

A Work Project, presented as part of the requirements for the Award of a Master Degree in Management from the NOVA – School of Business and Economics.

Lowering consumers' perceived risk of shopping color cosmetics online

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### **Abstract**

This paper aims to analyze how to lower the consumers' perceived risk of shopping color cosmetics online by focusing on product presentation and its visual and informational aspect. Interviews were conducted and research on established concepts in online consumer shopping behavior was performed. A comparison between cosmetics- and fashion retailers' sites was performed as well as some additional research on new technologies. Finally, suggestions of how to update the way of presenting color cosmetics online were found. There are several new tools available to help consumers shopping color cosmetics online, not to mention other practical non-technical solutions.

**Keywords: Online shopping, Color cosmetics, Product presentation, Perceived risk**

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## **1.1. Introduction**

Data from recent years show that the e-commerce share of total retail sales (worldwide) increase year-by-year [Appendix 2] (Statista, 2016) and retailers of physical stores are experiencing declining sales and traffic, as consumers' shopping behavior and expectation is changing over time (Paul and Hogan, 2015). Forecasts indicate that the e-commerce share of total retail sales will continue to grow in the future (Statista, 2016) and even in cases where consumers finalize their purchase in-store, the use of digital data pre-purchase is expected to increase. In 2014 it was found that digital data influence 49 percent of consumers before they follow through with a purchase in a physical store (Paul and Hogan, 2015) and 43% of consumers' purchase decision is influenced by the channel partner's website [Appendix 2] (Paul and Hoan, 2015). Among the Nordic countries Sweden has the largest market for e-commerce, followed by Norway and Denmark. During the five most recent years (2012-2016) Swedish e-commerce increased 43%, reaching over 100 billion SEK per year, while Norway increased 75% and Denmark 70% during the same time (Dibs, 2016).

As gathering online information before a purchase becomes more common, even in cases where the end-purchase is in-store (Paul and Hogan, 2015), it is of companies' interest to understand what attributes of an online site is valuable and enriching consumers' online experience. Furthermore, looking at other kinds of online information sources as an extended part of the shopping experience on the site, can help highlight shortcomings on the site.

## **1.2. Difficulties of shopping color cosmetics online**

Many consumers insist in-store shopping cannot be replaced by its online counterpart (McCormick and Livett, 2012), reasons for this is based on perceived insufficient presentation of products as well as considering the activity of "browsing" through physical stores as enjoyable

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for various reasons (Interviews; McCormick and Livett, 2012). Additionally, although online shopping is growing, there is still a level of uncertainty related to it. Therefore, improving the elements that help retailers overcome that kind of problem is important to consider (McCormick and Livett, 2012)

This study, explored how information online, specifically: retail sites, ads on social media sites and influencers, is used and perceived by consumers. With this information, the aim was to clarify issues regarding perceived risk when shopping color cosmetics online. The “perceived risk” refers to consumers’ uncertainties/worry that a product will be wrong in the sense of not being suitable for them. Specifically regarding cosmetic products, online as well as offline, retailers generally demand the product to be unused/unopened in case of return. This requirement, although understandable, makes it difficult for consumers to know if the product is right/suitable for them before breaking the terms of return. Moreover, because of this, it is difficult for consumers to feel certain about a purchase, especially since some brands might not be available in local stores. Furthermore, Wolfenbarger and Gilly (2001) also found that the way online (and offline) stores fulfill utilitarian and experiential consumer needs affects the amount of money spent in that shopping environment. Shortcomings on the online sites therefore impacts consumers purchase intention. In addition to this, buying a color cosmetic product that turns out to be wrong for the consumer could possibly affect the feelings regarding the purchase as a whole. It might affect the consumer’s feeling about the product, while also tying the sense of disappointment to the retailer because of the negative outcome of the purchase. Particularly, in cases where the retailer has not facilitated sufficient support to the customer regarding product presentation. Possibly, this could result in an “unfair” review/feeling towards the product and orders from the site even though the product in itself was not bad, nor the other aspects of the

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company's service. This could result in consumers refraining from future purchases on similar conditions through the site.

### **1.3. Aim of study**

Though the online fashion market is well-researched and has developed accepted strategies to lower the perceived risk of online shopping, the online multi-brand cosmetics retailers still have areas of improvement. The aim is to suggest implementations for these multi-brand online retailers in the cosmetic market to lower the perceived risk of online shopping (focusing on product presentation and information) and hopefully develop the sense of realness and information satisfaction on the online shopping sites. This, in turn, will hopefully help increase the rate of completed purchases especially when physical samples are not available in stores, and/or the retailer is only present online. In addition to this, it will also help simplifying the purchase process for the consumers as less effort/time is needed to do “research”, both online and in physical stores, in order to find suitable shades for themselves. Convenience and time-saving is also one of the main reasons for consumers choosing to shop online (Prasad and Aryasri, 2009; Constantinides, 2004). The question is: What can retailers do to lower the perceived risk of shopping color cosmetics online, particularly regarding product presentation (visual and informational)?

### **2.1. Review of Literature of the Study**

The relations of consumer shopping enjoyment and value to shopping process with site aesthetics are proven to be significant. Both elements related to organization of site in a clear and orderly way, as well as hedonic aesthetics, affects consumers' enjoyment and the value-to-shopping-process positively. While the clarity and order of the site mainly adds to the shopping process, the

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hedonic aesthetics adds to the consumers' shopping enjoyment (Cai and Xu, 2011). Both the perception of the site's functionality/content as well as atmospheric and hedonic quality influence consumers' shopping satisfaction, which adds to their online shopping intention (Ha and Stoel, 2012). Furthermore, it was found that shoppers' loyalty increased significantly when they find that customer service is available online and are both able and willing to resolve situations efficiently. If unsatisfied by the customer service, shoppers are willing to go to another online retailer that charges more, but provides satisfactory customer service (Wolfenbarger and Gilly, 2001).

Lastly, though online shopping is growing there is a level of uncertainty related to it, therefore improving the elements that help retailers overcome that kind of problem is important to consider (McCormick and Livett, 2012).

## **2.2. Online shopping**

Whether you are looking at an online or offline consumer, the decision-making process is quite similar (Katawetawaraks and Wang, 2011; Constantinides, 2004). When it comes to the uncontrollable factors, the external factors such as demographic, social, economic, cultural and additional personal factors, many agree that these aspects are out of the control and influence of marketers, while also having a significant role on the consumer's behavior and purchasing decisions (Constantinides, 2004). The difference of the scenarios lies in the shopping environment and marketing communication (Katawetawaraks and Wang, 2011; Constantinides, 2004). Constantinides (2004) suggests that three sets of factors are the main components of the consumers' online experience, as well as being the main online marketing tools. The following components are stated as the main factors affecting consumers' purchasing decisions:

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- *the functionality of the Web site that includes the elements dealing with the site's usability and interactivity;*
- *the psychological elements intended for lowering the customer's uncertainty by communicating trust and credibility of the online vendor and Web site; and*
- *the content elements including the aesthetic aspects of the online presentation and the marketing mix. (Constantinides, 2004).*

More specifically, difficulty in searches and comparing products, as well as, unavailable personalized shopping or in-stock status information, has negative effects on consumers' online purchase intention (Prasad and Aryasri, 2009). Trust and safety issues also make consumers hold back in terms of purchase intention online (Prasad and Aryasri, 2009; Constantinides, 2004).

Time-saving and convenience are a part of the main reasons why shoppers choose online shops instead of physical stores, minimal effort and an ease in navigation and search are therefore crucial for a positive web experience. In addition to this, it is important that the consumers can find the site easily through search engines and that the ordering/transaction process is not too time-consuming so it leads to and an interrupted transaction. There needs to be a balance between security and simplicity of the process (Constantinides, 2004).

Consumers choosing to shop online are significantly influenced by enjoyment of shopping online, environment of the online store and convenience. These three factors have a direct effect on shopping involvement and purchase intention (Prasad and Aryasri, 2009). A few of the most expressed hedonic motivations for online shopping are: privacy/choosing when to interact, pleasure of bargaining, learning trends and online shopping achievement (To and Sung, 2014). Furthermore, motivations for online shopping also strongly influence online information search and online purchase intention, these include the utilitarian and hedonic motives for shopping

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online (Vazquez and Xu, 2009). Looking specifically at how online fashion shopping sites affect consumers' behavior and decision-making process McCormick and Livett (2012) found that, in regards to fashion, *product viewing* and *fashion information online* are key.

Even with online stores taking the utilitarian and hedonic dimensions, related to consumers' online experience, into account it is still important to recognize that many consumers still insist shopping in a physical store cannot be replaced by its online counterparts (also expressed by the participants in this study) (McCormick and Livett, 2012). Many consumers also turn to digital technology only to acquire information and do their “homework” before making in-store purchases. In some categories, these so called destination shoppers are outnumbering the traditional consumer who browses stores before making a purchasing decision (Paul and Hogan, 2015). This also shows that consumers value elements of both kinds of shopping (Wolfenbarger and Gilly, 2001). Also, related to destination shoppers is the high perceived risk of online shopping when interaction with the product is inadequate. This perceived risk can be lowered by allowing consumers to feel like they can interact in more ways with the product(s) in question (McCormick and Livett, 2012).

A factor that may speak to the advantage of online shopping versus offline shopping among consumers (when it comes to fashion garments), is the preference of trying on items at home no matter the quality of store dressing rooms. These customers increasingly see the time spent in stores as an expense instead of an investment (Paul and Hogan, 2015). As one of the drivers to consumers' preference of buying online is time-saving and convenience (Constantinides, 2004), this could be seen as something that would profit online stores.

Wolfenbarger and Gilly (2001) found that so called goal-oriented shoppers reach a sense of freedom, control and lack of commitment when shopping online. The reason for this is that

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they do not experience much pressure to complete a purchase unless they are ready for it. Also, these shoppers associate *convenience, information, selection* and *lack of sociality*, with increased sense of freedom and control. Experiential shopping, however, is related to the following benefits: *Surprise/uniqueness/excitement, positive sociality, online deal searching* and *involvement with a product class* (Wolfenbarger and Gilly, 2001).

The importance of a thought-out balance between hedonic and utilitarian characteristics on a site is emphasized by Bridges and Florsheim (2008) as it is found that it is utilitarian characteristics of a site that increase online buying. This is supported by Wolfenbarger and Gilly (2001) that explain that the hedonic attributes of an online site are interesting mostly to experiential shoppers, who are a minority of users, while goal-oriented users value the more the utilitarian attributes.

### **2.3. The Nordic countries**

Nine out of ten Swedes have at some point ordered something online and 13% shop more than ten times during a period of three months. The same numbers apply to Norwegians and Danes in this sense. The reasons for shopping online in the Nordic countries are mainly saving time and the simplicity of it. Other than this, Swedes also think it's easier to compare prices this way, while Norwegians do it because it is cheaper. Furthermore, Danes appreciate the convenience of the all-hours availability of online stores.

Following Dibs (2016) advice on e-commerce in the Nordic countries, retailers should offer multiple ways of payment. Adapting to the local market is key, one third of consumers who interrupted a purchase did so because the payment-method they wanted was not available. As country differences are significant among the Nordic countries, this should be taken into account. Also, more than 40% of customers have interrupted a purchase because the site was not

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compatible with mobile devices. Lastly, online retailers are advised to: save the customers' details to simplify future purchases and use safety-" tags" to increase the level of trust among customers as well as show logotypes of accepted payments on the home-page of the site as they are highly recognized and conveys trustworthiness (Dibs, 2016).

#### **2.4. The practical and hedonic dimensions of online shopping**

The important elements related to online shopping, and consumer experience, can be divided into utilitarian and hedonic attributes (Childers et al., 2001). Though utilitarian (practical) and hedonic (enjoyment) attributes of a site might seem to have different significance and purpose, in terms of consumer experience online, studies show that both aspects are important when it comes to affecting consumers' online attitude (Childers et al., 2001; Ha and Stoel, 2012). In fact, the atmospheric and hedonic part of the experience is critical to the quality factor of online shopping (Ha and Stoel, 2012) and increases the consumer's shopping enjoyment (Cai and Xu, 2011). McCormick and Livett (2012) found that online retailers must combine these two dimensions to provide a fully satisfying shopping experience online. Customers seek and value the hedonic elements that give a sense of fun and pleasure when shopping online. These elements also influence their assessment of the online store (McCormick and Livett, 2012).

Furthermore, information on an online store is a significant factor which affects their site-loyalty and purchase behavior (Chung-Hoon and Young-Gul, 2003; Wolfinbarger and Gilly, 2001). Chung-Hoon and Young-Gul (2003) explain that *information satisfaction* (focusing on the emotional aspect and *product information quality*) and *relational benefit* (focused on practical aspects related to *service information quality*), which affect the consumer's commitment, are related to *product and service information quality*, *user interference quality* and *security perception*. Together with *site awareness* these elements highly affect consumer's commitment to

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a site. It also shows that information quality is key to affecting consumers' online shopping behavior (Chung-Hoon and Young-Gul, 2003).

McCormick and Livett (2012) found that the factors consumers analyze when shopping online are the following (fashion garments): *how the item will look on the body, sensory and aesthetic information* and *how the garment can be worn with other products*. Product viewing from different angles, having the control of manipulating the product presentation to see it from more angles, and different ways, are valued by the consumer (McCormick and Livett, 2012).

Lastly, Wolfinbarger and Gilly (2001) found that goal-oriented shoppers make their purchase decision over the course of several online sessions. They might visit a site several times before making a purchase, as the shopping is divided into small time-gaps. This also shows that customers with purchase intention may not be the ones that stay longer on sites, therefore attributes on retailers' sites should not put experiential features, to make consumer stay longer, ahead of practical ones. It also shows that consumers with purchase intention can build ties to retailers online over time, if they are well taken care of (Wolfinbarger and Gilly, 2001).

## **2.5. Perceived risk**

Research on consumer behavior and information system has shown how perceived risk is a significant inhibitor when it comes to online purchases and adoption of e-services (Featherman and Pavlou, 2003). It inhibits all stages of the consumer's decision-making process and is an important issue of which marketers need to gain knowledge of in order to use to their advantage (Mitchell, 1992).

To decrease the purchase risk consumers might choose to collect information about the product. This can be done either passively or actively; passively meaning the consumer becomes more receptive of information sources like advertisements and conversations, while active

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information search, on the other hand, is when the consumer actively engages in information search. Active consumer information search is thought to be an outcome of the consumer's perceived risk in the purchase. An important aspect to consider in terms of information search is that the more sources used, and information gathered, the likelihood of conflicting information increases and consequently this may result in confusion for the consumer. Furthermore, information search does not always result in reduced risk as the consumer might find information they previously were unaware of. Research has showed that choice uncertainty, about a product category, increases search, while knowledge uncertainty has less negative impact (Mitchell, 1992).

When focusing on reducing risk, pre-purchase, the objective is to increase the certainty that a satisfying product will be purchased, while also reducing the negative consequences in case the purchase would be unsatisfactory. Furthermore, reducing post-purchase risk is focused on reducing the consequences of an unsatisfactory purchase (Mitchell, 1992).

### **2.6.1. The cosmetics industry**

The European cosmetics and personal care market is the largest in the world and decorative cosmetics (color cosmetics/make-up) is one of the product categories with the largest share in the market (Cosmetics Europe, 2017). According to research performed by L'Oréal, it accounted for 18.2 percent of the market in 2016 [Appendix 2] (Statista, 2017).

The industry has benefited from social media channels like Instagram and YouTube as these platforms help create a demand for beauty products, as well as a relation between the brands and consumers through for example vloggers (Statista, 2017). Of the beauty content shared on YouTube, 45 percent are tutorials and, when divided in categories, 51 percent of the shared beauty content is about make-up. Furthermore, of the conversations and social media buzz

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around beauty brands, 97.4 percent originated from independent beauty creators, like vloggers and such [Appendix 2] (Statista, 2017).

### **2.6.2. New technology in the beauty industry**

Brands are starting to use new technologies to provide perfectly matched products to each consumer. They, through an app, gather information about the consumer and based on the data received (photos of skin-complexion in different parts of the body such as forehead, neck, wrist) they blend a perfect match for the consumer (Bareminerals, MatchCo, Melange Beauty).

However, as not all foundations are based on this individually blended products, consumers that have other favorite brands or favorite specific products might desire something that instead helps them with that choice. Another app that, instead of gathering data for a individual blend, matches you to the already available options by brands today, is *Plumperfect*. With similar technology you use the app and take photos of your face, the gathered data is then used to match you to products available in the market. Similar technologies have already been used by cosmetic retailers with physical stores (such as Sephora and Kicks), however, this technology could help consumers by simply using their own phone, and in the end benefit online cosmetic retailers. Finally, there is a service called *Findation* that will help you find correct tones in other products based on the tone and foundation a consumer is currently using. If a consumer already has foundations that matches perfectly, they can easily find what more products they could use with the same tone.

## **3. Method**

This study looked into what online cosmetics retailers could do to decrease the sense of uncertainty, among consumers, regarding the suitability of certain products in need of color-matching to skin complexion. First, a general understanding of online shopping and what studies so far have found: how the shopping process looks, what consumers value and what factors could

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make them reconsider their intention to buy a certain product. Comparing multi-brand cosmetics retailers with their fashion-selling counterparts, together with the knowledge of what increases uncertainty about ordering a product, may help find shortcomings of cosmetic retailers online. Therefore, a comparison between the two different online markets was made, focusing on product presentation and consumer uncertainty. This would help find what online cosmetic retailers could do to improve the consumer experience online as well as simplifying the shopping process as a whole for their consumers. When comparing these markets, a few selected sites of online retailers that sell products to Nordic countries were observed in order to see how these popular sites have chosen to present its products to the customers. Six sites in fashion retail and 7 sites in cosmetic retail were observed to find how retailers present their products currently.

The study also included the online information search consumers perform by looking at influencers and other ads, to see if aspects from these could benefit online stores and improve the sense of “reality” into the e-commerce site. By focusing on the online shopping experience, and how consumers get affected by information (photos included), factors linked to consumers’ purchasing decisions may be found. The study had an explorative character based on literary research, and interviews, to find important elements that affect consumers online purchasing decisions, with the aim of finding suggestions online cosmetics retailers could use to lower the sense of uncertainty regarding color cosmetics. The questions during the interviews were asked in a heuristic manner to find these elements.

Participants of different nationalities were asked to take part in the study, majority of them being from Nordic countries with the exceptions of a few participants from Germany and Bulgaria (four in total). The requirement of the participants was to be responsible for their own economies, meaning they do not have restrictions other than the regular uncontrollable/external

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factors and were the ultimate decision-maker when shopping. In addition to this, participants chosen for the interviews were all accustomed to using the internet though the exact extent of usage was unknown. They all also used at least one well-known social media platform online to ensure they are exposed similar information online.

In total sixteen people were interviewed either through Skype or in person. The interviews had a semi-structured character, meaning they were based on some key-questions from the interview script but further questions were adjusted to the individual interviews and answers received. The participants were all asked in advance to take part in the interviews and sessions were scheduled according to their availability to avoid elements of time pressure and rushed answers. The age range was between 24-29 years old, the majority of them were female, four of them were male. Though the direction of this study changed from what was initially expected all the participants' contribution was valuable for the understanding of general knowledge in online shopping. The thesis question was formed based on what was learned during the interviews. The area of interest found was, to a greater extent compared to others, perceived to have shortcomings. The answers were applicable to online shopping in general and different kinds of products were discussed in interviews. The cosmetic-products were mentioned as examples in answers when talking about what would make a customer put off a purchase, which after some observation led to the forming of the thesis question. Furthermore, based on the thoughts shared, it seemed to be an evident gap between what customers want/need regarding product presentation, and what is on display in the sites of multi-brand cosmetic retailers.

All interviews were recorded and the relevant sections/statements were transcribed to enable analysis and comparison of views. The educational background of the participants varied in terms of what field of studies they were pursuing or had degrees in, a few of them being

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business students (with marketing majors) and others engineers in different areas. The names of participants is not shared in the study and answers are not matched to the profiles of the participants (meaning specified information on age, nationality etc.).

By using the concept of triangulation the analysis of this paper was based on the participants' answers in the interviews, findings from previous academic researches in the area and a comparison of the presentation of products on online multi-brand cosmetic sites. As mentioned, the character of the questions was explorative with the aim of mapping the participants' shopping journeys to find the elements that are crucial to their experience. The following questions were selected as sample as they represent the basis of the interviews and show what areas of the shopping experience were of interest (Questions were not always asked in the exact same order) [See Appendix 1 for full version]:

- *Could you please describe a typical online shopping experience?*
- *How do you want products/brands to be presented when shopping online?*
- *When you bought something online, what made you choose to do that over an in-store purchase?*
- *What would you say is most important for you to have a positive shopping experience?*
- *If you don't like to shop online, do you use digital media for any other parts of your shopping process/experience?*
- *Do you follow trends or popularity when shopping? Where/how do you gather the information?*

*Figure 1. Sample of interview questions*

#### **4. Results - Comparing fashion- and cosmetic retailers**

Based on the information received from interviews a table focusing on the important aspects of product presentation was made. The information presented was helpful for the following comparison of fashion retailers and cosmetic retailers online.

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Aspects of Product Presentation	Excerpt from interviews	Key take-away
Consumer control of product presentation	<p>“Pictures from several angles, seeing it [the product] in its environment, many measures and photos, are important to me [...]”</p> <p>“[...] presentation of products and how easy it is to pay is very important [...]”</p> <p>“Good pictures are really important. I like when I can zoom in a lot, and I also want to see the product in its right environment... clothes for example should be on real models”.</p>	<ul style="list-style-type: none"> <li>· Manipulating photos easily to see them in the desired way of the consumer (Zoom etc.)</li> <li>· Features that offer a variety of ways to examine product in question (video, 360°, etc.)</li> </ul>
Element of “realness”	<p>“[...] What I miss with cosmetics like lipsticks or foundation is that it’s very hard to get an idea of color. So maybe they should show a picture of people of different skin-color to see what colors it suits [...] I try to google to see if I find a blogger or someone else that has it, but it’s a lot of effort. It would be better if it was available when I’m shopping”</p> <p>“[...] I even think that the part that was harder before, if it fits, that got easier now with the measurements or like the, if you buy glasses online, the augmented reality that you can see how it will look on your face”.</p> <p>“[...] a lot of sites have clothes on “dolls”, for example, or just a picture on the item, it’s difficult to see [the product] then”.</p> <p>“[...] it conveys a certain feeling and you “absorb” it differently in some sense. It’s more personal[...].”</p>	<ul style="list-style-type: none"> <li>· Seeing the product in its real environment/as it should be used.</li> <li>· “Story” presentations/natural settings that help you imagine item in your own life and/or how to use product.</li> </ul>
Information	<p>“[...] proper information about what the material contains is also really important to me [...] otherwise I have to go and find a store to find out”.</p> <p>“It needs to be easy to search on the site, you shouldn’t have to click-around too much. It should be easy to find.</p>	<ul style="list-style-type: none"> <li>· Detailed information about product characteristics</li> <li>· Desired information should be easy to find.</li> </ul>
Compensation for unsatisfying product presentation	<p><b>Expressed feelings about uncertainty.</b></p> <p>“Free shipping or return, or both is really important to me [...]”</p> <p>“[...] what ASOS does in the UK would make me buy more often online. There is no hassle in returning [...] It has a lot to do with the return policy and how easy it is and how badly I want it [...]”.</p>	<ul style="list-style-type: none"> <li>· <b>Return policy.</b> Important to be able to try and return product, preferably without charges (does affect buying decision).</li> <li>· Uncomplicated process of returning products.</li> </ul>

Table 1. Valuable aspects of product presentation and online shopping.

Furthermore, a comparison between six online fashion retailers, and six online cosmetic retailers was made. The information received from interviews, together with the findings based on the literary research and the observations made on the, in total 13, sites helped distinguish concrete differences between the presentation of products in the two categories. The chart comparing

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fashion retailers and cosmetic retailers will be used as a guide in order to close the gaps between the two categories' perceived risk of shopping online.

	<b>Multi-brand cosmetics retailer</b>	<b>Fashion retailer</b>
<b>Number of photos</b>	1-2	Varying based on retailer. The "best" offered 6-7 photos, while the "worst" offered 2-3.
<b>Quality/characteristics of photos</b>	Photo of product in the package/through the packaging, at times, color not (directly) displayed. Zoom is not doing much.	Significant inconsistency between different products' presentation on sites (one exception). Standard: Front/back photo. Models not used consistently for presentation (one exception).
<b>Element of "realness"</b>	One retailer: (lipsticks) additional photo of lips with dark- and light complexion, selected color was "applied" in a virtual manner.	Video-presentation: 1 (consistently), 1-2 (inconsistently). Photos: In case of real model, size/length of item presented. Extra: Instagram-hashtags, photos presented in different ways/features on the site. <i>Note: Significant difference to the feeling the sites conveyed. Some much more "alive"/warm, seemingly easier to imagine the product on oneself. Others: almost no element of people/inspiration.</i>
<b>Available alternatives to examine product</b>	Zoom/enlargement of photo as a whole. In general: tools inadequate for assistance. (Example case: detailed "sheet" offered, likely from supplier, but not possible to use).	Most common: Zoom - extent of zoom was often limited. 360°-rotation was not offered on many sites/products. Video: most sites did not consistently offer this (one exception), some not at all. Infrequent: Customer reviews with photos. Instagram-hashtag (photos shared on the site).
<b>New Technology/ideas</b>	<b>One retailer.</b> Extended help with "foundation-test" (not scientific, consumer-provided information and photo).	No specific new technology features. Traditional ways of product presentation used. One site offered an extra feature for size-help(described below).
<b>Options to manipulate product presentation</b>	Not much. Consumers may see the different colors in/through the container. Only one offered lipsticks with virtual application.	· Mostly zoom · View other colors · Videos sometimes.
<b>Product Information</b>	Inconsistent, (two exceptions, one of which provided detailed/complete information about all products). Generally: Not much detailed information. Observation: what the brands/suppliers themselves provide is presented without (or little) editing.	Two retailers offered detailed/complete product information: material details (percentage), delivery, general product description, about the brand (if applicable), washing instruction for item, size and/or length of product presented. Others only provided information on some of these points.
<b>Personalized service</b>	One provided a variety of personalized service: Skin-test, Foundation-test, possibility to chat live, email to consult. All customer service staff are licensed skin-therapists/make-up artists.	One had personalized size-help where the customer can type personal height/weight and desired fit to find what other customers of the same have chosen.
<b>Customer service availability</b>	<b>"Best" retailer.</b> Live chat (certain hours/days). Test answers are returned in 2-3 workdays. Others did not highlight customer service in particular. All had some sort of customer service.	All had customer service, but exposed on the site differently. No live "chats"
<b>Perceived need of further product information research</b>	In all cases there are elements missing in order to provide enough information, especially in terms of color-match. However, one of the retailers stood out in terms of information/features and help provided.	In a few of the sites the product presentation was very limited in general and no extra features to help. In some the extent of presentation varied highly depending on product. A few (one in particular) was more consistent but did not offer all options for product presentation (some features were only offered in some categories).
<b>Conditions for consumer-to-consumer help</b>	<b>Reviews.</b> All enabled consumer reviews though in most sites there were not many present. Also grading was available.	<b>Reviews.</b> All enabled written reviews, one offered customers to attach photo of product with their comment. Two used Instagram-hashtags, presenting photos as a general site-feature, while the other offered product photos in selected categories.
<b>Estimated perceived risk of purchase</b>	High with expensive products. Products are not presented in their intended way of use. Color/texture etc. are mostly difficult to apprehend (lacking information and/or presentation).	The more/better the fit of products were presented/clarified the lower the assumed perceived risk of purchase is.
<b>Shipping/Return policy</b>	Two have free shipping while others offer it by "total price"-conditions, or constant fee. No retailer offer returns on opened product(s).	Two offered free shipping, others offered it by "total price"-conditions. One offered free returns, while another offered free changes. General: consumers can try items before final decision.
<b>Compensation for unsatisfying product presentation</b>	None. Once the consumer tests the product there is no way of returning it. Conclusion: they need to be certain the product is correct before purchase.	<b>Return policy.</b> More simplified return process/conditions means the consumer does not sense a "forced" commitment to the product until they can try it the product in real-life. The unknown/uncertainty-factor of the product is removed before a decision needs to be made.

Table 2. Comparison of online cosmetic retailers and its fashion retailer counterparts. [Enlarged version in Appendix 4].

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The comparison shows there is a significant gap between how consumers' perceived risk of purchase is cared for by the different retailers. Understandably there is a difference between the categories in terms of measurements needed to handle hygiene and safety issues. However, there is still a gap that revolves around some practical steps of the purchase process, regarding product presentation and product information, where consumers evaluate the product to find the one that is most suitable for them in order to feel comfortable and willing enough to order.

## **5. Discussion**

Many consumers feel like they prefer shopping in physical stores rather than online (McCormick and Livett, 2012) part of the reason has to do with them feeling like the only way to properly evaluate the product is by having it in direct contact (McCormick and Livett, 2012; Interviews).

These consumers exist in all categories of products and it is important to point out. However, one of the main benefits of online retailers is the geographical reach it enables. For the consumers that are reached thanks to the service of online businesses, developments in the area of product presentation and (personalized) service is of high value to have positive shopping experiences.

This also applies to consumers turning to online shopping as a result of lack of time (Constantinides, 2004; Interviews) and other reasons mentioned as drivers for online shopping.

Technology used to determine consumers' skin-complexion is already developed and provided on the market but is not properly established yet (Plumperfect, Bareminerals, MatchCo, Melange Beauty). Offline retailers have similar technologies that consumers can use in-store, with specific devices, which will select items in their assortment, that matches the individual consumer (Sephora, Kicks). However, this is again dependent on consumers finding a store which offers this kind of service. Online retailers without offline representatives do not have the same availability to help consumers and again, consumers in the "wrong" location are left out. As

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the technology already is developed, these retailers do not need to spend the capital and resources to do it themselves. Their business could benefit from collaborating with one of the developers. For example, on the site of the company *Plumperfect* they express “*Whether you're looking to create a white-labeled application using our technology or are just curious to find out more about what we do, we'd love to hear from you*” (plumperfect.com, 2017). This shows that there are available companies and possibilities “out there” that are open to joining forces and are seeing the benefits that both parties could capitalize on. Specifically, the online cosmetic retailers’ information quality (Chung-Hoon and Young-Gul, 2003; Wolfenbarger and Gilly, 2001) could improve by using this kind of technology. It could help lower the perceived risk of purchase and decrease the gap between the way online cosmetic retailers present products today and what consumers need to convince them a purchase is a good idea. After all, reducing risk, pre-purchase, is done by increasing the certainty that a satisfying product will be purchased (Mitchell, 1992). Therefore, features and technology that help increase certainty should not be neglected.

Based on what features were found through one Swedish online cosmetic retailer’s site, which was observed for this study, there is a desire among consumers to receive help/support on color selection in online stores as well. They have developed their “foundation-test” in order to simplify and help consumers in their process of finding the right product. However, a lot of the consumer-provided information is based on the consumer’s knowledge about detailed color/tone information regarding their skin. As there are alternatives with vague differences a consumer that does not have the knowledge corresponding the knowledge of a makeup artist or skin therapist, might not provide the correct information. This, however, is complemented by asking the consumer to send one or two photos of their skin (with directions) for a skin therapist to evaluate what shade would be suitable. In any case the result and accuracy of the color-match through the

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test could be questioned as the “input-information” might be wrong/misleading in the first place. Also, the photo submission is solely based on the customer service representative’s eye precision in colors. As they inform on the site, the test is not scientific and they still cannot ensure a correct match, which could again make a consumer hesitant to their purchase. In addition to this, the therapist will always suggest two shades. This is assumed to have to do with trying to increase the probability of tone-accuracy. However, though the shades might not have a significant difference at first glance, the accuracy of one compared to the other will likely show once the product is used, as tone-differences get clear when applying the product. Another service available is *Findation*, it eliminates the process if “starting over” when wanting to try another brand or product. Often brands name/number their product lines differently, therefore, enabling a tool to simplify the initial color-matching process might lower the perceived risk of buying a new product.

These services would help the online cosmetic retailer lower the perceived risk of buying as its customers have more information available (Mitchell, 1992). A collaboration, therefore, could be an option, for example consisting of a percentage of the profit when such a test leads to a purchase. Both parties could benefit in several ways, if the retail site shares information/data regarding consumer responses etc. the technology company can use it to develop their product and improve the accuracy; which in turn improves the service/quality provided by the retailer to the end-consumers, as well as lowers the perceived purchase risk and therefore affects the site’s sales (Featherman and Pavlou, 2003). Also, this spreads the technology.

If retailers are reluctant to partner with these technological businesses, there are ways to lower the consumer's’ purchase risk by information of other kind. A method offline stores use regularly, is for the consumer to try a sample at home. This increases the level of certainty as the

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product can be tried before any commitment (Mitchell, 1992; Interviews). In Sweden, stores can provide testers of the non-sampled products for customers to take home (when requested). Online retailers could build on idea and send “VIP”- customers requested samples of products, for free, to their home. At a low cost, the same could be done for non- “VIPs” as well. If a consumer would be interested to buy a foundation for 30-45 euros, it is imaginable that they would consider to pay 2-4 euros (or similar low cost) to try it in order to avoid the money paid becoming a “waste” if the product is wrong). Furthermore, when unsatisfied by customer service, consumers are ready to go to another retailer and pay more if the service is better (Wolfenbarger and Gilly, 2001), this could suggest that customers are ready to pay more for certain service features as well. The offer could have several solutions; if a customer ends up buying one of the sampled products, the amount paid for the sample could be withdrawn from the total price; making it similar to the options fashion retailers provide their customers (using return fees). Another option is that customers are allowed to choose 1-2 samples, of color cosmetics, when they order from the site. Another option would be to offer the “VIP”-customers to do a proper skin-tone analysis for free, perhaps giving one “away” to a friend as a part of the treat.

Furthermore, the practical presentation of the products on the site can be improved. It is important for consumers to view items online in a manner that makes up for the lack of possibility to examine the product in real-life (McCormick and Livett, 2012; Interviews). Virtual technology is getting more popular and Ray-Ban even started using a virtual try on -tool (Ray-Ban.com) to help consumers see how different glasses would look on them. One of the Swedish cosmetic retailers even used a similar technology help consumers see how lipsticks would look on people of light- or dark skin-complexion. Developing that technology to use for more skin-tones and (appropriate) products could be an appreciated improvement in their case.

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Regarding the new technologies one might consider people being skeptical of its use, or not use it very often even if provided. Also, there could be generational differences as to what technologies people are open to adopt. One aspect to consider is that several of the interviewees confessed that the amount they shop online have increased over time. Even the ones that were skeptical and preferred in-store shopping admitted that their online shopping has increased and one participant shared that they thought this just comes from getting more used to it. This pattern could be repeated by these technologies as well, as inventions take time to establish (slow growth period). As technology also continuously improves, tools of this sort could become more accepted and appreciated over time.

Looking at tools and product presentation available today, deepening the character further could come a long way. Allowing interaction with products in more ways is found to lower the perceived risk (McCormick and Livett, 2012). Displaying color cosmetics by swatching [Appendix 3] them on different skin-tones is likely more appreciated than only looking at the colors through/in the packaging, as it gives a sense of realistic presentation, which is valued (McCormick and Livett, 2012; Interviews). It is also the way make-up artists and beauty vloggers/profiles present samples of make-up to their followers; also, observing customers in any make-up store, you will see that customers themselves often test products this way initially. In addition to this it helps the consumer get a better idea of the pigmentation-quality. To help consumers inspect tone differences the zoom-tool should be improved and enable consumers to decide where, and how much, to zoom as control to manipulate presentation is valued (McCormick and Livett, 2012). All seven online cosmetic retailers seem to have underestimated the benefit of high-quality zooming for color cosmetics. Then again, the current presentation of products is through their containers, in which case a photo could presumably be enough, as the

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presentation in any case is not optimal. Presenting cosmetic products in better and more helpful way would make the information/knowledge gathering of the purchase process for the consumer a lot easier as the need for further research diminishes (Mitchell, 1992; Interview). As Wolfenbarger and Gilly (2001) found, shortcomings on online stores affect consumers' purchase intention. It should therefore be of priority to minimize perceived shortcoming when possible.

## **6. Limitations and Future research**

As the research is based on qualitative data gathered from interviews the number of participants are low because of the time-constraint and research character (qualitative). Due to the low number of participants it is likely that the views and behavior of the participants do not represent the population in full. The participants belong to the age group of 24-29 years old, meaning that generational differences are missed. Furthermore, the level of perceived trust and the where the line is drawn for “approved” websites, and product presentation, seems highly personal as the interviews suggested some consumers take more risk and are not as “picky” in their choices compared to others.

Further research in the area could be done by performing additional interviews focusing on color cosmetics online to find additional suggestions for product presentation. Following this, further assessment in focus groups could help investigate how these implementations actually would be received by consumers. Finally, quantitative testing to find differences in purchase intention when comparing current way of presentation to using suggested implementations, in order to prove the impact, it has.

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## Appendix 1

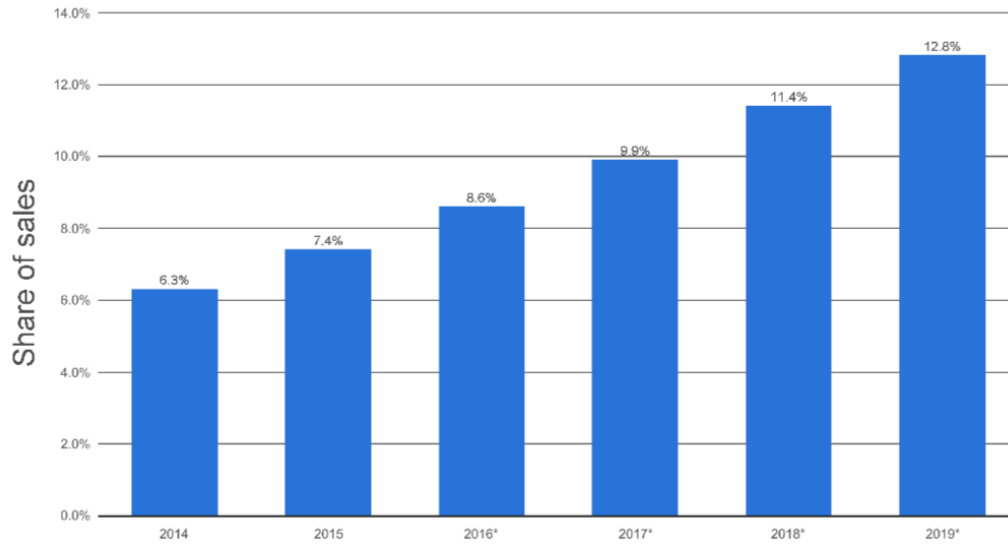
1. Could you please describe a typical online shopping experience?
2. Did you feel that something was different or less real about the online environment compared to offline? Did it matter for your experience? In what way?
3. At what point did you decide to buy the item?
4. How do you want products/brands to be presented when shopping online? How are products normally presented online do you think?
5. When you bought something online, what made you choose to do that over an in-store purchase? How did it change your experience?
6. What would you say is the most important things for you to have a positive shopping experience?
7. Do you normally notice to the ads or the suggestions websites show? What do you do? Does it make you look at that product closer? Have you bought a product through this process? Why do you choose not to look at these?
8. If you don't like to buy online, do you use digital media for any other parts of your shopping process/experience?
9. Do you follow trends or popularity when shopping? Where/how do you gather the information of what fulfills that criteria? (How much impact does trendiness or popularity have on your shopping?)
10. Do you look at/follow any influencers online? Do you have any people you look at for inspiration for shopping?
11. What is your relation to influencers on digital media/social media? Do you ever go to them for inspiration and recommendations? Does anyone of the ones you know advertise products/brands? Have you ever tried them?
12. What about following influencers do you like?
13. How do they present the products/brands they use (influencers)?
14. Do you in sometimes like to see ads? When & where?
15. What kind of ads do you normally pay attention to/like?
16. Have you yourself ever reflected about advertising and its effect on you? Did you come to a conclusion?
17. (Have you seen photos of products that are presented in a scenario/ story? What do you think about that? If the products are presented in a scenario/story in a photo, what do you think about that?)
18. Do you identify with any brands or a specific style? Is this important in your decision-making?
19. Is it important for you to identify with how a brand/product is advertise?
20. When you shop, does the products/ brands you choose suit a specific community that you identify with or feel you belong to? Which one(s)?

*Table 1. Questions for semi-constructed interview.*

## Appendix 2

Global e-retail share 2014-2019

### Retail e-commerce sales as percentage of total retail sales worldwide from 2014 to 2019



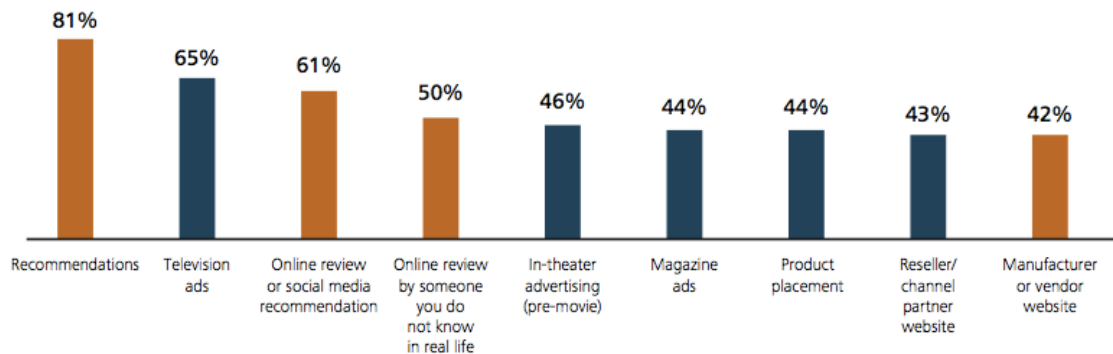
Note: Worldwide; 2014 to 2015; includes products or services ordered using the internet via any device, regardless of the method of payment or fulfillment; excludes travel and event tickets

Further information regarding this statistic can be found on [page 72](#).

Source: eMarketer; ID 484400

statista

Figure 2.1. "E-commerce Share of Total Global Retail Sales in 2016, by Region." Source: "E-commerce Share of Total Global Retail Sales in 2016, by Region." Statista - The Statistics Portal. Direct link: [www.statista.com/statistics/239300/number-of-online-buyers-in-selected-countries/](http://www.statista.com/statistics/239300/number-of-online-buyers-in-selected-countries/), Accessed 4 Sep 2017



Source: Adapted from "Digital Democracy Survey 2015," Deloitte LLP.

Graphic: Deloitte University Press | DUPress.com

Figure 2.2. "Buying decision influence". Source: Paul, K. Alison and Hogan, K. Susan; 2015. "On the Couch - Understanding consumer shopping behavior". Deloitte University Press.

### Breakdown of the cosmetic market worldwide from 2011 to 2016, by product category

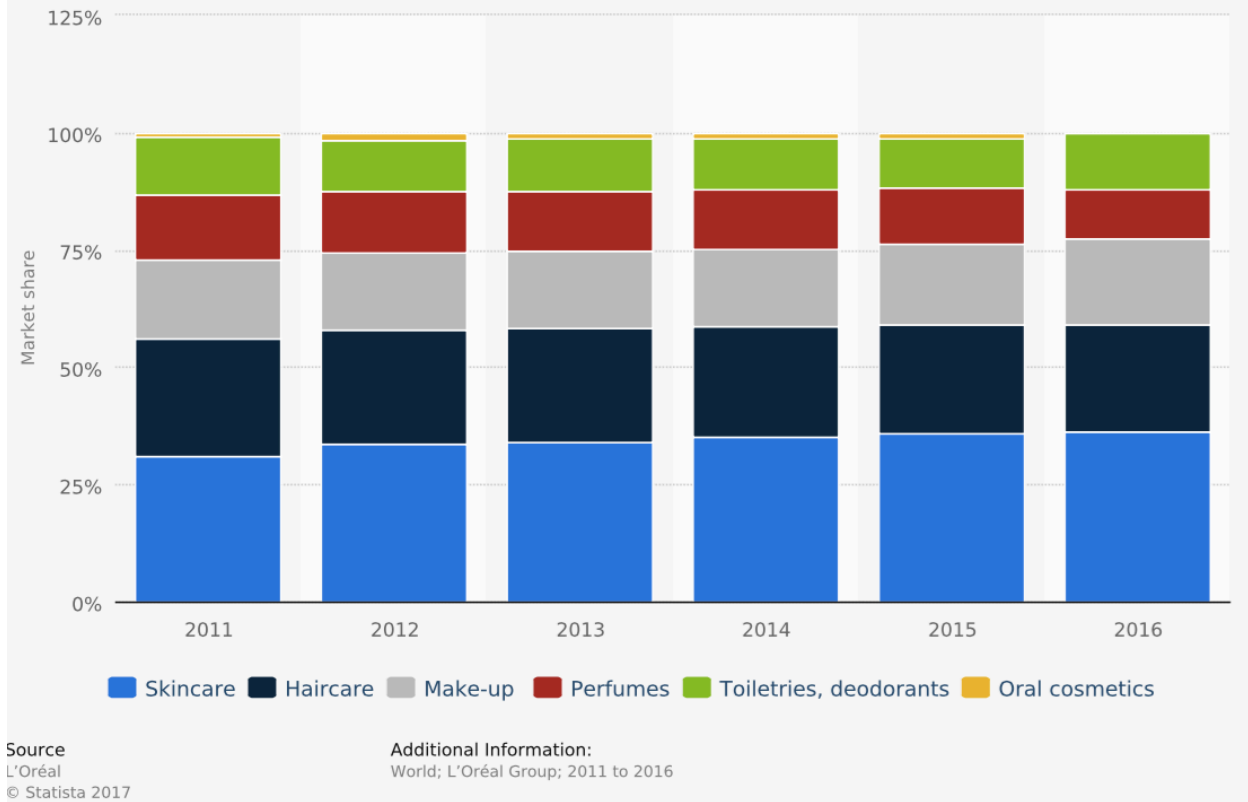


Figure 2.3. "Breakdown of the cosmetic market worldwide from 2011 to 2016, by product category". Source: L'Oréal. "Breakdown of The Cosmetic Market Worldwide from 2011 to 2016, by Product Category." Statista - The Statistics Portal. Direct link: [www.statista.com/statistics/243967/breakdown-of-the-cosmetic-market-worldwide-by-product-category/](http://www.statista.com/statistics/243967/breakdown-of-the-cosmetic-market-worldwide-by-product-category/), Accessed 4 Sep 2017

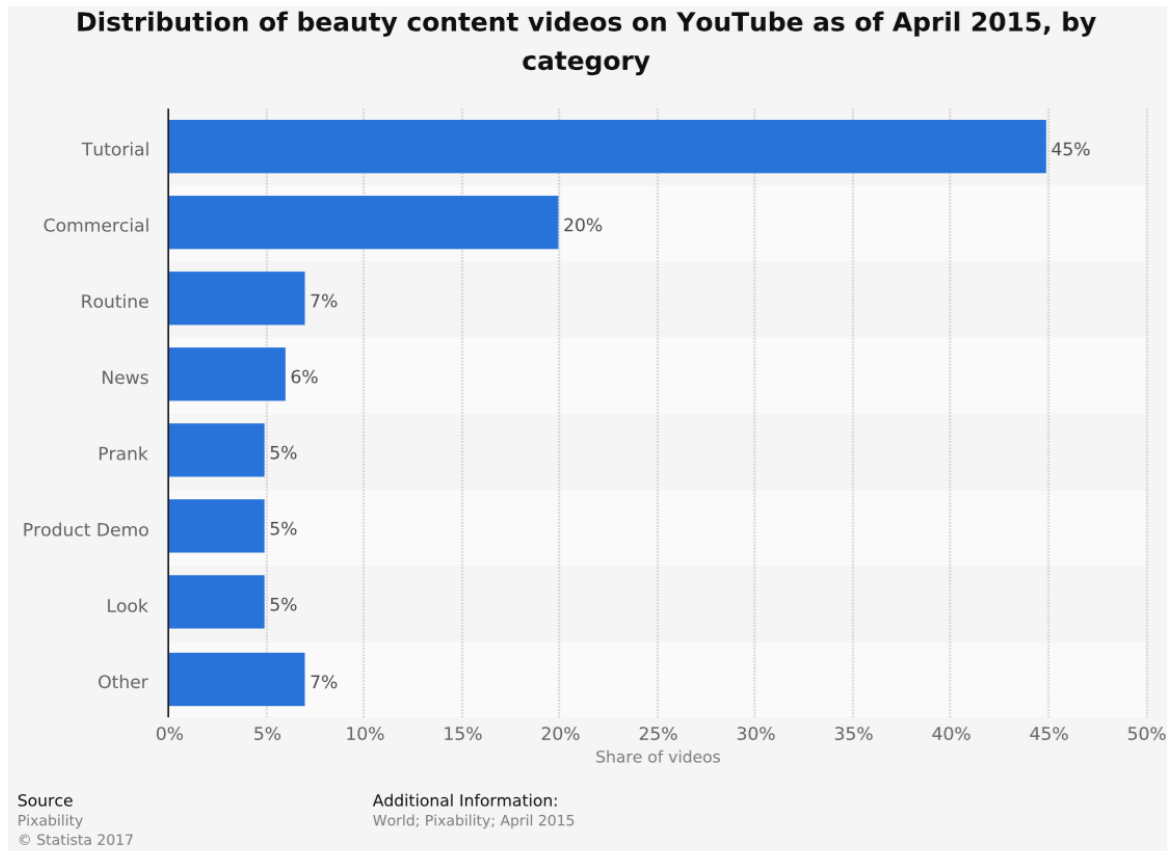


Figure 2.4. "Distribution of beauty content videos on Youtube as of April 2015, by category". Source: Pixability. "Distribution of Beauty Content Videos on Youtube as of April 2015, by Category." Statista - The Statistics Portal. Direct link: [www.statista.com/statistics/521374/beauty-video-content-youtube-category/](http://www.statista.com/statistics/521374/beauty-video-content-youtube-category/), Accessed 4 Sep 2017.

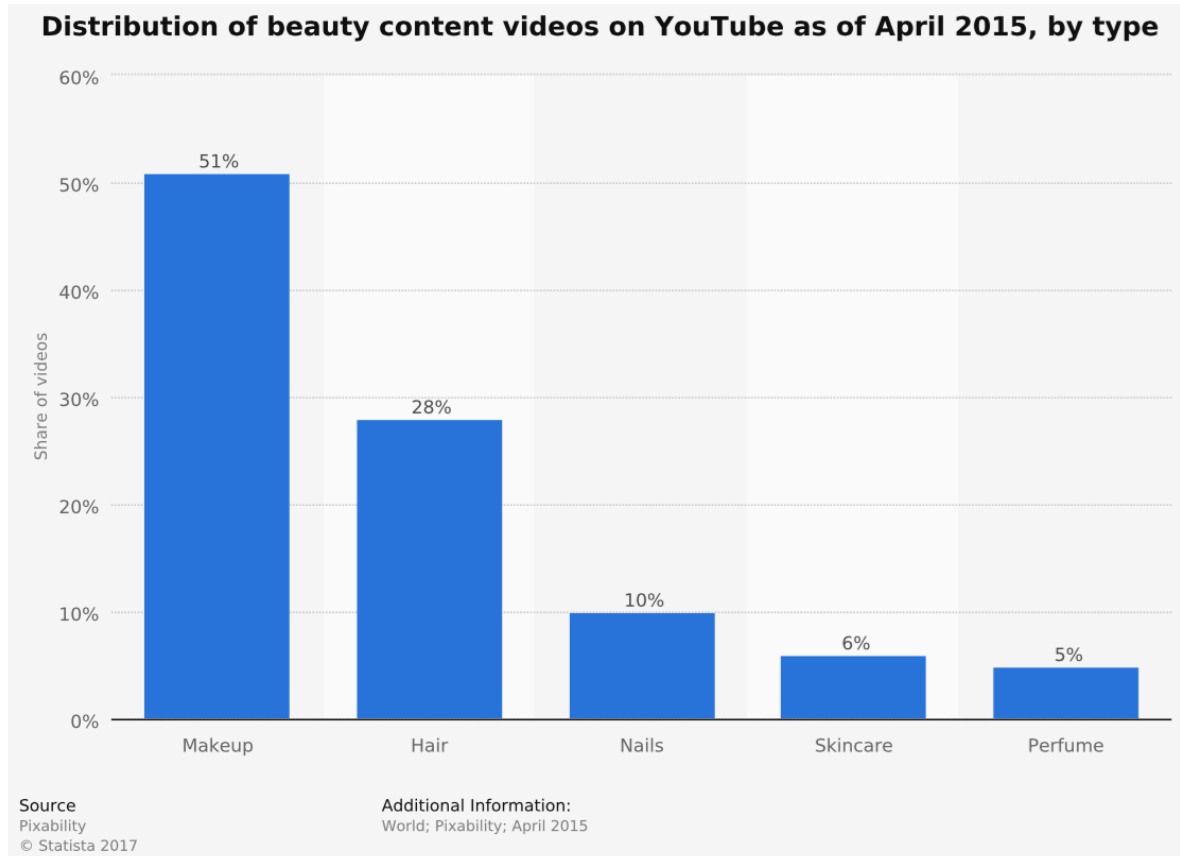


Figure 2.5. “Distribution of beauty content videos on Youtube as of April 2015, by type”. Source: Pixability. "Distribution of Beauty Content Videos on Youtube as of April 2015, by Type." Statista - The Statistics Portal. Direct link: [www.statista.com/statistics/521168/beauty-video-content-youtube-type/](http://www.statista.com/statistics/521168/beauty-video-content-youtube-type/), Accessed 4 Sep 2017

### Appendix 3



Figure 3.1. Example of swatching. Source: Pinterest.



Figure 3.2. Example of lipstick swatches. Source: Pinterest.



Figure 3.3. Example of swatching

Appendix 4

<b>Multi-brand cosmetics retailer</b>		<b>Fashion retailer</b>
<b>Number of photos</b>	1-2	Varying based on retailer. The "best" offered 6-7 photos, while the "worst" offered 2-3.
<b>Quality/characteristics of photos</b>	Photo of product in the package/through the packaging, at times, color not (directly)displayed. Zoom is not doing much.	Significant inconsistency between different products' presentation on sites (one exception). Standard: Front/back photo. Models not used consistently for presentation (one exception). Video-presentation: 1 (consistently), 1-2 (inconsistently). Photos: In case of real model, size/length of item presented. Extra: Instagram-hashtags, photos presented in different ways/features on the site. <i>Note: Significant difference to the feeling the sites conveyed. Some much more "alive"/warm, seemingly easier to imagine the product on oneself. Others: almost no element of people/inspiration.</i>
<b>Element of "realness"</b>	One retailer: (lipsticks) additional photo of lips with dark- and light complexion, selected color was "applied" in a virtual manner.	
<b>Available alternatives to examine product</b>	Zoom/enlargement of photo as a whole. In general: tools inadequate for assistance. (Example case: detailed "sheet" offered, likely from supplier, but not possible to use).	Most common: Zoom - extent of zoom was often limited. 360°-rotation was not offered on many sites/products. Video: most sites did not consistently offer this (one exception), some not at all. Infrequent: Customer reviews with photos. Instagram-hashtag (photos shared on the site).

<b>New Technology/ideas</b>	<b>One retailer.</b> Extended help with “foundation-test” (not scientific, consumer-provided information and photo).	No specific new technology features. Traditional ways of product presentation used. One site offered an extra feature for size-help (described below).
<b>Options to manipulate product presentation</b>	Not much. Consumers may see the different colors in/through the container. Only one offered lipsticks with virtual application.	<ul style="list-style-type: none"> <li>· Mostly zoom</li> <li>· View other colors</li> <li>· Videos sometimes.</li> </ul>
<b>Product Information</b>	Inconsistent, (two exceptions, one of which provided detailed/complete information about all products). Generally: Not much detailed information. Observation: what the brands/suppliers themselves provide is presented without (or little) editing.	Two retailers offered detailed/complete product information: material details (percentage), delivery, general product description, about the brand (if applicable), washing instruction for item, size and/or length of product presented. Others only provided information on some of these points.
<b>Personalized service</b>	One provided a variety of personalized service: Skin-test, Foundation-test, possibility to chat live, email to consult. All customer service staff are licensed skin-therapists/make-up artists.	One had personalized size-help where the customer can type personal height/weight and desired fit to find what other customers of the same have chosen.
<b>Customer service availability</b>	<b>“Best” retailer.</b> Live chat (certain hours/days). Test answers are returned in 2-3 workdays. Others did not highlight customer service in particular. All had some sort of customer service.	All had customer service, but exposed on the site differently. No live “chats”

<b>Perceived need of further product information research</b>	<p>In all cases there are elements missing in order to provide enough information, especially in terms of color-match. However, one of the retailers stood out in terms of information/features and help provided.</p>	<p>In a few of the sites the product presentation was very limited in general and no extra features to help. In some the extent of presentation varied highly depending on product. A few (one in particular) was more consistent but did not offer all options for product presentation (some features were only offered in some categories).</p>
<b>Conditions for consumer-to-consumer help</b>	<p><b>Reviews.</b> All enabled consumer reviews though in most sites there were not many present. Also grading was available.</p>	<p><b>Reviews.</b> All enabled written reviews, one offered customers to attach photo of product with their comment. Two used Instagram-hashtags, presenting photos as a general site-feature, while the other offered product photos in selected categories.</p>
<b>Estimated perceived risk of purchase</b>	<p>High with expensive products. Products are not presented in their intended way of use. Color/texture etc. are mostly difficult to apprehend (lacking information and/or presentation).</p>	<p>The more/better the fit of products were presented/clarified the lower the assumed perceived risk of purchase is.</p>
<b>Shipping/Return policy</b>	<p>Two have free shipping while others offer it by "total price"-conditions, or constant fee. No retailer offer returns on opened product(s).</p>	<p>Two offered free shipping, others offered it by "total price"-conditions. One offered free returns, while another offered free changes. General: consumers can try items before final decision.</p>
<b>Compensation for unsatisfying product presentation</b>	<p>None. Once the consumer tests the product there is no way of returning it. Conclusion: they need to be certain the product is correct before purchase.</p>	<p><b>Return policy.</b> More simplified return process/conditions means the consumer does not sense a "forced" commitment to the product until they can try it the product in real-life. The unknown/uncertainty-factor of the product is removed before a decision needs to be made.</p>

Table 4.1. Enlarged table from chapter 4 – Results.