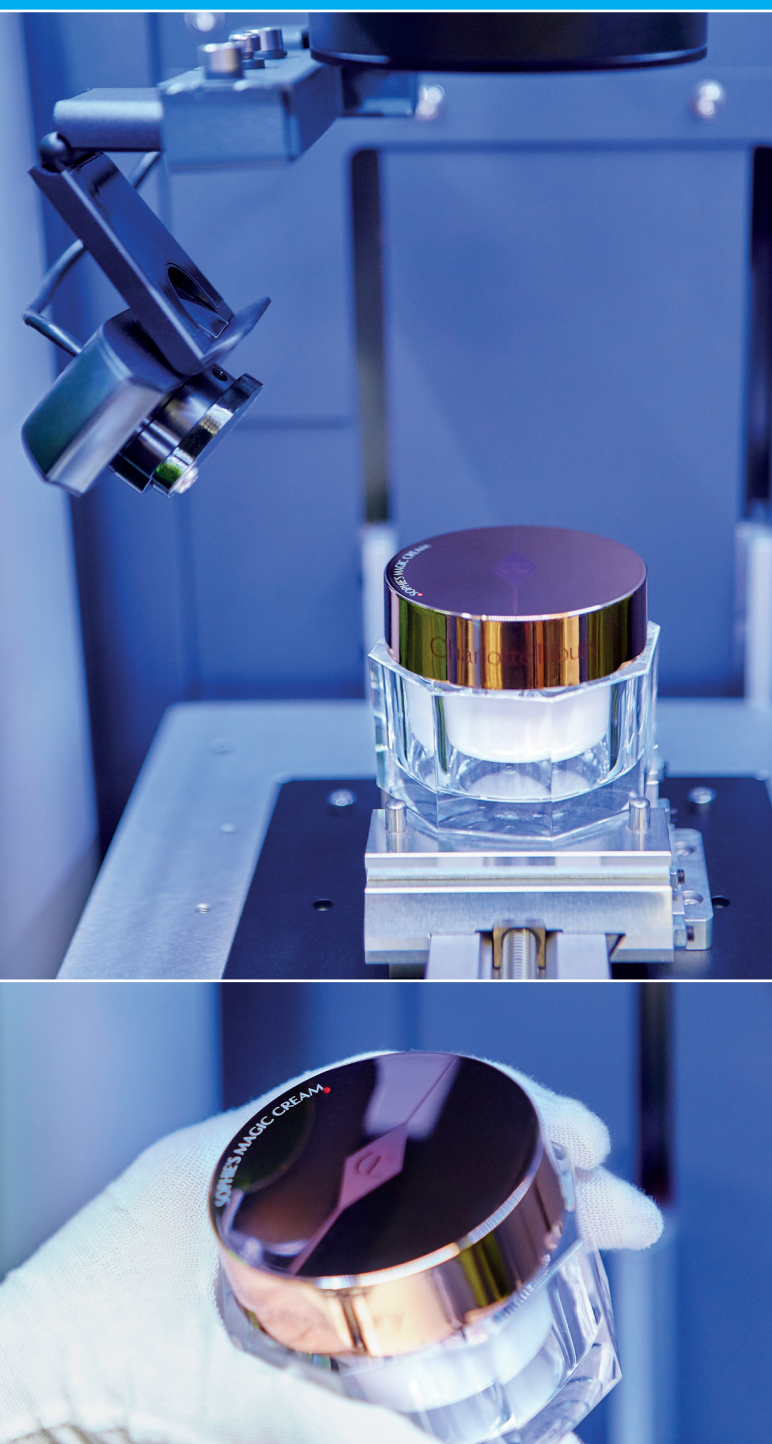




PRODUCT PERSONALISATION A POWERFUL DIFFERENTIATOR FOR BEAUTY RETAILERS

Product personalisation has been trending for a few years now and for beauty retailers, it can bring significant benefits. The gifting market has become increasingly important during lockdown and it's in this market that product personalisation plays a particularly important role. That added personal touch on a beauty gift is something customers are willing to pay for.

One of the easiest and most cost-effective ways to provide product personalisation is at fulfilment stage, where items can be engraved or embossed to order as part of the fulfilment process. In this ebook we examine the benefits of product personalisation, how beauty retailers can adopt it and how your fulfilment partner can help.



Who started the product personalisation trend?

Customers have always valued personalised products, such as engraved watches or a unique piece of jewellery, but in the age of mass production, personalisation became secondary to cost and only low volume luxury items and keepsakes tended to be personalised. That began to change in the first decade of the 21st century, as highly automated industries – notably the automotive industry – began to offer customers the option to personalise their purchases, eg choosing the colours, upholstery, wheel trims etc for their new car.

In parallel with this development, the internet facilitated a rapid evolution in marketing personalisation. It began with communications, then moved on to targeted offers and now has evolved into product personalisation. It was retailers, rather than customer demand, that initialised the trend, but it has become so ubiquitous that customers now expect it. And when they don't get it, they quickly move on.

Why is personalisation important?

Beauty customers are used to communications and offers that are uniquely relevant to them and, as product personalisation becomes more widely available, they will begin to want the same level of personalisation in the goods they buy.

But it is not just a case of 'do it or else'. There are proven benefits to be had, especially while the trend is still in its infancy. Brand differentiation, competitive advantage, customer loyalty and spend are all elevated by offering product personalisation.

Customer interest in product personalisation was becoming evident six years ago when Deloitte published its 2015 Consumer Review. Just over a third of consumers surveyed expressed an interest in purchasing personalised products and one in five said they would pay a 20% premium.

More recent research has found that personalisation at scale can deliver a 2% cent rise in total sales by increasing customer loyalty and share of wallet. The Deloitte research also found that 22% of consumers would happily share some data in return for a more personalised customer experience or product.

By using that customer data to target and personalise communications and offers, beauty retailers can reduce their marketing and sales costs by as much as 20%.

How retailers can adopt product personalisation

Personalisation can be categorised into three levels. Most common is the mass personalisation that has become familiar in customer communications and offers – the email that addresses you by name and the ads that pop up while you're browsing, tailored to your customer profile.

Then comes mass customisation – the facility to customise mass produced products to specific individual requirements, eg a monogrammed powder compact or an engraved jar of face cream.

The top level is bespoke, eg the fitted suit, where the whole product is tailored to the customer and there is very little element of mass production.

It's the middle level, mass customisation, where the greatest opportunities for differentiation and higher spend lie for retailers in the beauty sector. And it's at this level that fulfilment can play a valuable part.

Personalisation through fulfilment

We are seeing a growing number of our customers in the fashion and beauty sectors offering product personalisation at fulfilment stage. It started a couple of years ago, mostly with valuable gift items like handbags, wallets and pens, but has moved on to more disposable goods. Last Christmas, a Charlotte Tilbury face cream with the customer's name engraved on the jar was very popular.

Engraving accounts for most of the product personalisation work we do but embossing and embroidery are also popular. Baby Mori is one such example. With rapidly increasing demand, Baby Mori outsourced its fulfilment to ILG, complete with a personalised embroidery service, which we helped to implement.

We sourced the best machinery and upskilled our staff to manage it – a job that requires great care and attention to detail, as goods are taken out of their packaging and then repackaged before dispatch.



Important considerations for retailers

When choosing a fulfilment partner to handle your beauty product personalisation, think about scalability. If your business takes off and demand increases six-fold, as Baby Mori's did, will they have the capacity to scale up?

The importance of well trained machine operators highlights the risk of spoilage that is inherent in product personalisation, particularly with beauty products. Careless mistakes, such as misspellings or use of the wrong colour, will render a product unsellable.

Many fulfilment companies do not currently offer personalisation facilities, possibly for this reason, but our staff are well trained in the handling of beauty products and have a very good record for reliability.

Machine downtime is another consideration. The purchase and maintenance of the machines we use is the responsibility of the retailer, so it's important to have a sufficient maintenance and servicing agreement in place, as any breakdown will cause a backlog in order deliveries.

Beyond these considerations, it's simply a matter of ensuring the front end flow of your website is properly set up to send customers' instructions to us, so that we have all the relevant details in place.

Right now, product personalisation may seem like a big leap forward, but in a couple of years we expect it to be the norm. This is your chance to get ahead of the competition.

For more information on setting up your beauty product personalisation, call ILG.



About ILG

Started in 1990, ILG has grown to become a market leader in outsourced order fulfilment. Today, with state-of-the-art technology, sustainable facilities and expert, highly trained staff, we specialise in value-added e-commerce fulfilment for fast-growth beauty, wellbeing and fashion brands. With specialised fulfilment facilities in the UK and EU, we employ over 500 people to serve more than 700 clients worldwide. And, as part of Yusen Logistics, we offer air cargo, sea freight services and access to a global storage network.



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