

A close-up photograph of a hand holding a black marker, applying a label to a white product. The background is blurred, showing other products and factory equipment. The text is overlaid in large, bold, white letters.

STAYING RELEVANT IN A FAST-PACED INDUSTRY: A HEALTH AND BEAUTY COMPANY'S GUIDE

TABLE OF CONTENTS

Introduction

Page 3

1 Staying Relevant in a Fast-Paced Industry

Page 6

2 Finding a Solution With True Unified Commerce

Page 8

Conclusion

Page 10



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Read Time: 10 minutes

STAYING RELEVANT IN A FAST-PACED INDUSTRY: A HEALTH AND BEAUTY COMPANY'S GUIDE

Introduction

In trying to keep up with the modern consumer, many health and beauty companies have implemented multiple departmental solutions piecemeal, without fully considering the consequences of how these disparate systems will interact with each other. The result is a hodgepodge of processes, which require significant resources to maintain. The inefficiencies and the demands they place on the organization leave health and beauty companies stuck in the past, inhibiting growth and innovation.

They can be the difference between whether a health and beauty company fails or thrives in today's hyper-competitive shopping environment, where failing to fulfill a promise of delivering an order can diminish brand loyalty and get a company removed from third party marketplaces such as Amazon.

This white paper reflects on real stories from the frontlines and the challenges

health and beauty companies are facing in creating a consistent and enjoyable shopping experience with advice on how to turn these challenges into opportunities.

The main roadblock to achieving relevancy with consumers is point solutions.

According to Internet Retailer's 2017 Beauty & The Web Report¹, US consumers spent roughly \$12.11 billion on beauty products on the web last year, up from 24.5% in 2016. Health and beauty brands face challenges unlike any other industry, where they must maintain a seasonal assortment of multiple sizes and SKUs to accommodate both their business customers (B2B), as well as their direct customers (B2C). Additionally, brands must fulfill the right products at the right place and time in an industry where trends are constantly changing, making their inventory available for purchase no matter where the consumer shops.

¹ Beauty & The Web: Where the Big Money Is. Report. 2017 ed. Internet Retailer & Vertical Web Media, 2017.

Some health and beauty brands are increasingly turning to a single system that can handle the complexities of customer, financial and inventory data across business processes from production to payment. If health and beauty brands don't have a system that can help up, the result will be significant challenges fulfilling orders on time.

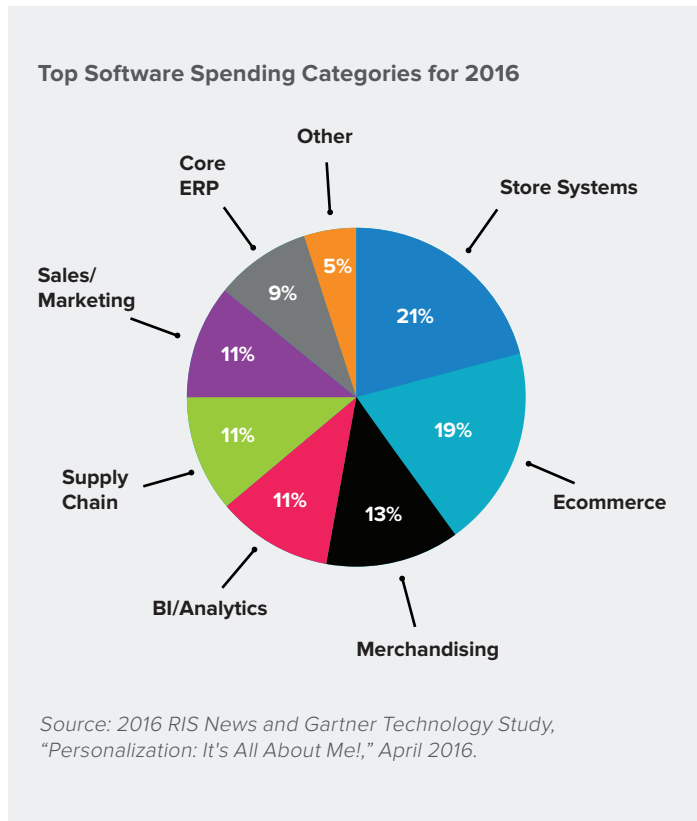
An innovative cosmetics company wanted to add retail sales to their education business, but was hindered by fragmented business software and a multi-channel business model that included education, wholesale and retail sales. In addition to their siloed processes, web sales were limited by the need for manual re-keying of orders into accounting, and the difficulty in posting new products to the website.

Unfortunately, this is not an uncommon tale from the trade. Many health and beauty executives are haunted by these same issues.

Unable to respond to customer's demands; sales, customer service and brand loyalty all eroded. This is not an uncommon theme for health and beauty brands, where so many have legacy systems that just can't keep up with the speed or intricacy of the business. Limited visibility into stock levels and sales orders hinders capacity planning and in turn puts the customer relationship in jeopardy.

Key Ingredients for Growth

Our next story comes from one of the oldest health and beauty brands in the U.S. Growing from a brick and mortar storefront to a global



omnichannel retailer, they are leading the change and moving away from labor-intensive, disparate applications to gain the edge they need to remain competitive in such an evolving industry.

Delivering seamless experiences that customers expect today, including return anywhere, ship from store and endless aisle, are all the new norm and unattainable without a seamless set of processes. The features that health and beauty brands must focus on are customer centricity, cloud-first scale and agility, integrated operational efficiency, and data-driven decision making.

Looked at from a 30-thousand-foot perspective, individual investment plans show an industry struggling to develop methods to become personally relevant to shoppers and consolidate systems in a way that breaks down tech stacks into a new architecture that is truly interoperable and unified into platforms or broad application suites.²

In order to keep up with the fast paced industry, health and beauty manufacturers and retailers need integrated processes and a full view of the customer in order to deliver a seamless omnichannel experience.

These brands also need the ability to rapidly scale all operations from entering into new global markets to expanding channels, product offerings and subscription sales.

End-to-end efficiency and visibility are also essential for health and beauty companies to minimize operational costs and orchestrate processes to deliver an exceptional customer experience for every customer interaction.

Last, but certainly not least, is the need for data-driven decision making. Rather than rely on outdated, disparate data, health and beauty brands running in the cloud can make informed decisions based on real-time information that is readily accessible at their fingertips.

Global sales of health and beauty products are expected to soar 73 percent from 2016 to 2024, from \$432 billion to \$750 billion, according to Inkwood Research, a Boston-based research firm. As we see this industry take off, it is more important than ever for health and beauty brands to remain competitive.

² 2016 RIS News and Gartner Technology Study, "Personalization: It's All About Me!," April 2016.

Chapter 1

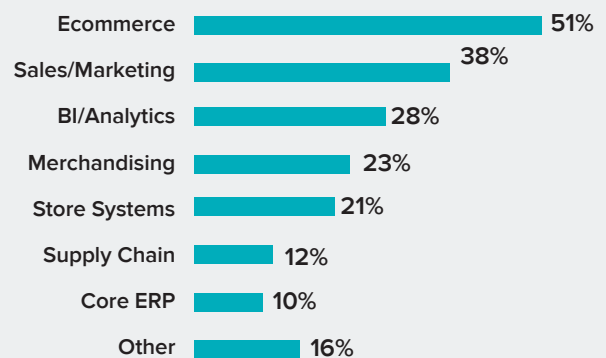
STAYING RELEVANT IN A FAST-PACED INDUSTRY

Health and beauty companies that have been doing business for over 15 years have likely built a foundation of IT infrastructure that was never designed to handle sales beyond the physical store. As additional shopping channels evolved, the need for a central repository of data was created, forcing companies to find ways to weld these channels together.

Every day, customers are demanding improved service and greater speed of delivery, while start-up companies are quickly seizing market share by being able to meet these demands while launching new offerings and expanding to new geographies faster. These young health and beauty companies haven't had to overcome decades of change, which require hefty resources. They can spend more time and money innovating rather than remediating.

Achieving ambitious growth and expansion goals requires operating differently than your competitors. It requires breaking down the silos which have been created out of haste, establishing one version of reliable data with real-time visibility to make fast, informed decisions. Health and beauty companies need speed, visibility, adaptability and scalability as never before. This requires a modern

Cloud Portion of Software Spending in 2016



OVERALL

26% of software spending will be cloud-based

Source: RIS News and IHL Group, "2016 Store Systems Study: Brave New World of Unified Commerce," January 2016.

IT infrastructure that supports the need to operate differently. The on-premise systems of the past don't meet the business needs of the present and future. This is why innovative health and beauty companies are moving to the cloud.

Any company with good sense can't stomach the thought of investing in technology that is destined to become outdated in five to 10 years. Ripping and replacing entire systems this frequently is unsustainable and expensive.

With cloud technology, the software upgrades happen often and effortlessly, helping health and beauty companies stay current despite changing market conditions and consumer behaviors.

The cloud offers the flexibility health and beauty companies need to quickly react to new and unforeseen changes in the market and consumer behavior. Cloud technology enables companies to spend less time worrying about the costs and complexities associated with managing, patching and upgrading on-premise software and hardware. No longer having to deal with the frustration of version lock, health and beauty companies are always using the latest version, providing shoppers with the best experiences. When updates do happen, customizations are automatically migrated.

Chapter 2

FINDING A SOLUTION WITH TRUE UNIFIED COMMERCE

58% of businesses use at least eight channels to capture customer data. This brings the perfect storm in blending structured and unstructured insights to build a truly unified view of customer data.³

Your customers don't see channels when they're shopping. They just want something they like and a convenient method of getting it. In fact, according to Internet Retailer's Beauty & the Web Report, around 18.3% of total U.S. spending on beauty products now occurs online—up from 11.9% in 2012. For health and beauty companies, that requires a consistent layer of data that includes financials, inventory, orders, items and customer information that feeds into all customer interactions. Otherwise, a company isn't truly achieving unified commerce and can never create a personalized connection with the customer.

Buyers beware, there are many vendors that tout having a unified platform when in reality

this is just marketing jargon. To be a true unified commerce platform, only one layer of data can exist. Otherwise, health and beauty companies run the risk of potential inconsistencies and redundancies when software updates occur. With an authentic unified commerce platform, there are no integration issues and the customer-facing experience appears smooth and effortless because data is easily exchanged across channels.

When back-end processes are strengthened and supported by a unified commerce engine, companies can begin to innovate knowing that their most basic and crucial business systems tie back to a single source of data.

³ Aberdeen Group, "Getting Ahead in Customer Analytics: Which Technologies do you Need to Succeed?," June 2016.

7 WAYS HEALTH AND BEAUTY COMPANIES CAN KEEP PACE USING UNIFIED CLOUD COMMERCE

Challenge Systems that don't support in-store returns from items purchased online.

Solution Deploy an order management system that centrally manages orders for all channels.

Challenge Providing customers the same experience online as they receive in-store.

Solution Contain all of your customer order data in one central repository. From there you can feed it into intelligent and personalized email campaigns and innovative applications to ensure the digital experience is just as great as the in-store experience.

Challenge Increasing online conversions and reducing abandoned shopping carts.

Solution Send timely communications, tailored to the customer's preferences to re-engage the customer and bring them back to the website to complete their order.

Challenge Sending personalized upsell and cross sell email campaigns.

Solution House only one set of customer, order and inventory data. Use this single source of data to feed to all of your customer touchpoints, enabling timely and relevant email campaigns.

Challenge An item is out of stock online but available at a nearby store.

Solution Display inventory visibility on your website, enabling your customers to make a trip to the nearest location with the item in stock. Be certain there is only a single set of inventory data to pull from for every channel of business.

Challenge Fear of investing in technology that will become outdated in the next 5-10 years.

Solution Invest in cloud technology, where updates take place in real-time and your company will always be on the latest software version. Cloud technology is the antidote to future-proofing your business.

Challenge Finding budget to replace years of costly, disparate systems.

Solution Start with the essentials. First, tackle the foundational problems by implementing a unified retail management system. The front-end systems such as POS and ecommerce are not as critical and can be deployed subsequently down the road. Also consider the cost-effectiveness and flexibility of cloud technology.

CONCLUSION

Some health and beauty brands have been convinced that deploying channel-specific solutions is a shortcut to becoming an omnichannel business. Unfortunately, this approach is too costly and far too labor intensive to maintain.

The only way to deliver a true omnichannel brand experience that scales with your business needs and shifts with your customers' demands is with a unified cloud commerce foundation that seamlessly ties together customer, inventory, financial and order data, with customer-facing systems such as point of sale and ecommerce.

To keep pace in this dynamic environment and to lay the groundwork for growth, health and beauty companies are realizing

that these historical processes and on-premise systems are not adequate to handle current business needs and most certainly aren't equipped to handle the next 15 years of retailing. Health and beauty companies must modernize their IT infrastructure, beginning with a foundation for financials, customers, inventory and orders, to provide the visibility and scalability for growth.

Health and beauty companies can't meet their customer's needs unless they first address the web of siloed, channel-specific solutions they've implemented over the years.

About Oracle NetSuite

Oracle NetSuite is helping today's health and beauty brands deliver personalized and engaging customer experiences with the only unified cloud-based commerce platform that brings together all the capabilities required to deliver a true omnichannel business solution from ecommerce and point of sale, to marketing, financials, inventory and order management.

To learn more about NetSuite for health and beauty companies, visit www.netsuite.com/beauty.

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