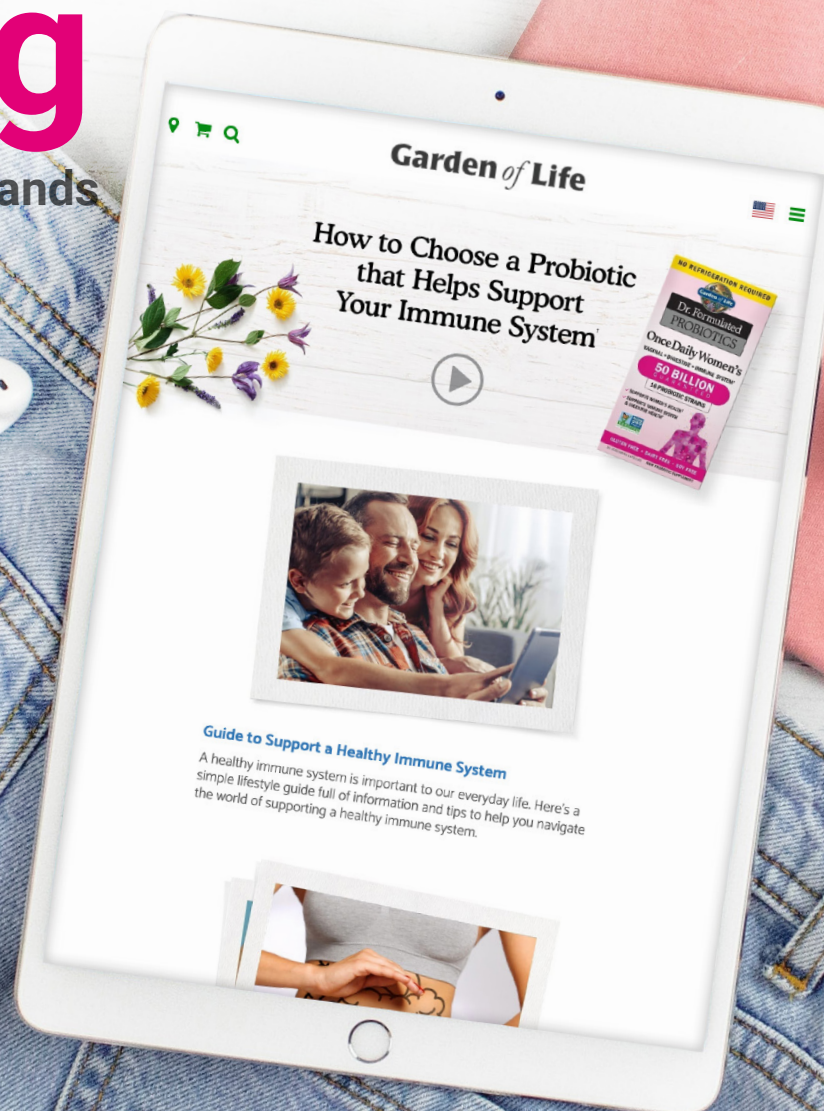


Business is Blooming

for Health, Wellness & Beauty Brands



An ebook by



GOLD MAGENTO COMMERCE
Solution Partner

How we look and feel are top priorities for everyone regardless of age. As consumers, it seems, we are not afraid to open up our wallets if it means a boost to our confidence or energy levels. The proof is in the numbers: Cosmetic sales in the U.S. alone brought in [\\$93.5 billion](#) in 2019, and over the counter wellness sales reached [\\$35.2 billion](#) in 2018.

Perhaps this is why brands in these categories fare well even during economic downturn? During times of economic distress, spending in categories identified as “self-care” seem more durable than others.

Skincare, in particular, is blooming (get it?); according to [Vogue Business](#) sales in the category topped \$1.4 billion in the first quarter of 2019 alone. To consumers such purchases aren’t luxuries, they’re essential. The Gen Z generation, meanwhile, has been dubbed the ultimate wellness consumer, as well as the biggest generation of beauty spenders.

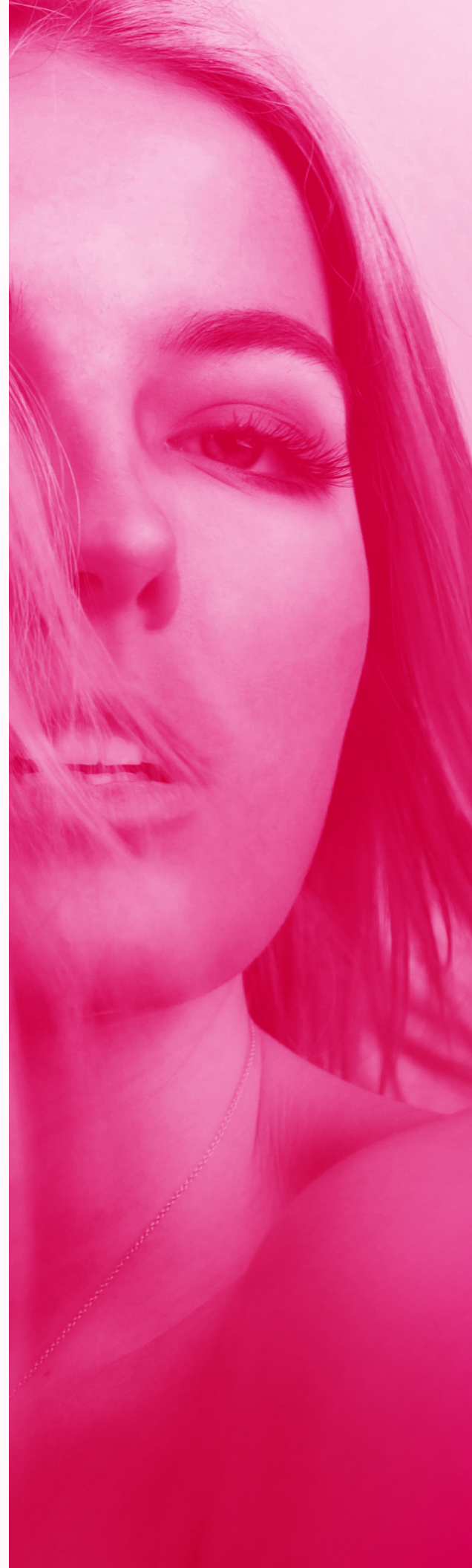
Even before the pandemic shut down brick-and-mortar stores for people around the globe, ecommerce sales of beauty and wellness products were huge ([eMarketer projects](#) that by 2022, online-only sales revenue will top \$85.5 billion). We may already be on a path to beat those projections as a result of COVID-19.

In March 2020 [online sales](#) of wellness products jumped 535%

166%
VITAMINS

215%
WOMEN'S
HEALTH

262%
SOAP &
SANITIZER



The special nature of the health, wellness and beauty sectors presents online retailers with terrific opportunities to become must-have brands for consumers. But, sales and growth aren't guaranteed. Consumers bring a host of expectations and values to their purchases which must be accommodated. Charting a path to maturity is the first step in creating a roadmap for growth for your health and beauty brand! Don't worry, this eBook will explain how you can do just that.



Something Digital has worked with a number of beauty and wellness brands, including [MoroccanOil](#), [Burt's Bees Baby](#), [Malin + Goetz](#), [Muji Aromatherapy](#), [Bronson Vitamins](#), [Garden of Life](#) and we have considerable expertise in helping them grow. We've seen the phenomenal opportunities of this sector first hand, and we believe there is still plenty of room for them to bud out and blossom.

Health High Bars, Wellness Walls & Beauty Boundaries

The opportunities to create and sell products in the health, wellness and beauty sectors are vast, but there are obstacles you'll need to consider and clear.

The biggest among them: Content. Selling into these sectors requires brands to develop a culture of content.

Purchases are deeply personal

When a customer puts your product in their hair, on their skin, or takes your vitamins they're putting a great deal of trust in you. You can't take that trust for granted, even if you're extremely thoughtful about how you source, manufacture, and package your goods. Trust must be earned with every customer interaction and each new product you launch.

The best way to build trust is to be open and transparent about your products and the passion that drives your company. More than any other sector, storytelling is vital.

Some questions you may want to answer upfront:

Your answers should drive your entire marketing funnel, from who you'll target to your strategies for engagement.

- ① Why did you launch your brand?
- ② What makes it unique?
- ③ How do your products deliver on those values?
- ④ What can customers expect with each purchase?

Your passion will help customers take that leap of faith and buy your products, as the legendary Estee Lauder proved. After learning about creams and lotions from her chemist uncle she became obsessed with helping people improve their skin, even stopping people in the streets to tell them how to do it. That passion led to a multi-billion dollar brand.

Long(er) product consideration times

It's the rare consumer who'll decide to try a new supplement or skincare regimen at the spur of a moment. Most won't buy a product that's new to them if they don't trust the brand or the claims it makes. When you do catch the attention of a new prospect, expect him or her to invest some time into researching your brand and seeking out the opinion of your current customers.

Consumers also do a fair amount of comparison shopping, and it's not always easy to compare products. Many, such as L'Oreal Age Perfect Cell Renewal, are off-the-shelf, while others are more bespoke, with more limited distribution. Price, ingredient quality, packaging, volume, and replenishment rates can differ wildly, making it difficult for consumers to do an apples-to-apples comparison. This adds time to their decision-making process.

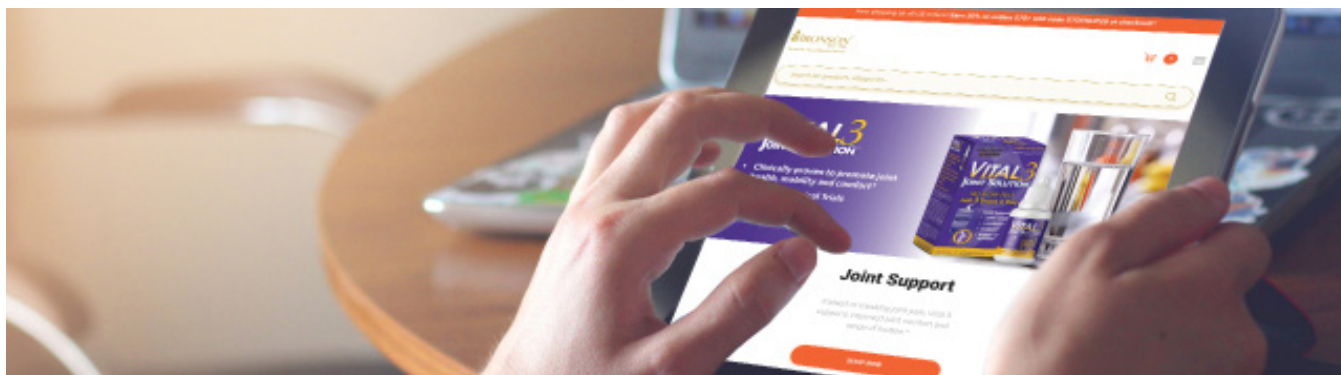
But that long consideration time delivers big rewards. Once a customer has made that investment in your brand and has decided to buy from you, he or she is likely to become a repeat customer.

People buy into lifestyles, not individual products

When it comes to health and beauty, people want to know how their lives will change if they buy your products and become loyal to your brand. How will you help them achieve their goals? What payoff can they expect?

Selling a lifestyle can be complex, especially if you face FDA-imposed limits as to what you can and cannot say. It requires content – lots of it – in every channel that affects the consumer's decision-making process.

It also means helping consumers determine which products matter most to the lifestyle they seek. Bronson (pictured below) does this well by inviting site visitors to sort products by their health goals. Other brands deploy guided selling techniques, like quizzes, to help steer customers to the right products.



One-size does not fit all

Because purchases are deeply personal and goal-based, few consumers are likely to buy a soap that claims to be suitable for all skin types or vitamins for people of all ages. Health, wellness, and beauty challenges vary from person to person. On top of that, needs change as we pass through life's milestones and grow older.

Your products have myriad personas, and the drivers that lead to purchase are unique to each. A woman just out of college will have vastly different buying behaviors than one who is pregnant for the first time. Creating a lifestyle brand means telling a concise brand story to all of the personas who'll buy your products, whether that is glam girls or Gen Z men experimenting with cosmetics and skincare products.

Persona-based content also extends to website traffic sources. You can attract specific personas to your site as long as you have content of interest that's fresh, original, and tuned in to what people are thinking right now. Keyword research is imperative in the health, wellness, and beauty sectors.



Seed

A relative newcomer to the health and beauty market, the Seed has just a few products in its catalog, along with a passionate customer base. Skilled at storytelling, the Seed is able to make its influence felt in the niches in which they specialize. With the right strategy, the Seed has tremendous potential, as long as they focus on expanding their product line, staying on top of consumer trends, and telling their brand's story.

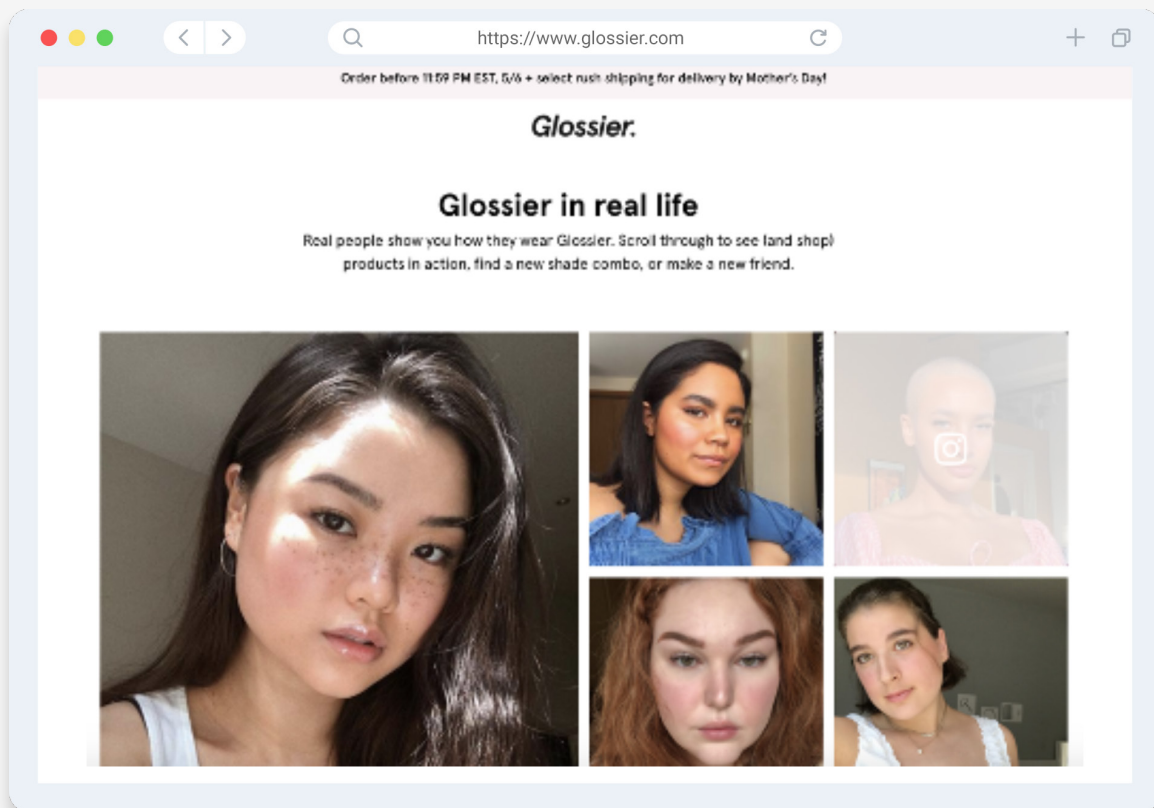
All gardens need fertilizer, and in this sector, that's content

Gardens don't thrive on their own, they need constant tending, feeding and fertilizing. Mature brands have a team of content creators, a network of social media influencers and brand ambassadors, as well as a strong social-proof initiative.

Think beyond product detail pages; fresh content is needed to support your customers' decision-making process wherever their micro-decisions and influences occur.

Don't overlook the importance of social proofing. You can start out small, with product reviews on your product detail pages, or create a page for testimonials, where customers tell your brand story in their own words.

Glossier dedicates a section of its site to the real-life routines of its customers, which is a powerful endorsement to consumers who are looking for solutions from people who look like them.



Consumers are restless

Organic, cruelty-free, CBD oil, nootropics, adaptogens – the health, wellness, and beauty sectors are defined by trends and fads. Adapting to them takes time, energy, and lots of R&D investment (resources that new brands may be short on). But they're also a great way to capture new consumer groups who value what those trends represent.

More than that, it's a way to become an industry leader and forever change the category. In fact, the flexibility to embrace new trends is one of the reasons that small and mid-sized DTC brands are able to compete with deep-pocketed multinational companies that have been around since your grandparents were young.

Another challenge: customers get bored and want to try new things, especially if a product category speaks to a value they're passionate about. They're always looking for the next breakthrough product, and without constant innovation, your brand can become stale in their eyes.

Customer-acquisition attribution

Health and beauty brands are eager to understand their customers' journeys, but customer-acquisition attribution is a huge challenge. It's likely your customers complete their path-to-purchase on multiple devices and channels.

How do you assess which channels deliver the best sales? Let's say you compensate your social media influencers with free products, how do you tie an Instagram post seen by a prospect who then converts in-store or via Amazon? The truth is, it's very difficult to tie these sales to the original interaction, and that means the traditional methods and assumptions of sales attribution and investment need to be challenged. You also need attribution technology, but even those technologies are as much art as they are science.

So now that we have an overview of the challenges, what are some of the ways you can overcome them? That will vary depending on the category, product, and demographic of your customer base and the level of your business maturity. That said, we've found the following tactics and strategies to be very useful.



Sprout

An established brand, the Sprout has mastered the craft of storytelling and has successfully expanded its product line. An active social media following is one of the Sprout's greatest assets. Sprouts can grow their businesses by introducing products that target consumers outside of the brand's original demographic, and by leveraging its social proof in every channel. Copycats may pose a challenge, especially those that can offer lower price points.

How to Bloom



For every challenge, there is an opportunity for a brand to enter the market, build its reputation, and grow.

While customer acquisition costs are high, winning a new customer delivers big rewards. Many wellness products are designed as a daily or weekly regimen, which means the brand can count on repeat sales at regular intervals. Fads will render many products obsolete even if the consumer hasn't depleted the item. Consumer interest in new fads — nootropics, adaptogens, and CBD oil — offers a never-ending opportunity to win new customers.

Seasonality is also a driver of sales. Come flu season consumers will stock up on homeopathic remedies, New Year's will see an uptick in diet products.

Below are ways you can use these opportunities to your advantage.

1. Lead with your values

Consumers, especially millennials and Gen Zers, have high expectations regarding the quality of the products they buy, often demanding transparency into how they're made and by whom. Don't be a wallflower, assert your values, and leave no doubt in the consumer's mind as to what you stand for. Here's what Fur Oil tells its customers:

"Our entire line is created with the cleanest facial-grade, vegan, cruelty-free, non-toxic ingredients that are dermatologically and gynaecologically tested. We don't formulate with mineral oil, silicones, parabens, synthetic fragrances, or artificial dyes. That's why Fur is safe enough for your most intimate areas and effective from head to toe."

2. Sell beyond your initial customer cohort

You may have launched a company to offer young women dramatic colors of lip gloss, but there are only so many of those women in the market. To expand consider introducing more muted colors for middle-aged women, or lip balm for men.

And think beyond the pre-conceived notions of the category you're in because the world is changing. For instance, Gen Z males spend \$1.4 billion on cosmetics, and brands of all sizes are cashing in on the opportunity. Malin + Goetz's audience is 45% male and a strong Gen Z cohort.

3. Move into adjacent categories

Another great way to grow your company is to expand into adjacent categories (e.g. from lipsticks to eye shadows, supplements to meal-replacement bars, exercise equipment to workout wear). You've already won your customers' trust, so they'll be open to trying new products from you.

You can also use this strategy to find new customers for your existing product line, meaning consumers of meal replacement bars might be willing to try the vitamins you built your brand around.

Bullseye for Beauty

Popular Beauty Brands by Maturity Level



4. Sell in many channels

Consumers will hear of your product in many ways — an ad, an article, a social media influencer, a friend — and will look to purchase it via their preferred channels. For this reason, it's critical that your products are available in as many channels as possible, including your ecommerce site, marketplaces, and offline stores.

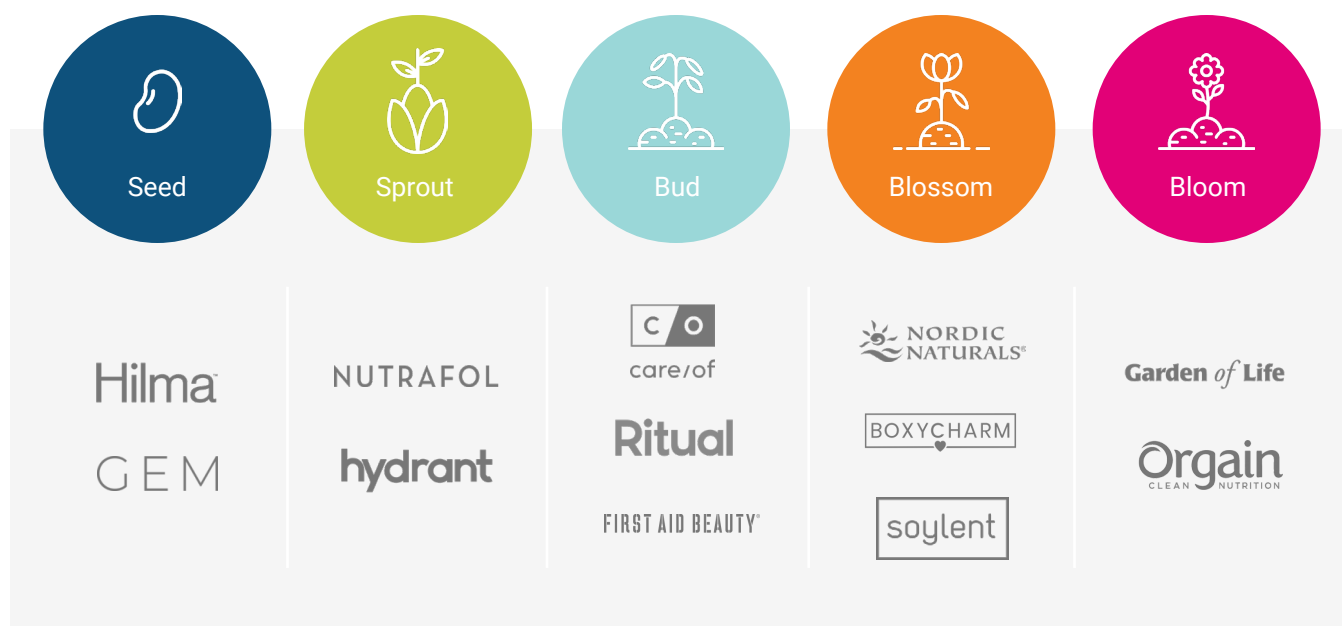
5. Affiliate/Referral sales

In addition to your direct purchase channel, plan on building a thriving affiliate network channel. This is a smart tactic for an important reason: the strongest endorsement you'll ever get is when one friend tells another their life has changed for the better, thanks to your product. That testimonial will carry way more weight than any content you can put on your product page.

Referral sales typically offer compensation to the brand evangelist, and some brands even compensate both the referrer and the referee. (Just take care to strike the right balance so as to avoid harming your margins or diluting your brand in the marketplace.)

Bullseye for Wellness

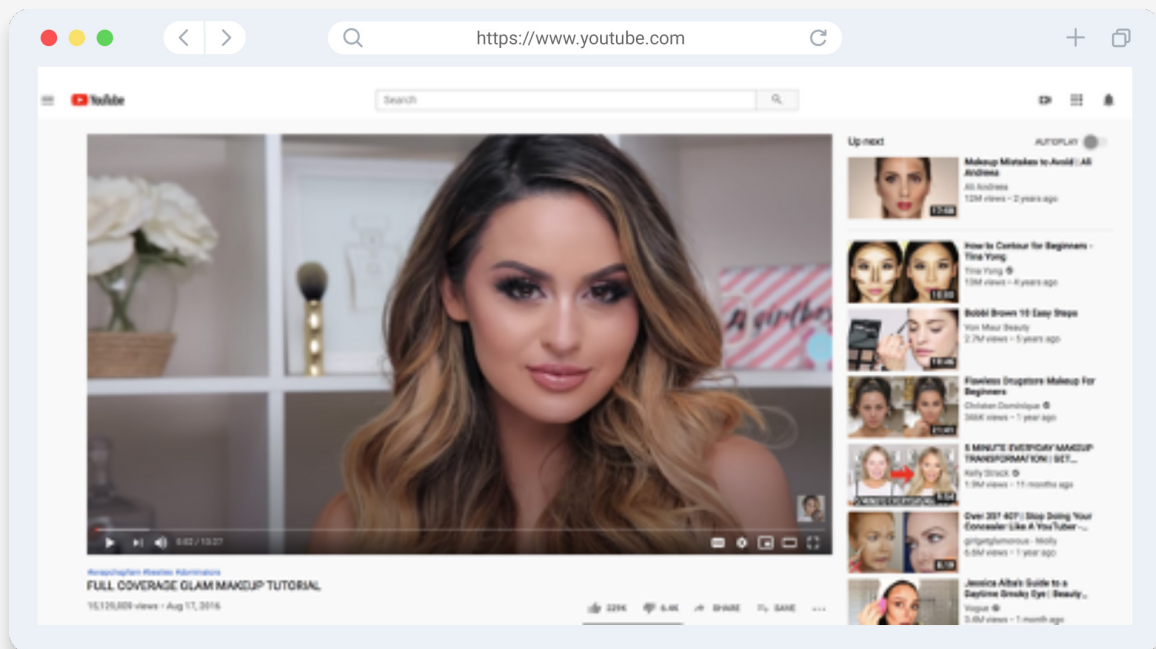
Popular Wellness Brands by Maturity Level



6. Recruit micro influencers

Social media influencer marketing was born and raised in the health, wellness, and beauty sectors, and it continues to be a predominant way for consumers to learn about new trends and products. You might not be able to afford Huda Kattan or Michelle Phan and that's okay. If you're a supplement brand, a certified nutritionist can lend your brand credibility.

Look for social media influencers who can incorporate your products into how-to videos – an important vehicle for people who are keen to explore lifestyles and try new things.



Bud

The Bud's sizable first-party dataset offers plenty of insight for product development, marketing, loyalty program optimization – all strategies that will help the company grow and retain customers in a competitive environment. The next phase of growth should focus on getting products into more outlets. Opportunistic brands will be nipping at your heels, eager to siphon customers away.

7. Spend more to acquire customers with higher lifetime values

Most health and beauty brands find it's well worth it to spend more for an initial purchase as they tend to have a high AOV along with a fixed replenishment date. If a new customer is happy with your 30-day supply of vitamins, they'll be back to purchase another 30-day supply the following month.

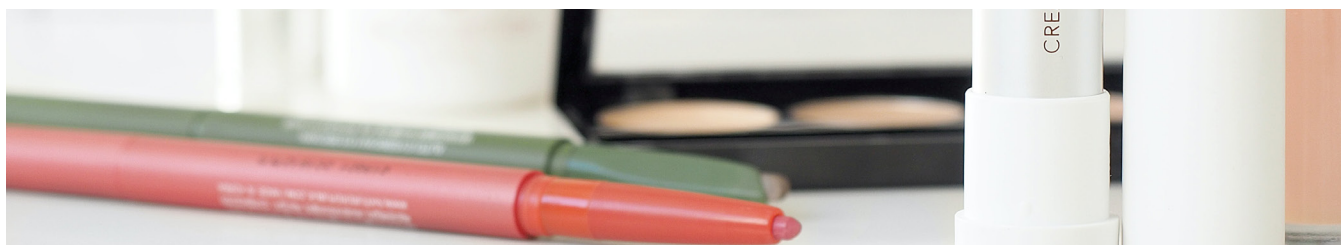
But don't sabotage your efforts with overly generous promotions. A killer deal for a 90-day supply of vitamins is a sure-fire way to boost AOV, but now your customer has no reason to come back to your site for three months. A lot can happen during that time -- you can introduce a new product or that customer can experiment with another brand.

8. Launch a loyalty program

Loyalty programs are pretty much table stakes in this category, and they can take many forms. Some reward customers based on how much they spend, while others allow customers to save up points to be applied to a higher-end product. Still, others limit their best offers -- early purchases, unique product bundles -- to loyalty members.

When designing your loyalty program look carefully at your sales data, and use it to create loyalty program personas (e.g. big spenders, volume buyers, occasional buyers, replenishers, gift-givers). This exercise will give you the insight you need to offer promotions that resonate with every tier of your loyal customers, and prompt additional purchases.

Rewards programs can also make your product line affordable to consumers who have financial constraints.



Blossom

With an extensive catalog, the Blossom covers a lot of ground and is quite adept at assessing what the market wants. The Blossom, with its considerable authority in its category, can validate an emerging trend simply introducing new products. The biggest risk to the Blossom is that its catalog becomes too big and diverse, causing it to lose what has distinguished it in the market: a compelling reason to choose it over its competitors.

9. Subscription selling

One way to make your investments (and long wait times) in initial purchases deliver a bigger payoff is to offer subscription buying. This tactic can help you keep your customers longer and drive higher LTV. Pair an evergreen product with new items to encourage consumers to try new products.

Subscription-based health and wellness boxes are a well-established industry tactic, which means there's no barrier for you to break.



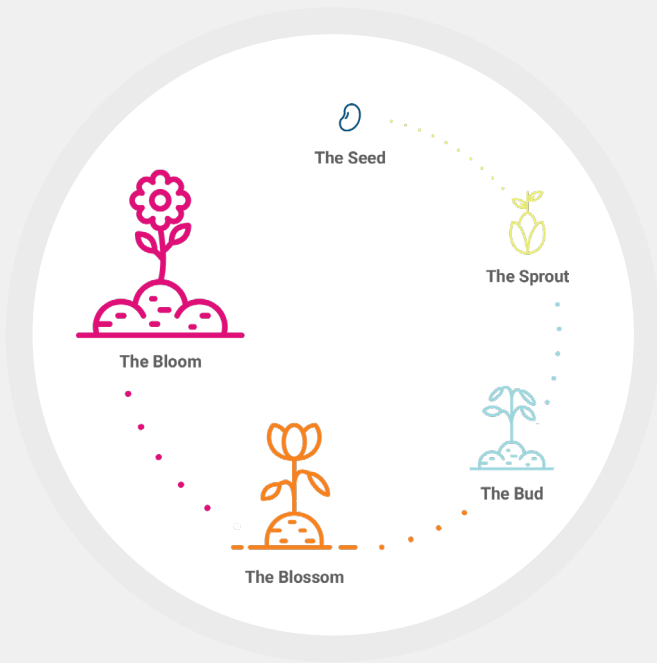
But the biggest opportunity of all is the path to maturity — growing your business either by expanding categories or by expanding the cohorts of people who can buy your products. You don't need to be a Revlon, L'Oreal, or Clorox to grow into a mature wellness or beauty company, you just need a vision that's right-sized for your company.



Bloom

The rainmaker, the Bloom brands are able to create new categories and trends simply by introducing new products. Thanks to the Bloom's deep pockets, these brands can afford celebrity endorsements, lavish marketing campaigns, and expand into multiple channels. But success also attracts copycats and newcomers seeking to steal away customers with lower price points or trendier products. Failing to innovate is Bloom's greatest threat.

BULLSEYE Health & Beauty






We're happy to provide BULLSEYE, a Something Digital tool that's super helpful to brands seeking to take their business to the next level. It looks at the existing maturity level of a health, wellness, or beauty brand, and makes concise recommendations for growth.

BULLSEYE for Beauty & Wellness identifies five levels of maturity: from Seed to Bloom. Before we get into what maturity looks like, it's important to note that beauty and wellness have two different outcomes for the consumer. Wellness seeks to enhance health and fitness; beauty is externalized. This reality means we need to take care when we rate the maturity level of a brand. A brand doesn't need to be a giant multinational corporation in order to be a "Bloom."

Maturity is assessed, in part, by the degree to which a product catalog is accessible to a broad range of cohorts. Growth in the beauty category can be achieved by, say, selling more CBD-infused lip glosses to more young women, or by adding a lip balm for men to your product catalog. Mature brands serve multiple generations, such as neon hair dyes for young people, and anti-aging cream for senior citizens.

Nor does a mature brand need a full omnichannel and marketplace strategy, although your customer base might appreciate having multiple options to buy from you, and you're likely to win new customers by doing so. There are plenty of mature brands that don't sell via a marketplace or have a brick-and-mortar channel.

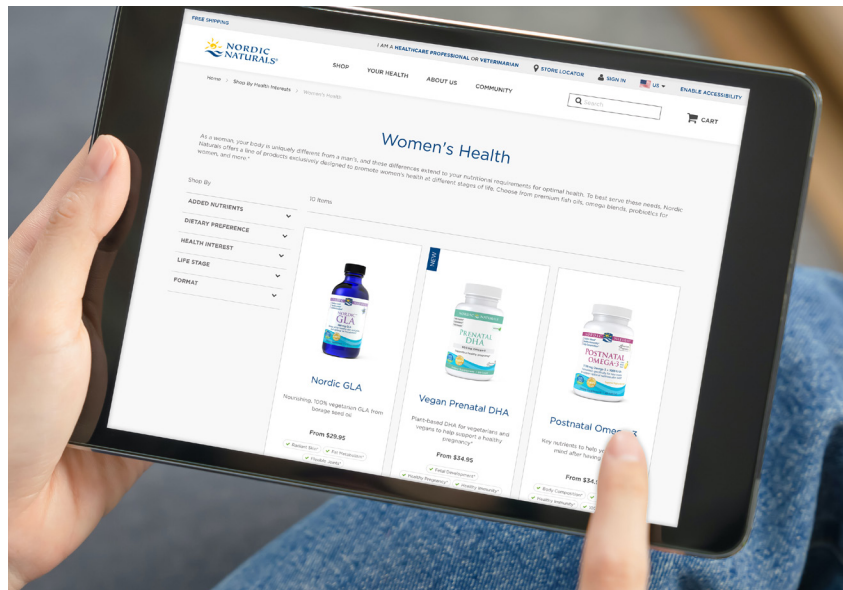
5 Levels of Maturity

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About Magento Commerce

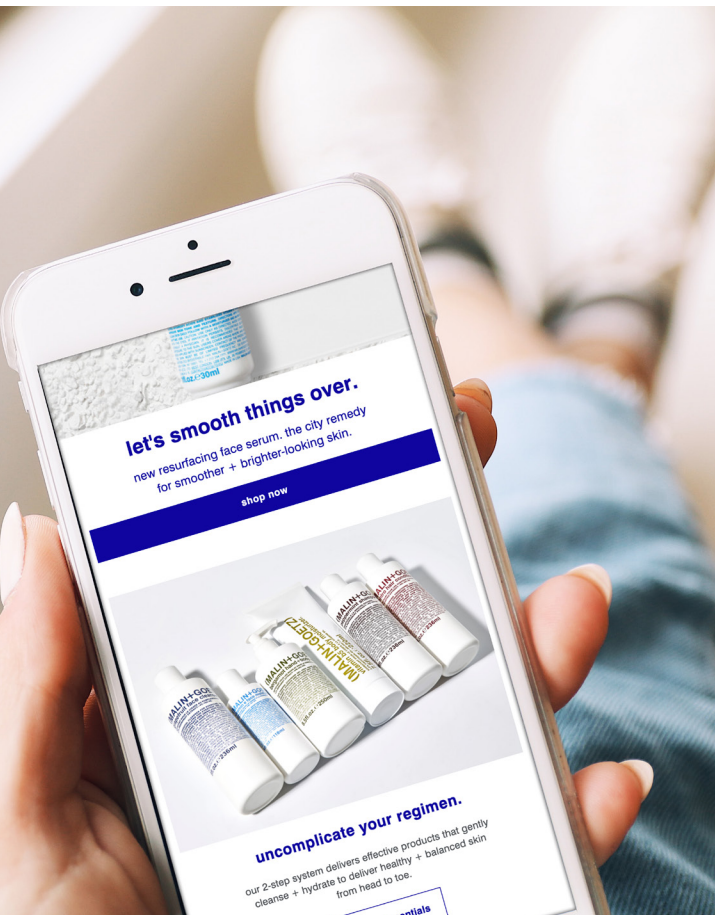


Magento Commerce, part of Adobe Experience Cloud, is the leading commerce solution for merchants and brands across B2C and B2B industries and was recently named a leader in the 2019 Gartner Magic Quadrant for Digital Commerce. Magento Commerce boasts a strong portfolio of cloud-based omnichannel solutions that empower merchants to successfully integrate digital and physical shopping experiences. Magento is the #1 provider to the Internet Retailer Top 1000, the B2B 300 and the Top 500 Guides for Europe and Latin America. Magento is supported by a vast global network of solution and technology partners, a highly active global developer community and the largest eCommerce marketplace for extensions available for download on the Magento Marketplace. More information can be found at [Magento.com](https://magento.com).



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Conclusion



Ready to Get Started?

Looking to expand your brand or relaunch your ecommerce site? Something Digital can help. We create human-focused digital commerce experiences that help brands evolve and grow their businesses. Our services include:

Ecommerce Websites.

We design and build exceptional websites and create outstanding ecommerce experiences.

User Experience and Design.

Our award-winning team brings ecommerce best practices, data-driven design, and engaging creatives that drive sales and increase conversion.

Digital Strategy.

We provide ongoing digital strategy and optimization including development and creative services, 24/7 performance monitoring, paid search, display advertising, SEO, and email marketing to ensure your site grows with your business.

Accessibility.

We're passionate about designing and developing digital experiences that can be easily enjoyed by all.