

COMMERCE

Does luxury have a place in the subscription box arena?

August 13, 2015



Sephora is bringing top-of-the-line samples to beauty fans' homes

By JEN KING

Luxury goods are traditionally positioned as exclusive items only obtainable for a select demographic, but subscription services have disrupted the traditional formula of how high-end products are experienced.

[Sign up now](#)

Luxury Daily

The beauty industry has seen success in subscription services that offer trial-sized products for a set monthly price, through the likes of Birchbox and LVMH-owned Sephora's upcoming version, Play! by Sephora, which all promise to expose consumers to new brands and items that may have previously been unfamiliar. Although the added exposure is unlikely to harm a beauty brand's high standing reputation, does the luxury market have space for a high-end experience with a steep discount presented as a trial?

"The idea of a 'sample' has always been attractive to consumers, be it wine tastings, chocolate sampler boxes, monthly artisanal cheese programs or introductory offers," said Rebecca Miller, CEO of [Miller & Company](#), New York. "Women, in particular, enjoy experimenting with beauty products, new colors, creams, scents, lipsticks... products that help them feel more confident and attractive."

"Unlike luxury fashion brands, cosmetics have a distinct advantage of marketing to the aspirational consumer based on lower unit prices. Consumers have the opportunity, for a fraction of a single purchase, to test or experiment with a product prior to making a purchase," she said. "This affordable 'introduction' serves the brand and the consumer well removing the risk of a poor selection and wasted monies."

You've got mail

Sephora's entrance into the somewhat crowded beauty subscription box arena comes this September with trials in Boston, Columbus and Cincinnati. If a hit, the service will expand to additional U.S. cities in 2016.

For a monthly cost of \$10, the recipient will receive a Play! beauty box delivered to their door. Each box will have a theme, skincare or cosmetics for example, and contain products from well-known brands and bonuses such as additional samples and Spotify playlists ([see story](#)).

According to [Harper's Bazaar](#), the first box will contain products from Marc Jacobs Beauty, Ole Henriksen, Estée Lauder-owned Bumble & Bumble and Glamglow as well as Sephora's own in-house beauty brand. Given the numerous high-end fragrance and beauty brands Sephora carries online and in-stores, including those owned by its parent LVMH, the boxes will have an elevated standing among established competitors.



Marc Jacobs Beauty's Le Marc lipsticks

Also, subscribers will be able to drop by their local Sephora storefront to learn how to use their samples and will be invited to exclusive events. This is one way in which Play! will stand out from its most popular competitor, Birchbox, which only boasts one New York bricks-and-mortar store compared to the 1,900 locations operated by Sephora.

It is likely the hope of participating brands that the relaxed exposure from the subscription box will result in future purchases. For the consumer, the overall experience—especially if Play! boxes are based on personal algorithms to select samples for specific subscribers—is likely to spur additional purchases in the future because the items were “hand-selected” for them.

Luxury often curates experiences and services, so for affluent consumers this sample before buying notion is in line with what is expected, but for a much lower price point. If the item sampled from the Play! box is not what the consumer is looking for there is a sense of “no harm, no foul,” as the brand and its products still gained exposure among the appropriate demographic.

"A sample creates interest and desire, if not for that product then a similar one," Ms. Miller said. "It acts as an introduction first to the brand and second to the actual product itself or the product's promise.

"A consumer, who has sampled a product and is pleased with the results, is more likely to buy it again and try additional products from the brand delivering a new consumer who has the desire and ability to purchase more," she said.

"Claude Hopkins, a marketer in the 1920's and an expert on human psychology, gave reasons in his ads why readers should try Pepsodent. He did not attempt to sell the product to them, but instead, offered a 10-day trial removing all the risk from the consumer. He created a craving. That craving is what powers the habit loop."

Aside from cosmetics and skincare, fragrance has also benefited from the exposure allowed by teaming with a subscription service provider.

For example, subscription fragrance service Scentbird aims to eliminate the guess work and create an easier ecommerce experience when purchasing a fragrance by working with luxury brands to provide samples to consumers prior to committing to the purchase of a full-size bottle.



Scentbird interface on iPad

Since fragrances are a personal and emotional selection, a consumer may not be able to

truly experience the scent in-store and may not be able to tell if daily wear would match their style and personality through a test spray provided by an associate on their skin or a paper sample ([see story](#)).

To some degree subscription boxes are a modern approach to the free-gift-with-purchase promotions that incentivize brand loyalty.

Luxury retailers using gift-with-purchase promotions may not directly influence a consumer's purchase, but they can offer an extended shopping experience that can result in brand loyalty and give luxury brands an edge without offering direct discounts.

In the past, Saks Fifth Avenue, Neiman Marcus and Bloomingdale's have promoted existing product lines by offering a gift with purchase, often after a minimum pre-tax total is met. Most retailers have marketed these in-store and online offers with email blasts and social media ([see story](#)).

"Gift with purchase is a different concept; it is a bonus or reward for making a purchase that allows the consumer to try new or different products," Ms. Miller said. "It is a comparable marketing effort with a different approach to engagement with a brand's products."



Estée Lauder x Opening Ceremony free-gift-with-purchase ([see story](#))

Peer views are also likely to help consumers turn their samples into purchases, especially among the affluent who prefer the recommendation of loved ones over branded ambassadors. Birchbox, for example, asks its subscribers to review each product received in exchange for points that can be redeemed in its online marketplace, thus discounting the final retail price of an item.

Here is where luxury brands may find issue with a subscription service-based ecommerce purchase because, as with any third party retailer, they are unable to fully control the consumer's experience. An element of trust must be shared between beauty brand and retailer for this relationship to be fruitful and up to the expected standards of consumers.

Subscribing times

Given the aspirational nature of beauty products, the sector has seen success through

programs that introduce cosmetics and other items in a fun and interactive experience. Other sectors such as apparel and accessories, and even vintage high jewelry have tested the model to gauge interest and possibility.

Recently, department store chain Nordstrom acquired menswear personal clothing service Trunk Club. The service's personal stylists pick out apparel for its stylish male consumers based on profiles, rather than having the men shop themselves.

Trunk Club enables men to connect with stylists online, on an iOS application for iPhone or in person at one of three showrooms in Chicago, Dallas and Washington.

Once the consumer tells Trunk Club their size, style and fit preferences, stylists hand select pieces from more than 50 high-end brands, including John Varvatos, and ship them to the customer. The client keeps what he likes and returns the rest with a prepaid shipping label ([see story](#)).

An element of surprise is also another reason why subscription boxes have become so popular with even French leather goods brand Hermès joining in.

Hermès is seeking exposure for its whimsical Petit h line through surprise gifts, available on a monthly basis. The monthly offer is available with three price tiers. The PM box for \$240, suitable for both genders, a MM box best suited for women with a price of \$440 and the GM option, available for \$580 and best for female consumers.



Hermès Petit h mystery box

Unlike subscription membership, the purchase is not recurring, giving the consumer cause to return to the Hermès Web site for another monthly surprise ([see story](#)).

Subscription boxes have even been adapted as a tool for collectors of fine jewelry, positioning the service as an investment.

Jewelers Cartier and Chopard, for instance, are among the fine jewelry houses expanding affluent consumers' collections through a new subscription program.

Opulent Jewelers, a dealer in brand name estate and vintage jewelry with a specification in high-end pieces, now offers a quarterly subscription box, Opulent.

Recipients of Opulent Box will receive branded estate jewelry four times per year. These pieces, given their vintage appeal, will grow in value over time giving consumers, and collectors, more cause to sign up ([see story](#)).

A sample-based subscription program melds well with what luxury brands has offered in the past, but with a modern take for today's consumer.

"Product sampling continues to rank among the most effective tactics in the history of direct marketing," Ms. Miller said. "A recent Promotion Marketing Association poll found that 75 percent of customers say they have become aware of a product through a sample. Example: Lipstick and mascara sales rose over 500 percent due to free samples.

"A sampling program is in essence a way for marketers to help off set their marketing spend. It provides a more efficient way to track the actual cost against increased revenue," she said. "The \$10 monthly fee is an affordable price for most consumers to sample new products assuming they are a size that they can be used more than once – giving the consumer the opportunity to experience the product's results over a period of time.

"Luxury cosmetic brands historically have provided individual samples or testers as a method of exposing more consumers to their products, causing no damage to the brand's image."

Final Take

Jen King, lead reporter on Luxury Daily, New York

Embedded Video: <https://www.youtube.com/embed/3w8HkpiQmxM>

© Napean LLC. All rights reserved.

Luxury Daily is published each business day. Thank you for reading us. Your [feedback](#) is welcome.