchased, but on a consumer's individual preferences - again, with information gleaned from his or her current shoe.

While this technology doesn't replace in-store consultation, Shoefitr co-founder Nick End says that the application works because **third-party consultation isn't the end-all in a shoe purchase**. Ultimately, there are no metrics for how a shoe fits apart from personal comfort.



SHOE STRATEGY 3:

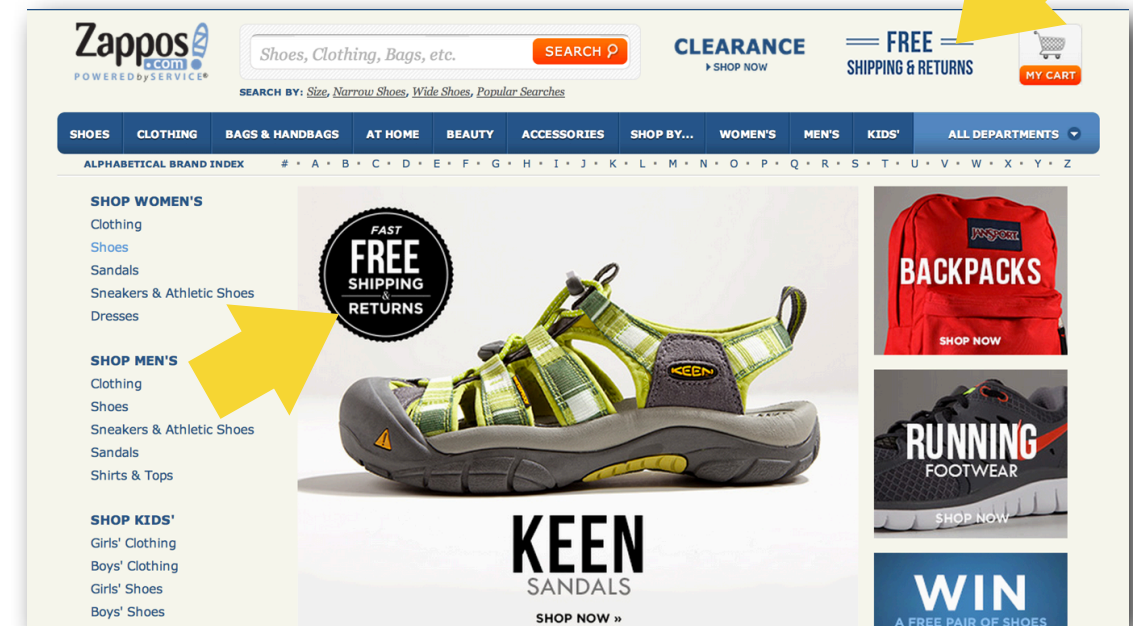
Provide free shipping both ways to encourage customer satisfaction

THE ZAPPOS MODEL

As with cosmetics, consumers are less likely to purchase shoes without physically interacting with the product. By providing **free shipping both ways** - a model popularized by Zappos - companies are able to facilitate the at-home fitting process with minimal financial hassle for the consumer.

Zappos commitment to customer service goes beyond just saying they offer free shipping. They go out of their way to make it easier for consumers to return poorly fitting shoes.

For **CEO Tony Hsieh**, providing little details like links to printout return labels was vital to building strong customer loyalty, even if the company was initially running a financial loss for those offers.



A recent study from UPS found 63% of customers now look up return policies before they buy.

THE LESSONS FOR HEALTH & BEAUTY

As with a shade of foundation two-tones-too-light or an unflattering hue of lipstick, it's difficult to compromise with a shoe that simply doesn't fit. But the shoe industry has come up with strategies for getting consumers online that are more enticing than the fear of a misfit.

- If brands collect taste and style preferences from consumers the way SHOEMINT does, they can help users discover products they're more likely to love, and ultimately want to buy.
- Applications like SHOEFITR know that consumers ultimately know themselves the best. Thus, they compare the fit of a new product to something the consumer already owns and loves.
- And even the purchase still isn't quite right, the ZAPPOS model allows for easy home trials. (Sample box programs like Birchbox do this well for cosmetics.)

FASHION

MOST OF US KNOW THAT OUR SIZES FLUCTUATE DEPENDING ON WHERE WE SHOP...AND WE'VE OFTEN HAD TO STAND IN A FEW DRESSING ROOM LINES AND RETURN A FEW MISFIT ITEMS TO FIGURE THIS OUT.

INSIDE:

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The fashion industry, like health and beauty, has been struggling to break into the E-commerce trend more than many people might realize. At the beginning of 2013, only 13% of clothing purchases were made online.

But at the same time, the struggle has produced some of the most innovative strategies yet for encouraging shoppers to move online.

Thus, there's a lot that health and beauty can learn about what to do - and what not to do - from fashion's experimentation.

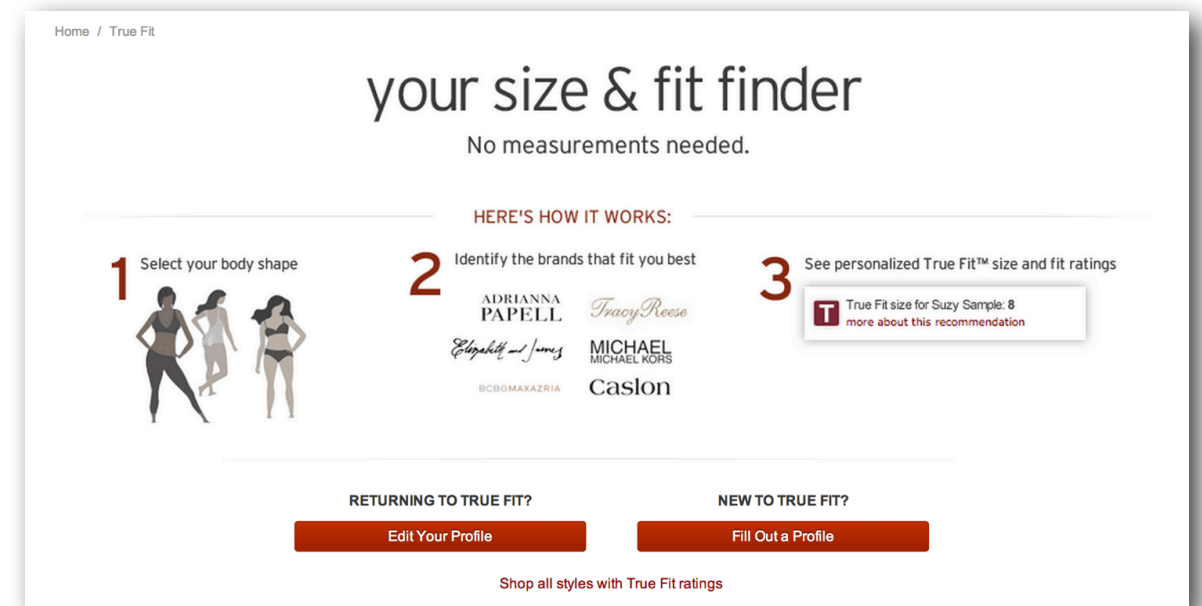
FASHION STRATEGY 1:

DO: Demonstrate fit based on a customer's current closet

THE TRUE FIT MODEL

True Fit walked away from the MITX 2013 Innovations Awards with a mouthful of a decoration: “Best Consumer Tech That Makes Life Better.” Similar to ShoeFit, consumers must input basic physical information into the application as well as **describe articles of clothing they already own** that fit particularly well.

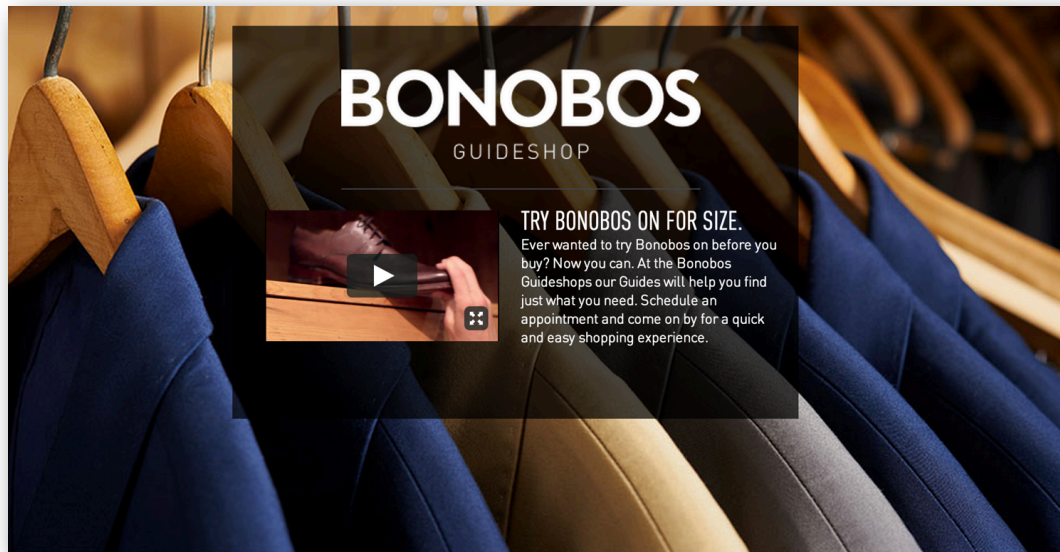
Once a consumer has filled out their profile in True Fit’s Nordstrom integration (currently available for women in dresses and bottoms), a True Fit field appears in every relevant product search.



FASHION STRATEGY 2:

DO: Flip the order of traditional retail

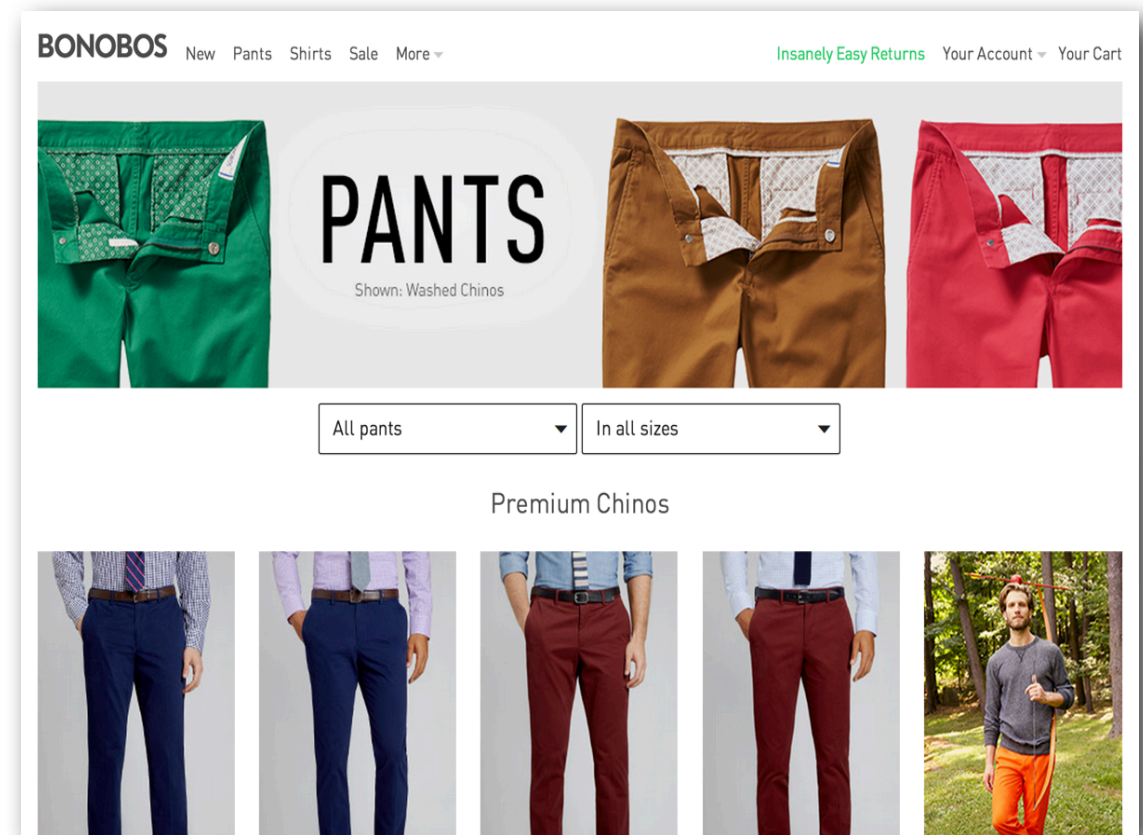
THE BONOBOS MODEL



Bonobos is a prime example of a company with competitive customer service, one of the trademarks of the Zappos model. But going even further than Zappos, Bonobos encourages shoppers to **order many different sizes, try them on at home, and send back anything that doesn't fit.**

For those who need more interaction with the clothes before making a purchase, the company has eight “**guideshops**” throughout the US, lightly stocked showrooms that have the look and feel of a typical brick-and-mortar shop.

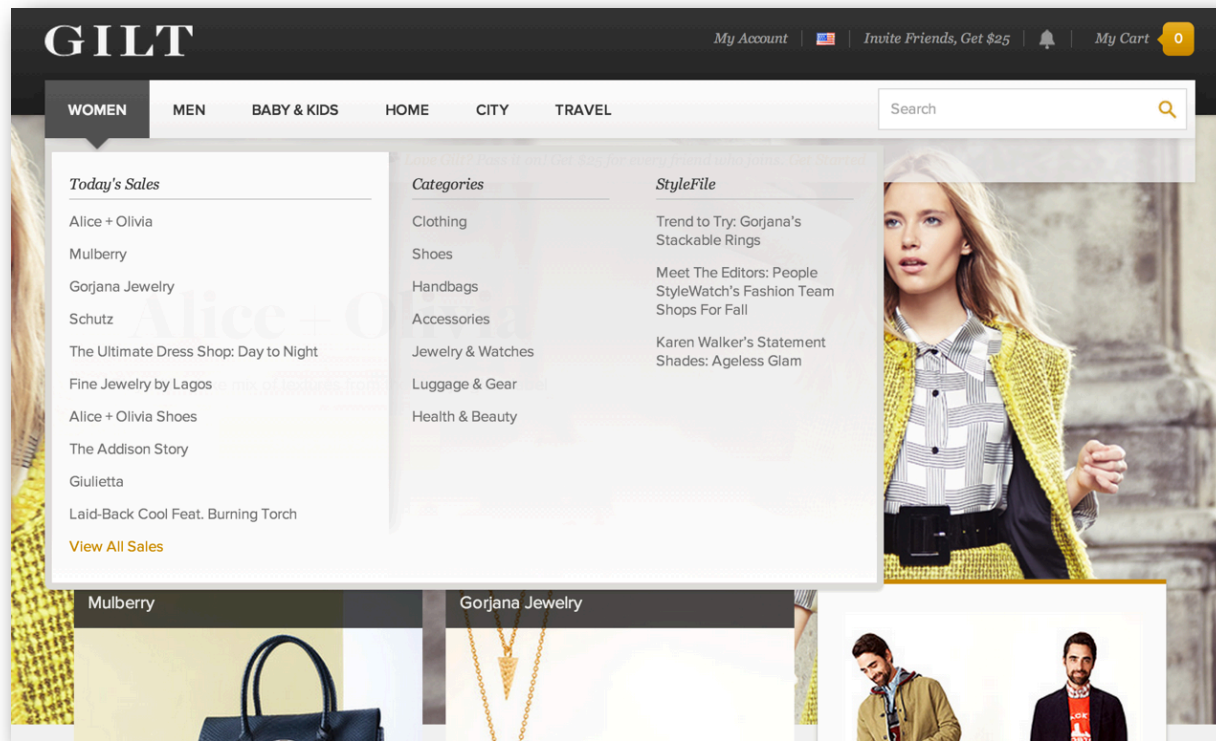
But unlike a traditional store, there isn't a back storeroom - in physical form anyway. Customers must ultimately make their purchases via the website, where an item is plucked from the virtual catalogue and shipped to a customer's doorstep.



FASHION STRATEGY 3:

DON'T: Jump into fads too soon

THE GILT GROUPE MODEL



The phenomenon of online **flash sales**, pioneered in the US by the online retailer Gilt Groupe, is based around that idea that shopping is more enticing when the deals are time-sensitive. Impulse buyers, who are willing to buy as soon as they catch wind of the latest sale, provide a large portion of the revenue.

But the model proved financially detrimental for fashion retailers like Rue La La, which didn't have alternative revenue streams to combat the deep discounts. Fab.com recently scrapped flash sales from its strategy completely to go after a steadier sales model. Even Gilt began rethinking their hallmark strategy, but the company recently announced that they have plans revive the trend with more personalized sales.



"Gilt Groupe CEO Seeks to Prove Flash Sales Are No Fad" (Bloomberg)

"Fab Dumps Flash Sales Alerts For Pinterest-Like Follower Model To Market Design." (Tech Crunch)

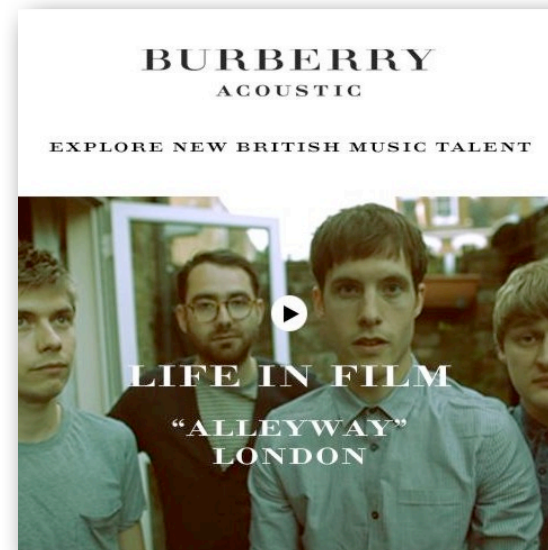
FASHION STRATEGY 4:

Do: Integrate technology and entertainment to define or reshape a brand

THE BURBERRY MODEL

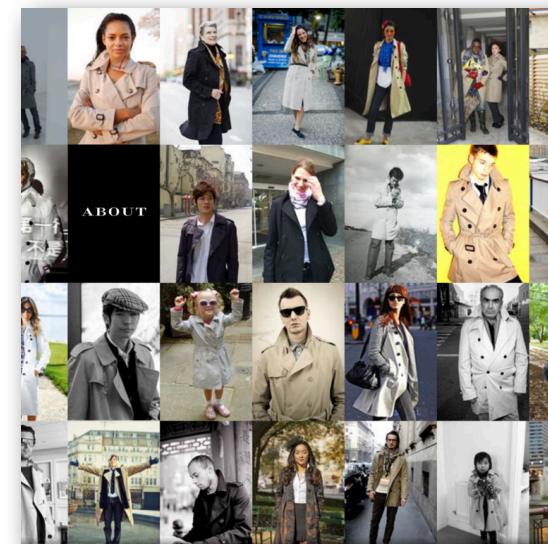
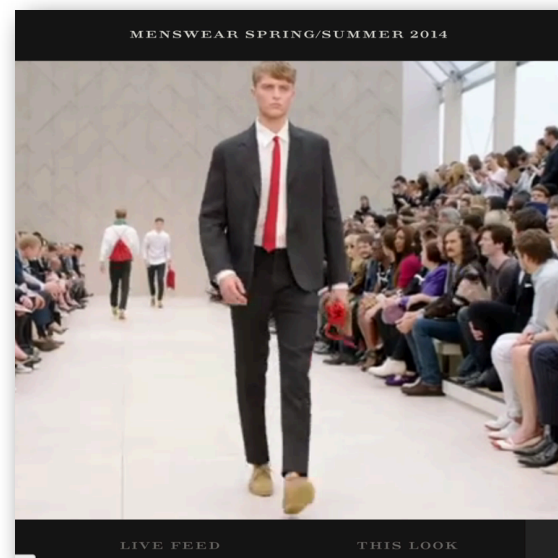
It's impressive to note that one of the most digitally-innovative brands of late is over 150 years old. In trying to breathe new life into the company, Burberry created **a branded experience** that relies heavily advertising through entertainment and cutting-edge technology.

The Burberry Acoustic series features live performances from up-and-coming musicians, all wearing Burberry of course.



The Burberry store on London's Regent Street boasts a number of unique digital integrations, and doubles as a concert venue.

The company live-streams all of its shows both online and in-store.



Their companion "Art of the Trench" website is a social platform for people to share pictures in a Burberry trench coat.

Burberry.com
 "The digital hard-sell behind Burberry's traditional image." (The Guardian)

THE LESSONS FOR HEALTH & BEAUTY

Both health & beauty and fashion have run into challenges creating new shopping models that fit the changing times. But fashion companies are taking more innovative risks, and as a result, creating a list of DOs that seem to outweigh the DON'Ts. .

- **DO as TRUE FIT does and standardize items across retailers against a product the consumer knows and loves.**
- **DO as BONOBOS does and integrate the tactile and online experiences together. Wary traditionalists will be more likely to engage in online if there's an in-store component to the process.**
- **DON'T engage in e-commerce fads like flash sales without being willing to eventually try another approach, like FAB.COM or GILT.**
- **DO show that your brand is current by incorporating technology and entertainment into your strategy, like BURBERRY.**

GLASSES

THERE ARE SO MANY FACTORS INVOLVED IN A TRADITIONAL GLASSES FITTING THAT MOVING THE PROCESS ONLINE HAS TAKEN A WHILE TO COME TO FRUITION

INSIDE:

WARBY PARKER **28**

DITTO **30**

As of 2011, only \$300 million worth of eyeglasses were purchased online. Compare this to the approximately \$8.4 billion consumers spent on glasses all together, and the eyewear industry has a much lower online penetration rate than cosmetics.

Because the eyewear industry made its splash in E-commerce later than many of its counterparts, it was able to take strategies that other industries had explored and do them one better.

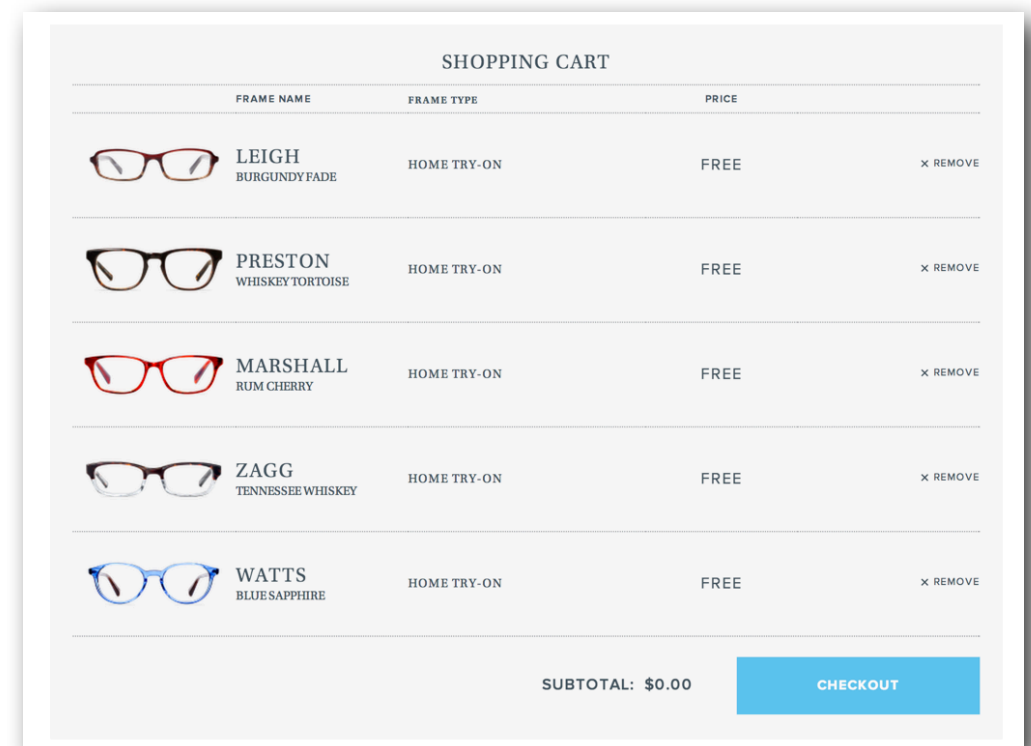
GLASSES STRATEGY 1:

Build at-home trials directly into your brand strategy

THE WARBY PARKER MODEL

Among the many innovations Warby Parker brought to the glasses industry was the widely imitated try-at-home model. Warby Parker allows consumers to pick out five styles from its online catalogue, then provides free shipping and returns to the consumer.

Founder Neil Blumenthal estimates that word of mouth referrals account for 50% of traffic.

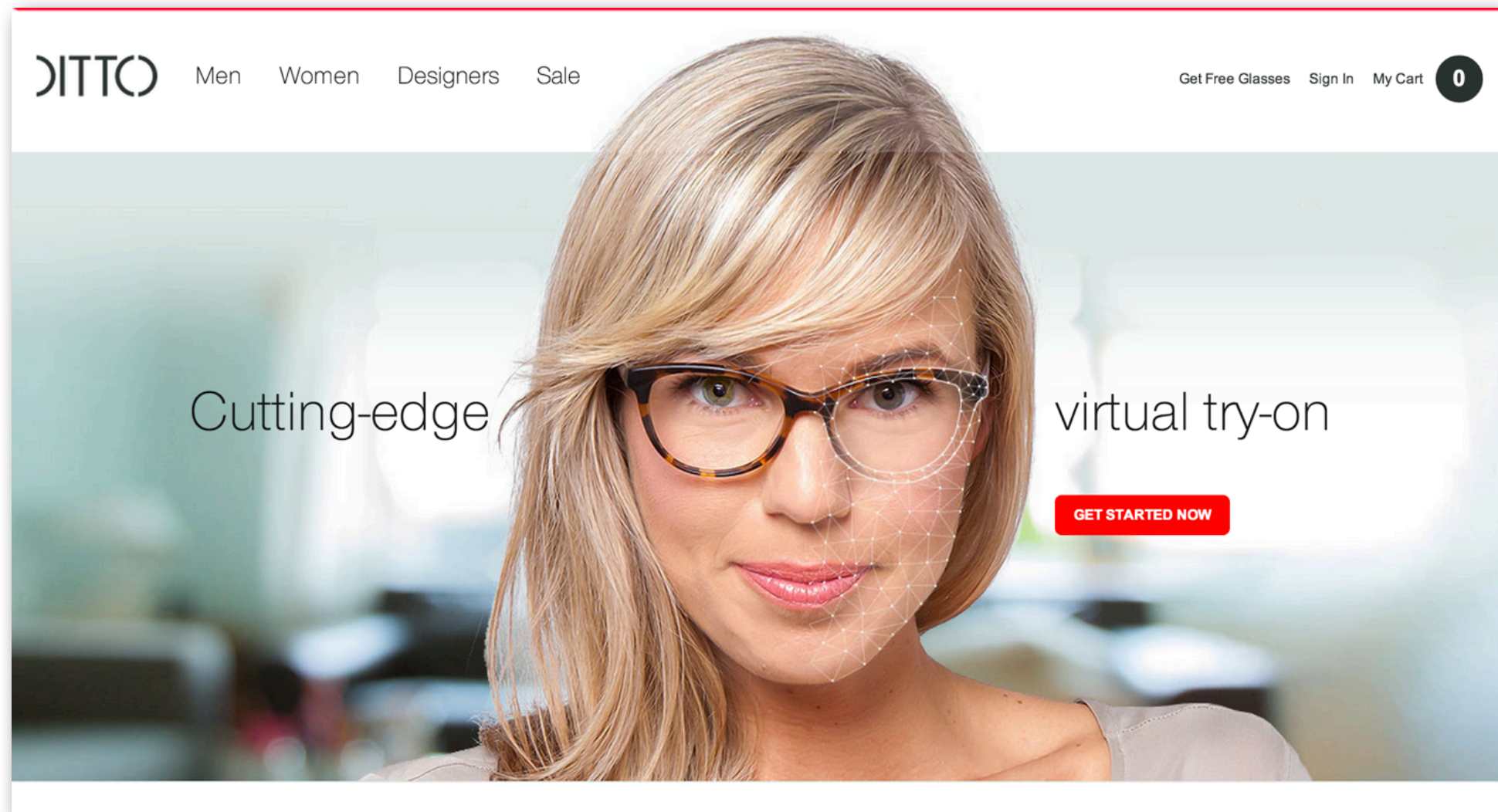


With its stylish designs, quirky marketing strategies, and of course, its easy at-home trials, Warby Parker has become one of the trendiest new brands around.

GLASSES STRATEGY 2:

Design an application that allows both the consumer and the company to see how the product fits

THE DITTO MODEL

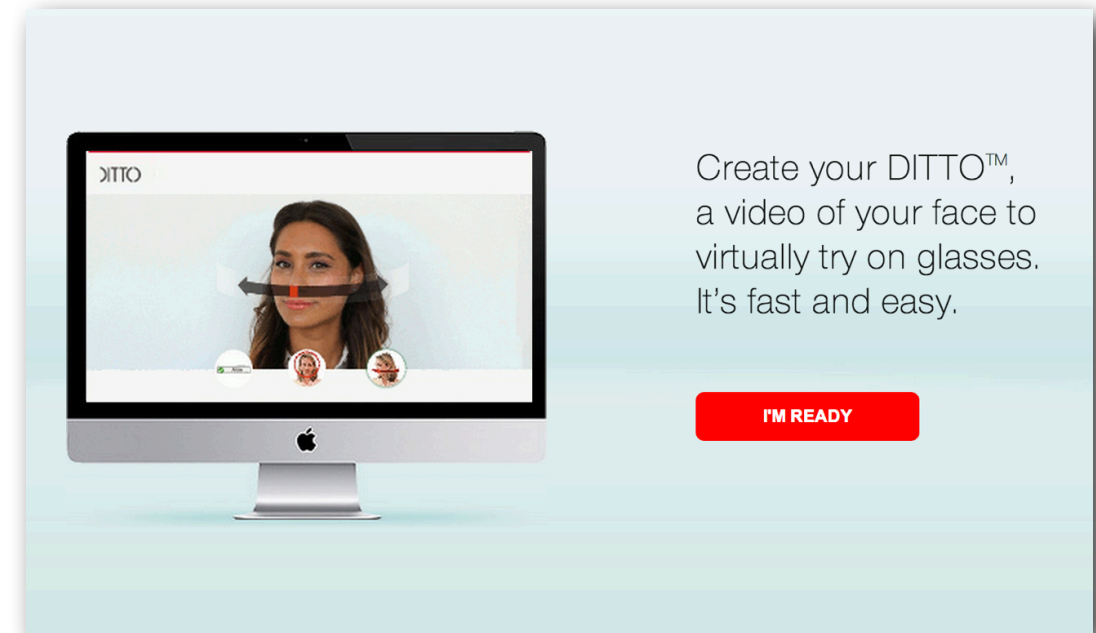


DITTO co-founder Kate Endress spent many afternoons in various LensCrafters branches and other eyeglass retailers, looking at the way customers analyzed how they looked in different frames and how professionals tailored the final fit to each individual face. She and her team **knew that the 2D virtual fitting programs offered at the time** couldn't replicate these processes effectively.

Use your webcam to record a video of your face from several angles, and Ditto creates a 3-D rendering of your head. A credit card or standard business card is all that's required to provide the scale. With brand partnerships from Oakley to Vera Wang, the application allows customers to pick from a variety of designer glasses, and lets them see how their "Ditto" looks in the frames.

Before a pair of glasses is shipped to a consumer, in-house technicians take a final look at each digitization and make small adjustments based on where fit seems too tight or too loose. Shipping is free both ways but the company says their software picks up on most of the necessary tweaks.

By creating **a system that allows both expert and customer to see how a product fits**, Ditto can directly tailor a product to the individual despite having only interacted virtually.



THE LESSONS FOR HEALTH & BEAUTY

Taking into account the strategies that are already being adopted, and actively working to do them one better, is an important lesson for health & beauty. Companies in this industry seem to mostly be mimicking one another, without as much innovation as seen in eyewear.

- The try-at-home model that **WARBY PARKER** offers is possible with a number of different companies, but none made this the hallmark feature of their brand quite like Warby Parker.
- Actively look for ways to make something better, like **DITTO** did, and you may also stumble upon a virtual method for strengthening the customer/company bond in the process.

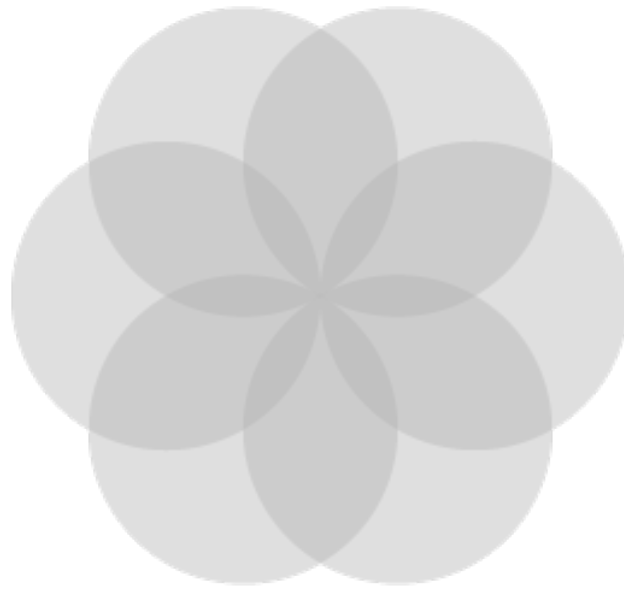
IN SUM

Many industries face the same challenge health & beauty companies are currently trying to tackle: how do you bring consumers online, especially if they're used to very tactile interaction with the industry's products before making a purchase?

Here are 9 lessons health & beauty can learn from the way shoes, fashion, and glasses have moved to E-commerce:

1. **Collect consumers' taste and style preferences to better tailor the new product discovery process to the individual.**
2. **Demonstrate fit based on an individual's comfort in the product.**
3. **Provide free shipping and returns policies for a hassle-free experience.**
4. **Flip the order of traditional retail to make the bulk of the transaction online.**
5. **Compare new products to something a consumer already owns and loves.**
6. **Don't engage in E-commerce fads without being willing to eventually try a different approach.**
7. **Incorporate technology and entertainment into your strategy.**
8. **Allow for easy at-home trials of products.**
9. **Create a virtual system that allows experts to see how a consumer interacts with a particular product for better customer service.**

ABOUT US



SALSIFY

Salsify helps your team bridge the multi-channel marketing gap highlighted in this ebook.

Salsify's cloud-based product content management system enables manufacturers, distributors, and retailers easily create, manage, and exchange high-quality product content to drive results: [**www.salsify.com**](http://www.salsify.com)