

Beauty Brands Are Finding Salvation with Subscriptions

by Jamie Johns



Physical retail has been in a constant state of flux. Whether an established or emerging DTC brand, the tactile beauty industry was unable to rely on counter makeovers or in-store samples to sell products during COVID-19. As a result, beauty brands turned to digital channels to drive sales in 2020.

However, migrating to digital isn't a magic formula for automatic success. Every brand followed the path to online, and now the market is saturated and ultra-competitive. To stand out, innovative beauty brands are embracing alternative digital solutions, especially subscription offerings, which are ideal for both beauty consumers and merchants. Subscription offerings provide loyal shoppers with exclusive benefits and features, while enabling brands to drive new acquisitions and improve customer retention.

Below, I've outlined why subscription offerings enable beauty brands to thrive in today's volatile retail environment, as well as tips on how to make the most out of a program.

High expectations for beauty shoppers: Beauty subscription and mystery boxes have seen a resurgence during the pandemic. Self-care and wellness subscriptions are growing in popularity as consumers seek reliable ways to maintain skincare routines and combat “maskne.” Plus, brands are looking to delight customers with surprise products. In fact, subscription enrollment in the beauty category has increased by 100% during COVID-19.

Beauty brands that use subscription commerce effectively can further establish loyalty, turning a one-time transaction into a lifetime customer. While subscription programs across other verticals traditionally offer discounts and free shipping, beauty shoppers expect a more tailored experience and benefits. Important factors such as skin tone, ingredient sensitivity, and product colors can all interfere with a consumer’s path to purchase. Each shopper has their own unique needs and wants to feel like products are made exclusively for them.

Build loyalty to retain customers: In the now-saturated online market, brands should strive to move beyond a one-time purchase and create a long-term customer relationship via subscriptions. And many customers feel the same. According to Ordergroove data, Beauty and Personal Care saw a 33% year-over-year increase in subscriptions over the Black Friday, Cyber Monday sales period in 2020—a traditional one-time-purchase holiday.

Loyalty programs can make subscriptions feel less like a mundane transaction and more like a rewarding journey for the shopper at every turn. For example, offer a points-based system that unlocks levels of benefits, like a free beauty set or a discount off a purchase. Gamification can add a new level of thrill and excitement as customers shop and earn points.

Continuing to customize and offer unique, exclusive experiences and benefits is crucial to building relationships and loyalty. A loyal customer is more likely to trust a brand, and therefore will continue to purchase their favorite products, as well as try new ones.

Unique benefits and features to keep shoppers interested: In addition to loyalty programs, offerings such as early access to new products, reordering, and guided selling provide subscribers with exclusive benefits. With the goal of retaining existing customers, while also acquiring new ones, beauty brands can take advantage of these unique features to build the customer relationship.

Promote new products: Shoppers in the beauty market are loyal to their products. This can make it difficult to get them to try new items—especially now that they can’t test them in stores.

Offering trials, tiered benefits, and free gifts with purchase can incentivize shoppers to try new products. This also allows brands to upsell in a targeted, personalized manner. For example, imagine a shopper who regularly buys mascara and eyeliner. Offering an eyeshadow sample can help introduce them to a product they might find of interest.

Optimize reordering: For products that consumers order at higher frequencies, such as moisturizers and cleansers, brands should optimize the reordering process. Instead of a standard refill, each purchase is an opportunity to offer additional, curated products to a shopper. These products can be based on color, scent, other similar products shoppers have added to their baskets, and more.

Guide the customer journey: Guided selling can also help customers find the products that are right for them, faster. This technique is often executed through either a chat box or a question-and-answer experience. With an online chat, consultants can speak to shoppers directly. In this way they can answer questions or provide personalized recommendations to shoppers looking for new products that meet their needs or wants.

Alternatively, guided selling can walk shoppers through a series of questions to better understand their needs and narrow down products. If a shopper is looking for a new foundation, questions around skin type and complexion can generate customized product suggestions, making it easy for the shopper to make a confident purchasing decision.

The future of subscription beauty commerce: COVID-19 has accelerated beauty's online growth, and brands have moved quickly to respond and adapt. But it's critical for brands to continue to find ways to strengthen their online identities. Subscription programs do just that—creating a strong online identity for the brand and a rewarding way to shop for the customer. With a continued commitment to subscription commerce, beauty brands can enjoy lasting shopper relationships and establish recurring revenue streams, even in hard times.

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