Customer Loyalty Strategies

PFS

Unpacking the power of purchase, packaging and returns experiences

How to inspire loyalty through a seamless omnichannel approach that reinforces your beauty brand

How can beauty brands capture customer loyalty?

With so many options for purchasing beauty products online, what are the factors at play that drive a customer to choose one brand or another? And how do brands ensure customers return to the site for more after an initial purchase?

A recent consumer pulse check conducted by PFS found that **65% of shoppers say convenience is the most important reason they are more likely to purchase beauty products online.** At the same time, more consumers say that brand connections are stronger online than offline. Across websites, social commerce and, increasingly, the gamified metaverse, retailers are creating heavily branded experiences that effectively capture the attention of consumers in a cluttered market. However, to secure customer loyalty, brands must not lose sight of the convenience factor.

Consumers want highly personalized experiences tailored to their individual style and busy life. By eliminating channel conflict across the customer journey, ensuring brand representation upon delivery, and simplifying the returns process, brands can strike the necessary balance between personalization and convenience, while capturing long-term loyalty.
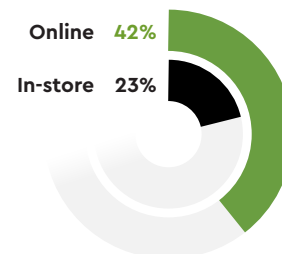
3 keys to inspiring loyalty

In this guide, we'll explore ways brands can inspire loyalty by focusing on three key strategies:

- **Prioritizing convenience:** Convenience is a leading factor for consumers in deciding where to shop and which brands to dedicate loyalty and trust to. At a minimum, brands must offer multiple delivery methods, ensure quick and easy returns, and enlist highly responsive customer care.

- **Empowering consumers:** Customers expect brands to equip them with the power to choose how they shop through an omnichannel approach. By implementing multi-node fulfillment that leverages stores as well as regional distribution centers, brands can optimize inventory across channels.

- **Reinforcing the brand:** In a world where the "brown box" has reached iconic status, the post-purchase experience deserves more than a little attention. Branded packaging, creative messaging, product personalization and more help bring the brand forward and stand out against the competition.

What are the most important reasons consumers shop for beauty online?

Convenience **65%**
Better prices **59%**
More product choice **57%**
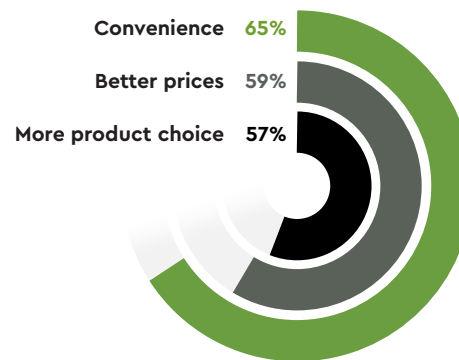
Where do consumers feel most emotionally connected to their favorite beauty brands?
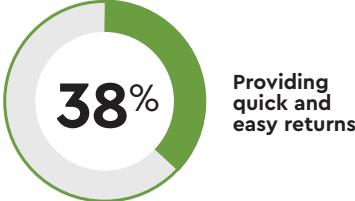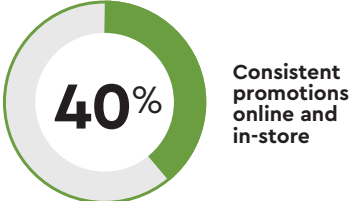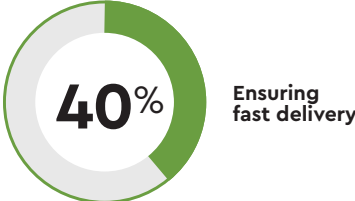
Online **42%**
In-store **23%**

Eliminate channel conflict

Consumers want to decide when, where and how they shop. PFS research shows that the leading ways beauty brands can improve the omnichannel experience from the consumer's point-of-view (POV) are:

- **Fast delivery: 40%**
- **Consistent promotions online and in-store: 40%**
- **Quick and easy returns: 38%**

The line dividing online and in-store shopping is increasingly blurred. Convenience is important for eight-in-ten consumers (80%) when shopping for non-essentials, rising to 84% for anyone purchasing beauty products in the last 12 months.

For retailers with a brick-and-mortar presence, this means allowing customers to choose the delivery or pick-up method that best suits their needs by equipping stores to support alternative fulfillment methods. Options, including buy online, pick up in-store (BOPIS), curbside pickup, and same-day delivery, have become second nature to consumers in recent years.

40% Ensuring fast delivery

40% Consistent promotions online and in-store

38% Providing quick and easy returns

Equip stores to help

Leveraging store fulfillment technology such as PFS' RetailConnect ensures store associates can support the online channel in an efficient, systematically driven way that does not interfere with ongoing store operations. With **RetailConnect, stores can increase ship-from-store productivity by as much as 30%**, essentially enabling the stores to operate as mini-fulfillment centers.

For brands selling exclusively online as well as multichannel retailers, distributing inventory across multiple, regional distribution centers through a multi-node fulfillment approach can offer consumers faster and more cost-effective delivery options. With the implementation of a distributed order management (DOM) system and comprehensive inventory management, a multi-node operation ensures brands can offer competitive delivery times across regions.

Elevate unboxing experiences

Brands can win customers' favor one order at a time with thoughtful packaging. This has been repeatedly proven as the unboxing video trend has all but taken over social media, reinforcing a brand's image as loyal shoppers aim to convert friends and family into customers.

Memorable packaging does not require costly equipment or timely processes. Often for a relatively small uptick in investment, specialized wrapping or messaging creates a sense of indulgence and adds a layer of luxury to any type of product regardless of price point.

Using branded tissue paper, marketing inserts, QR codes, free samples, etc. creates an opportunity for brands to tell their story and connect with consumers. However, "specialized" or "custom" does not necessarily mean more packaging. For instance, by allowing an opt-in option for scaled-back or minimal packaging, brands can empower customers to choose a more sustainable and environmentally friendly experience. For the conscious consumer, this can inspire a connection to the brand through a common cause.

Brands should strive to create enough incentivization through their packaging to encourage customers to want to discover more and, ultimately, turn them into repeat customers. What's more, brands who accomplish this at scale, during their busiest days of the year (Cyber Monday, for example), make the most of every opportunity to capture a high concentration of new customers and build long-term loyalty.

54%

54% of consumers who shop for beauty online believe they receive a more personalized experience online than in-store.

How do you communicate brand ownership post-purchase?

- Package orders using heavily branded materials
- Include unique brand messaging within that package
- Enable personalization through value-added services (i.e. product engraving)
- Use QR codes to encourage follow-up interactions
- Provide responsive customer service that represents the brand's spirit and values

Reduce and simplify returns

Customer returns can be a major obstacle for brands, particularly for beauty brands. With **67% of shoppers put off a brand by a difficult returns process**, it is important that brands prioritize the returns process when considering a loyalty-inspiring customer journey.

Retailers should aim to minimize the need for returns to begin with. The best way to limit returns is to give consumers as much information upfront as possible. Brands can do this by showing products on a wide range of skin tones, describing the texture of the product in fine detail, and making customer reviews easy-to-find on the product page. Embracing the metaverse and offering virtual try-on options further improves the chances of a customer choosing the best option for them. In fact, **88% of Gen Z shoppers are interested in augmented reality (AR) for trying on makeup and clothes**.*

Of course, some returns are inevitable. This is where the brand must seek to create hassle-free returns operations and offer consumers multiple options for making a return (i.e., return to store, drop-off locations, pick up, etc.). Leveraging a third-party returns program can help you reduce costs via consolidated shipping while providing convenient drop-off or pick-up options for customers.

Lastly, brands should employ sensible returns policies. If it costs more to process a return in a fulfillment center than the product itself is worth, or if the product cannot be resold, consider allowing the customer to keep the product and issue a refund. This is also a more sustainable approach – particularly for beauty products, **60% of online purchasers of beauty products who have returned items in the past would prefer to reduce the environmental impact and not have to make the return**.

73%
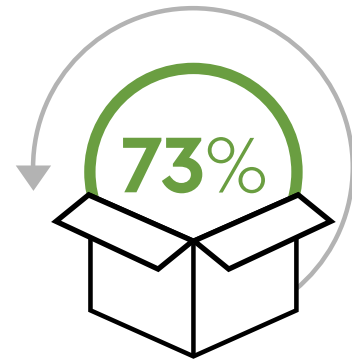
67% of consumers are put off a
brand by a difficult returns process
(increasing to 73% for beauty)

67%
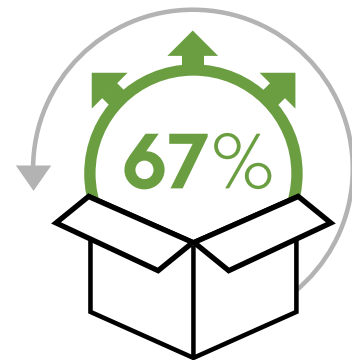
54% of consumers prefer to have
multiple options to return a product
(increasing to 67% for beauty)

Take control with support from the experts

Are you seeking to take ownership of the customer experience online, but overwhelmed by all the moving parts? Engaging PFS, a leading eCommerce BPO, to manage your day-to-day operations can free up your in-house team to focus on the core competencies of your business, such as brand innovation, while leaving it to the experts to carry out the operational side.

PFS fulfillment operations are uniquely tailored to the requirements of beauty and cosmetics brands:

- We are the pros at branded pack-out. The orders we fulfill deliver more than just a product, we deliver branded experiences that inspire loyalty.

- We can support any form of product customization, including engraving, embroidery, embossing, dramming and more.

- Our scalable systems are responsive to seasonal and promotional spikes and support expiration planning and other requirements specific to the beauty industry.

- With climate-controlled facilities, small product storage racking and special storage for HAZMAT requirements, we're uniquely equipped to fulfill beauty products.

- We offer high-touch customer service with support agents who transparently represent each brand's spirit and values.

Supporting the best in beauty

GIORGIO ARMANI

LANCÔME
PARIS

NARS

Rare Beauty

SHISEIDO

VALENTINO

VIKTOR&ROLF

Yves Saint Laurent

4,000 online interviews were conducted with a nationally representative sample of adults aged 18+ with quotas set on gender, age and region (+/-2%). 2,000 interviews were conducted in the US and 2,000 in the UK, between December 9 – 16, 2021.

About PFS

PFS is the premier eCommerce order fulfillment provider supporting beauty brands selling online. With scalable solutions that support peak volumes and value-added services creating deep personalization, beauty brands look to us to fulfill brand-centric experiences that inspire customer loyalty.

Reinforcing our fulfillment operations are our proven customer service, order management, fraud prevention and payment processing solutions. We support B2B and DTC operations for brands and retailers worldwide with 20+ years of experience in the industry.

With a unique focus on branded eCommerce solutions, PFS keeps our clients' individual spirit and values front and center with every order.

www.pfscommerce.com