Beauty: Only as Deep as the Customer Experience

In beauty care and cosmetics, the customer’s experience is where the sale is won or lost, where the brand comes to life, and where the seeds of loyalty are planted.
As the beauty and cosmetics industry continues its global growth spurt, there is more of everything—more competition from new entrants in luxury and mass prestige, more distribution channels, and more customer touch points. While similar issues are plaguing most other industries, beauty is different. As a U.S. marketing executive in the beauty care industry so aptly puts it, “the time has passed when consumers were intrigued by brand alone.”

In today’s beauty environment, consumers are demanding a higher level of in-store services and retailers are delivering it.

In beauty, the experience at the point-of-sale (POS) remains the most important. It is where the sale is won or lost, where interaction with the brand comes to life, and where the seeds of loyalty are planted. To differentiate beauty products in a crowded and competitive environment, best practice companies have several things in common. There are five beauty secrets:

1. Understand all aspects of the point-of-sale experience and its impact on brand performance
2. Know what matters most to your end customers and retailers
3. Identify the specific touch-and-feel experiences across geographies
4. Ensure a consistent experience in all distribution channels
5. Use the right organizational model and competencies to maximize the point-of-sale experience

This article discusses all five in more detail.

1. Understand the POS experience and its impact on your brand

The point-of-sale experience can affect brand performance in three ways:

**Improve brand image and consumer satisfaction.** The general POS atmosphere and design can have a direct impact—positive or negative—on a brand’s overall perception among customers and their loyalty to it. This is particularly true for premium and luxury goods where well-heeled shoppers expect more. Chanel revamped its POS presence at Bloomingdale’s flagship store in New York City to create the impression of a high-end make-up studio complete with mirrors that can adjust to show how make up will look in different lights, including daylight, candlelight, and fluorescent light. These nice touches deliver a unique shopping experience and further enhance the beauty brand and customer loyalty.

**Guide traffic generated through media.** Not surprisingly, beauty companies invest in media to further a particular brand or category—linking brands with holidays and special occasions already connected to these purchases. Fragrances, for example, are always associated with

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1 The insights discussed in this article are based on the authors’ work and research in the consumer and retail industries, resulting in the A.T. Kearney Customer Experience Framework.
Valentine’s Day, Christmas, and New Year. Yet, there is no real guarantee that media-driven traffic to one brand or category actually benefits that brand or category. As a marketing director in the United Kingdom fragrance market warns, “The POS experience can either multiply or divide your media efforts: the goal is to find synergy.” We believe that the real change agent is the point-of-sale experience; so improving return on media investments can be as simple as providing appropriate POS support.

**Generate incremental sales.** The point-of-sale experience also affects incremental sales. Although the actual impact remains difficult to isolate, the two are undeniably connected. In Japan, for example, which is arguably among the most demanding beauty care markets in terms of service, studies show that spending more time in one-on-one customer consultations increases sales and productivity. A regional manager in Japan said it best: “We know that the best counter managers are losing fewer clients: On their corners, we have 40 percent more basket spending versus the average.” With this in mind, U.S.-based Macy’s launched a sales strategy across beauty brands called “Magic Selling” (an acronym that stands for: Meet and make a connection; Ask questions and listen; Give options, give advice; Inspire to buy and sell more; and Celebrate the purchase).

2. **Know what matters most to customers and retailers**

In selling premium goods, we can separate the beauty shopper’s point-of-sale journey into five steps: welcome, atmosphere, touch and feel, advice, and checkout (see figure 1). Each step is essential to maximizing the shopper’s experience. If you meet four out of the five, you are not really delivering a point of sale experience that will generate returns. It has to be five out of five. What are some of the best point-of-sale experiences? Beyond beauty care and cosmetics, Nespresso really stands out when it comes to offering a POS experience: Shoppers who visit Nespresso boutiques are treated like VIPs from the moment they enter the store to the moment they exit. For example, once they’ve completed their purchases, customers are invited to join the coffee bar where a Nespresso advisor asks them what they look for in coffee before offering them a free sample of coffee and chocolate.

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**Figure 1**

**Five steps in the beauty shopper’s point-of-sale journey**

1. **Welcome**  
   Identification and orientation  
   Initiate a relationship

2. **Atmosphere**  
   Ambiance  
   Shop and counter layout  
   Signage  
   Grooming and uniform

3. **Touch and feel**  
   Staging  
   Access  
   Information  
   Testing

4. **Advice**  
   Needs and habits  
   Answers  
   Objections  
   Offer additional sales and services  
   Customization

5. **Checkout**  
   Payment and delivery  
   Registration  
   Invitation to come back  
   Satisfaction check

Source: A.T. Kearney analysis
3. Identify how the POS experience varies across geographies

We conducted consumer and retailer research across the globe to identify the critical aspects of the point-of-sale experience in beauty care and cosmetics.

**What shoppers think.** Beauty shoppers in China and the United Kingdom want pretty much the same things—one-on-one conversations with knowledgeable advisors and easy to use products (see figure 2). We know, for example, that cookie-cutter beauty solutions do not work. Products and the experience have to be personalized. In Shanghai, a woman shopper describes her frustration with the luxury market, saying that anyone selling luxury brands in China should be able to provide beauty tips for how “I, as an Asian, can be more beautiful.” Clear product offers and displays are important to shoppers in both countries, with a Londoner saying: “When I come to the counter, I like it when it’s neat and clear. I want to see what I can buy at a glance.”

**What retailers think.** In interviews with executives at some of the top department stores in China and the United Kingdom, we found similarities and differences. When asked what makes for a positive POS experience, Chinese retailers say it is a combination of a high-end brand (the best, in their opinion, being Chanel and La Mer) and the attitudes of sales staff: “The service should be tailor-made and really solve customers’ skin problems,” explains a Setan executive. “Customers need comfortable sitting areas for discussions and trials,” adds a Sogo representative. British retailers do not value the brand image at the same level, placing more emphasis on the image of the retailer. However, attitudes toward service are similar. According to Debenhams, “[the beauty advisor] should be knowledgeable, and provide expertise, and a good diagnosis.” On the other hand, British retailers also believe clarity is key as, explains a John Lewis executive, “the customer should find what she is looking for quickly.”

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**Figure 2**

*Beauty shoppers in the U.K. and China want one-to-one interaction, advice, and clear product offers*

<table>
<thead>
<tr>
<th>Scale 1 to 4</th>
<th>China</th>
<th>United Kingdom</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interaction with advisor</td>
<td>3.7</td>
<td>3.6</td>
</tr>
<tr>
<td>Advice</td>
<td>3.7</td>
<td>3.5</td>
</tr>
<tr>
<td>Product offer clarity</td>
<td>3.1</td>
<td>3.2</td>
</tr>
<tr>
<td>Price transparency</td>
<td>3.0</td>
<td>3.2</td>
</tr>
<tr>
<td>Product staging</td>
<td>2.9</td>
<td>3.1</td>
</tr>
</tbody>
</table>

Source: A.T. Kearney analysis
Retailers not only expect beauty brands to improve the customer buying experience, they also invest in beauty brands to grow sales in bricks-and-mortar stores. In the United States, major retailers such as Macy’s, Sephora, and Ulta first create brand-rich in-store environments. Macy’s, for example, launched its Impulse Beauty concept—combining its established beauty counter brands with gondola-like kiosks for niche brands. The overall use of space is more innovative and it is designed to attract new, younger consumers who do not frequent the European or American brand counters.

These stores are interactive environments in which shoppers are greeted by salespeople trained across all or several brands. This not only increases the value of each salesperson but also provides a consistent in-store experience for shoppers. Salespeople are trained aestheticians and make-up artists who can do in-store beauty makeovers. Ulta operates full-service hair salons that also offer a variety of beauty services; Macy’s and Sephora, for example, shape eyebrows in certain stores.

**Cookie-cutter beauty solutions do not work.** Products and the experience have to be personal.

These trends in beauty merchandising are not only in high-end department and specialty stores, but also in drugstores. CVS Pharmacy’s Beauty 360 and Duane Reade’s Look Boutique adopted similar strategies and are challenging the traditional POS.

In today’s beauty environment, consumers are demanding a higher level of in-store services and retailers are delivering it.

4. Replicate the POS experience across distribution channels

If the touch and feel and personal interaction matters most in beauty sales, how can it be replicated in other channels—for example, online? A few brands are recreating the one-on-one sales experience using mobile applications that offer real-time instruction and information. For example, Estée Lauder’s Clinique brand has two educational mobile apps: “The Next Best Thing” suggests substitutes to customers whose favorite shade of make-up has been discontinued, and “Clinique Forecast” advises customers on what skin care items to pack when travelling to cities with different climates. Also, beauty industry leaders are seeking to replicate in-store sampling online to capture incremental sales. When online Sephora shoppers reach the check-out they can choose from a collection of free samples. Our consumer interviews highlight the importance of self-selected samples in driving trial and future purchases of the item.
5. Define the right organizational model and competencies to maximize the POS experience

Before developing a dedicated point-of-sale strategy, it is wise to perform a competitive analysis to highlight industry best practices. From our work in the beauty and cosmetics industry we have identified five best practices common to all leading players in this industry (see figure 3):

**Build recognizable brand missions and values.** When the time comes to pay for a purchase, the customer must know that the product she is about to buy—whether lipstick, perfume, lotion, or eye shadow—is top of the line. All signals, both subtle and blatant, throughout the purchasing process have reinforced this belief. The brand is distinct from any other in the market, because it has been established through detailed central guidelines to be executed in the field.

**Know your shoppers.** For years, indirect rather than direct contact with end consumers has hindered beauty brands from fully understanding the needs and behaviors of their customers, unless of course their retail customers provided them with such insights. Today, however, with the advance of POS analytics and the growth in online activity, beauty brands have access to a wealth of new information. By better understanding customers as individuals, brands can target them more accurately, develop better products, and increase their product hit rate. Sephora is a good example of best practices in the online world.

**Balance product knowledge with service and sales techniques.** Point-of-sale advisors are in direct contact with shoppers, so they more than anyone in the organization must fully embody the brand image. For example, MAC hires make-up artists who reflect its brand values and
image. In training beauty advisors, MAC finds the balance between product knowledge and service skills. Sephora uses its formal training academy to make sure its advisors know the product and how to treat the customer.

**Attract customers with appealing store merchandising.** Products in attractive, eye-catching displays sell better than products not in such displays. At Kiehl’s, displays include merchandise briefs that tell the brand’s story and guide the customer’s purchasing decisions. Other best-in-class brands work closely with their retail partners to plan and execute the brand promise and, in the process, gain a better understanding of each retailer’s requirements and ensure that the merchandising appeals to their target audience.

**Foster a retail culture and skills.** Retail issues gain their “fair share” of attention across the organization, all the way up to top management. In fact, attention to product and retail components are part of a fully integrated brand marketing mix. Top executives at luxury players, such as Louis Vuitton, are very aware of key retail and commercial issues and local marketing teams are structured to include team members with retail skills and experience in order to reflect retailers’ needs.

Finally, after benchmarking beauty care, cosmetics, and luxury players, the vertical “Maison model” (a brand-dedicated structure with central P&L accountability) caught our attention. Many of the most prestigious luxury brands—Chanel, Dior, Hermès, Louis Vuitton, and Cartier—use this business model to bring customer service to its highest possible levels. What’s more, we found that point-of-sale is easier for the customer because retail performance monitoring occurs across the board. However, it is not a guarantee for excellence: Brand culture and DNA also play a role!

**Beauty Secrets**

Understanding consumer behavior and the shopper’s journey, managing retailers’ expectations, and drawing lessons from best practices in luxury all play a role in beauty care and cosmetics players’ quest for providing an excellent customer experience at the point of sale. Beauty, as we have learned through the years, is only as deep as the customer experience.

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