

HEALTH & BEAUTY WHITEPAPER

How the Growing Dependency on Reviews is Changing Consumer Behavior in Health & Beauty



The Demand for Authenticity Means Connecting Consumers Instead of Proving Yourself as a Trusted Source

What Once Was Good Enough No Longer Cuts it for Health & Beauty Shoppers

Ecommerce has quickly changed the face of retail and how consumers buy products. With this growth comes challenges—but one industry that's thriving through the ecommerce surge is health and beauty. In fact, the industry's online sales are forecasted to increase by nearly 19% year over year.¹

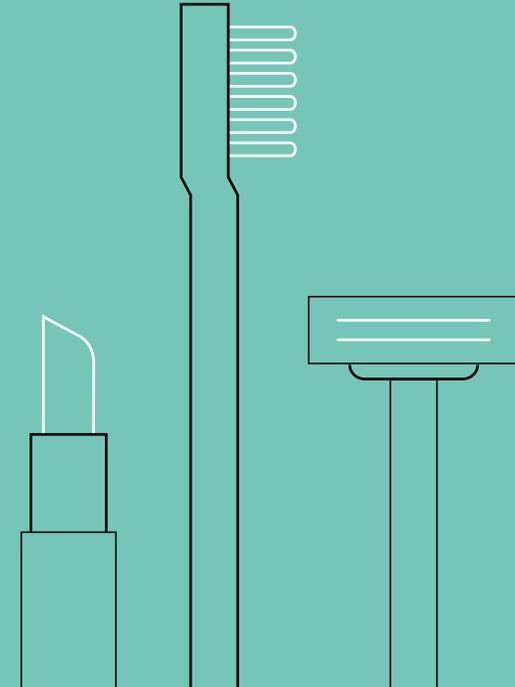
The rise in online shopping has brands and retailers wanting to know what it takes to compete in the digital age no matter if its ecommerce or in-store. One thing is for certain when it comes to health and beauty products—they're some of the most personal items we buy. But the problem is health and beauty companies aren't focused on building a unique shopping experience for consumers. And nor have retailers mastered a seamless experience digitally to in-store or vice versa.

Most health and beauty products are created to be discreet so blushes, concealers or foundation blends perfectly with your personal and unique skin tone. These items are not one-size-fits-all—and neither are shoppers. Health and beauty consumers want to find products that match their specific needs, which means each person owns a unique purchase journey from consideration to checkout.

To better understand the individual needs and wants of health and beauty shoppers, PowerReviews surveyed more than 2,000 U.S. consumers to uncover how people research, discover and spend both in-store and online, and how this differs between new and habitual product purchases. Shoppers expectations will only increase, which is why health and beauty businesses need to connect with consumers and capitalize on each unique purchase journey.

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CHAPTER 1

Trust is Changing Shoppers' Spending Habits



Consumers' Budgets Tighten for Health & Beauty Products

No matter the industry, the goal for brands and retailers is to get customers to buy, whether it's a new or repeat purchase. But the increase in options for health and beauty products drives shoppers to be more budget conscious. Shoppers are taking the time to thoroughly research products, find the best deal and get others' opinions. What does this mean for brands and retailers in health and beauty? Trust.

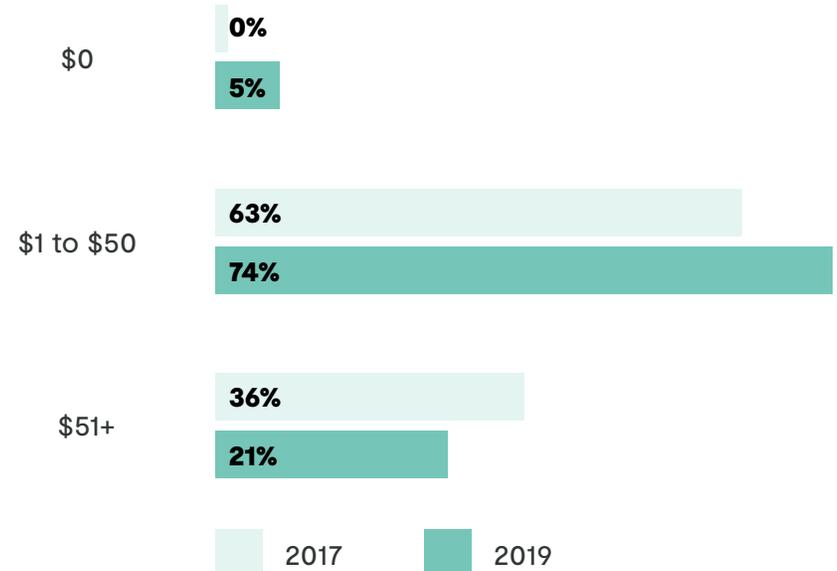
Consumer trust is at the forefront of most business plans, but transparency and credibility doesn't just affect your brand image, it also impacts your bottom line. PowerReviews surveyed more than 2,000 U.S. consumers in two separate surveys to understand shoppers' monthly spending habits on health and beauty products. This survey was compared to Statista's² data from health and beauty shoppers in 2017.

The data revealed shoppers are spending much less in 2019 across all budgets compared to 2017. At the same time, an Accenture study found 54% of businesses saw a drop in consumer trust over the last 2+ years.³ The correlation between the decline in consumer spending and trust should paint a clear picture for health and beauty companies.

Consumers are more price-sensitive shoppers, which means businesses must instill trust at every opportunity in the buying journey. This includes everything from authentic brand messaging to more access to other shoppers' opinions to better product descriptions.

Consumer Spend on Health & Beauty Products Down Across All Budgets

Monthly Spend



² Statista, 2019

³ Accenture, 2018

Consumers Trust In-Store Shopping More—But That Window Is Closing If Retailers Don’t React

The ecommerce grasp is getting tighter on health and beauty—and practically every other industry—each day. However, there’s enough time for health and beauty companies to succeed in-store.

Consumers still prefer the in-store experience for health and beauty purchases. In fact, our survey revealed consumers are more willing to buy health and beauty products in-store each month compared to online.

Where Shoppers Buy Health and Beauty Products Each Month



Getting consumers to even try your products is half the battle. And for in-store, it’s critical to build consumer trust by providing more shopper opinions and making sure products have prime real estate on the shelves. Being seen in-store helps increase trust. Why?

Shoppers will try new products, but the in-store experience helps them gain more trust when they’re buying. Brands can’t forget the power of in-store experiences. Provide your consumers with more relevant customer opinions, whether it’s in the form of ratings and reviews or product testimonials.

Where Shoppers Buy New Health and Beauty Products Each Month



For those selling products that don’t fall in the category of “everyday” items, this is even more important. Our data found 81% of respondents are likely or very likely to buy a new product when purchasing habitual health and beauty items like deodorant, shampoo or toothpaste.

TIPS + TRICKS

Brands must earn the in-store shelf space to gain traction for a new product. Whether it’s through effective product sampling campaigns to generate awareness and build credibility or with more rigid category management practices—products have to launch successfully to earn these coveted shelf spots.



Banking on Better In-Store Experiences

What else helps you earn consumer trust?
Provide more content and visuals that match your shopper.



Approximately 7 in 10 respondents said they look for similar attributes in the reviewer before buying, which includes things like skin type, tone, shape, hair texture and age.

Bring these visuals in-store so your shoppers have the content they need to make a purchase decision on the spot. Convenience is critical in health and beauty, and what's even more telling is the fact that reviews play an important role when shopping in-store:

The Power of Reviews—Even In-Store



80%

of consumers search health and beauty product reviews while shopping in-store.



57%

Of consumers prefer to read reviews on the store's mobile website or app while shopping in-store.



48%

of consumers need to read at least 1-5 reviews in-store before buying.

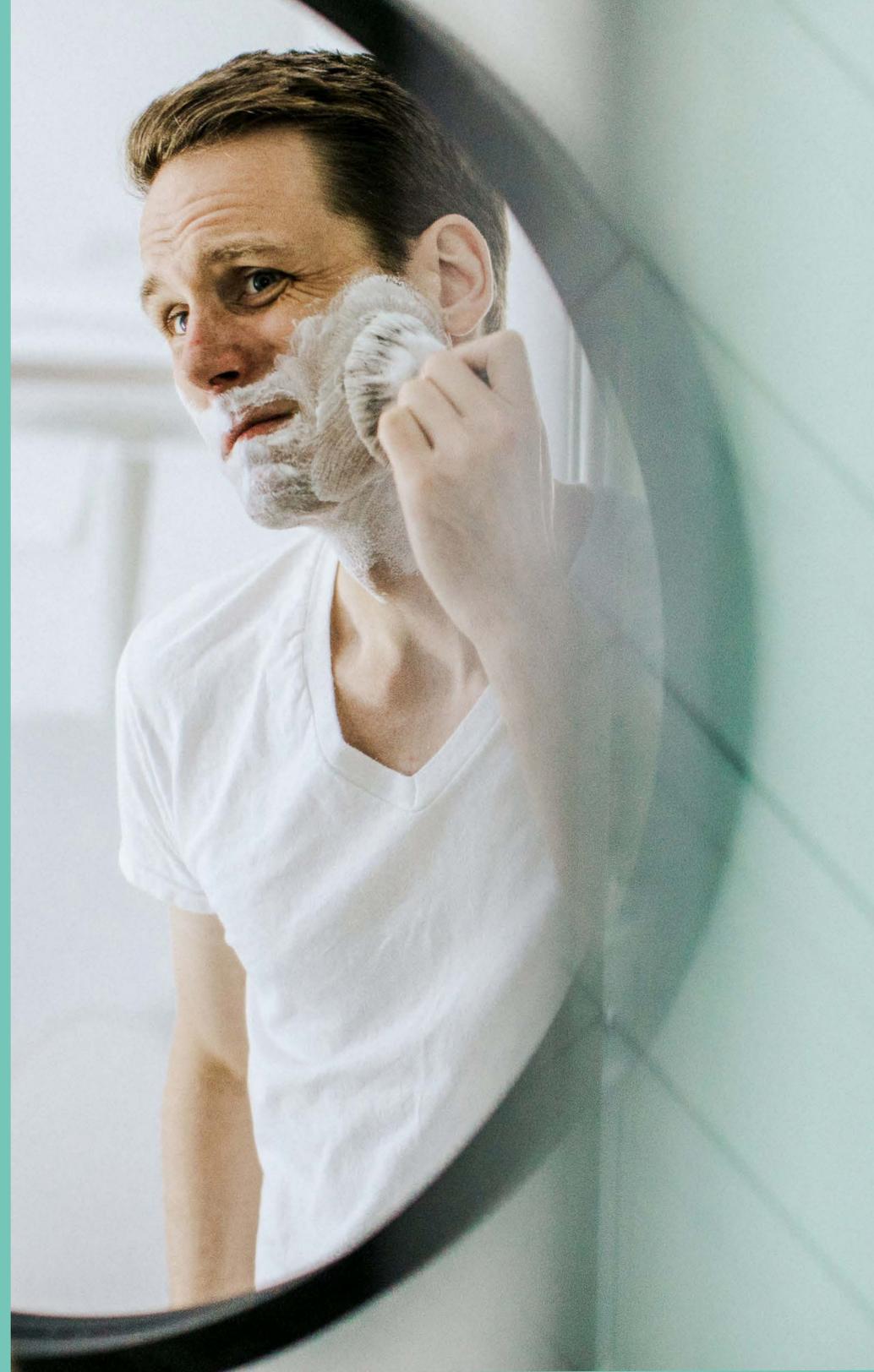
TIPS + TRICKS

Make it easier for shoppers to know where to access reviews on their phone by promoting your mobile app or website. At the same time, mobile user experiences have to be extremely friendly so shoppers can research, read and make the decision in the store without taking up too much time.



CHAPTER TWO

Mass Retailers Challenge Amazon In Health & Beauty

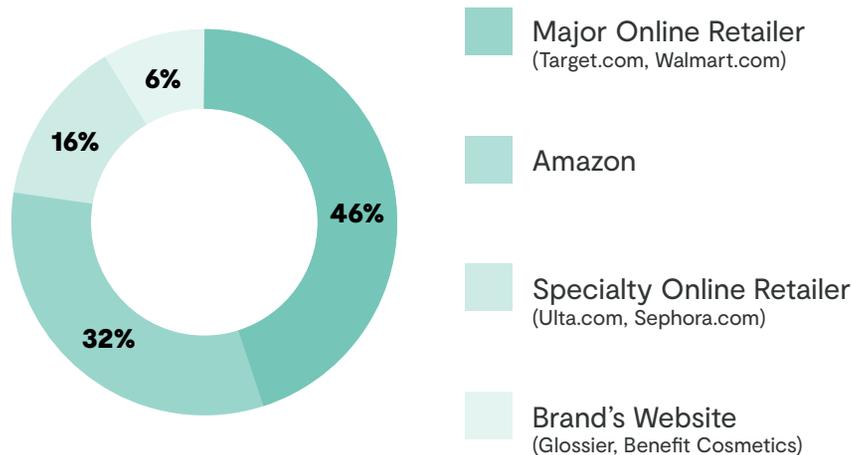


Amazon Loses to Mass Retailers on Repeat Health & Beauty Purchases

We'd be kidding ourselves if we reported on the state of health and beauty shopping without mentioning the \$1 trillion elephant in the room—Amazon. Unsurprisingly, our survey revealed the No. 1 spot where shoppers start their search for health and beauty products they've never tried before is Amazon.

But what about the health and beauty products shoppers have already tried or regularly buy? Our survey found it's not Amazon. In fact, less than a third of shoppers prefer to buy repeat products on Amazon while 46% choose mass retailers for their habitual product purchases, whether it's in-store or online.

Where shoppers prefer to purchase products

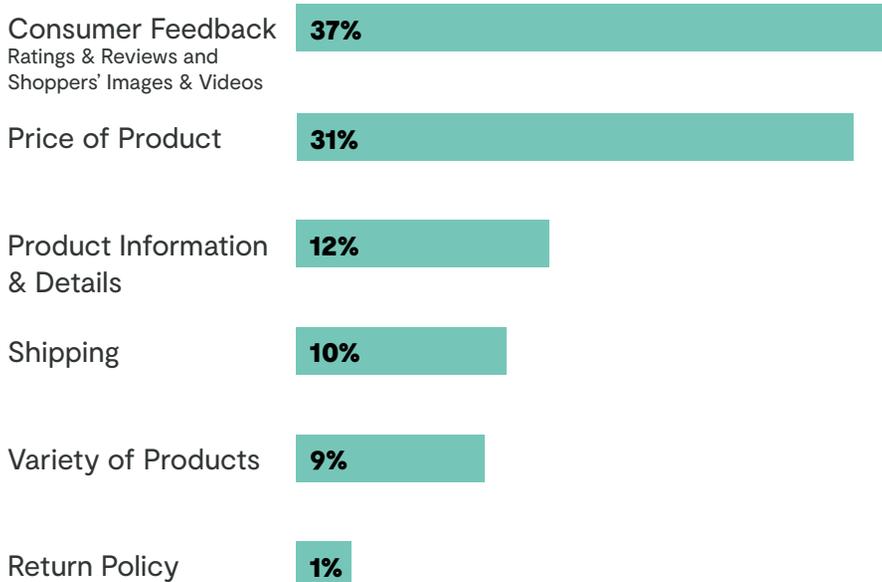


How to Beat Amazon With Consumer Trust

It's not surprising why so many shoppers start their product search on Amazon. When respondents were asked about why they choose to start their search on Amazon for health and beauty products, roughly a third of consumers said price.

There's no doubt it's challenging to match Amazon prices—let alone 2-day or same-day shipping. However, the most-popular reason why shoppers start their search on Amazon is consumer feedback, such as ratings and reviews or shoppers' images or videos.

The top reasons why consumers purchase health and beauty items from places they regularly shop:



While product discovery is higher on Amazon, businesses selling both online and in-store can take a page from Amazon's playbook. Win over your consumers with trust and authenticity from other shoppers' feedback. Consumers crave the opinions of people just like them.

In fact, 90% of respondents said they read up to 10 reviews before buying health and beauty products. Leverage Amazon's success against them by providing more visual content on product pages and displaying consumer opinions on in-store displays.



Data from our survey revealed 86% of health and beauty shoppers seek out negative or low-rated reviews. That's why brands that unethically moderate content to only get perfect 5-star reviews actually does more harm than good.

In the PowerReviews report *From Reviews to Revenue*, data showed the odds of a consumer making a purchase were the highest for products with an average rating between 4.2 and 4.5 stars. Additionally, the chances of a purchase dropped when products had a perfect 5-star rating.⁴

Reaching the sweet spot increases your chance of conversion given consumers skepticism, so don't overestimate the value of perfect star ratings.

⁴From *Reviews to Revenue*, PowerReviews 2015

CHAPTER THREE

Consumer Visuals Influence Purchases Because Shoppers Don't Trust Anyone Except Each Other



Other Shoppers' Behaviors Heavily Influence Purchasing Decisions

The option to display visual content from other shoppers such as images and videos is no longer an option for businesses. Whether it's product pages or in-store displays, consumers don't just want visual content—they expect it. And that's actually good news for health and beauty companies. The influence from visuals helps influence shoppers in the buyer journey by showing more transparency into your products.

But your health and beauty shoppers don't just want any old visual—they look for user-generated content from shoppers just like them.



Data from our survey showed 79% of shoppers are more likely to purchase a product they have never tried before if there are photos and images from other shoppers that have used the product.

Visual content from other consumers helps shoppers make buying decisions because it literally shows products in use. And for an industry that's all about improving appearances, shoppers need authentic visuals to confirm their decisions.

Just How Important Is Consumer Visual Content?*

74%

of shoppers share beauty product experiences with friends on social media.

68%

of shoppers look for product photos or videos from other shoppers before purchasing.

62%

of shoppers use social media to get ideas and inspiration for beauty products.

56%

of shoppers are more likely to purchase a product they have never tried before if there are photos and images from everyday influencers.

Shoppers don't want your word on health and beauty products. Instead, they go to other consumers and everyday (or micro) influencers to get tips, suggestions and recommendations. There's certainly a trust issue with consumers, which is why so many shoppers want feedback from people just like them.

*Shoppers could select all that apply.

Busting the Myth on Incentivized Feedback

A challenge most brands and retailers face across all industries is the ability to generate more review content. Products moving from zero to at least one review have an average of 2x sales⁵—so it’s no wonder why businesses need more reviews.

For health and beauty, one of the easiest ways to get more reviews for their products is through product sampling campaigns. This strategy helps get your new or slow-performing products in the hands of everyday influencers to spread the word about you to their social spheres—all while writing detailed reviews.

But some brands are still hesitant on product sampling because they worry about the credibility or concern from consumers who see reviews labeled “incentivized.” Most still believe incentivized reviews not only change purchase decisions, but the credibility of the company.



Data from our survey found only 16% of shoppers said the number of reviews labeled as “incentivized” influences their purchase decision.

Fraudulent reviews are also a concern for brands and retailers, but research of more than 1.5 million reviews from PowerReviews’ customers in 2019 found 93% were credible and authentic. And while 7% of the reviews were found to be misleading, these reviews were never published because the content didn’t help the customer or fit industry guidelines.

So brands shouldn’t be afraid of incentivized reviews. This type of content actually helps increase overall collection—not the amount of fraudulent content. When you label reviews as incentivized, you’re simply telling consumers where the reviewer came from—but that it’s still an authentic and trustworthy opinion.

⁵ PowerReviews, 2019

CHAPTER FOUR

Getting Consumers to Write More Reviews



Health & Beauty Shoppers Give Less Feedback Compared to Industry Average

There's no amount of foundation that could cover up this fact—more reviews leads to higher sales. Psychological Science research discovered consumers are more likely to buy the product with more reviews when comparing two items with the same star rating.⁶

The problem is review collection doesn't come easy. And what's worse for health and beauty companies—it's even harder to get shoppers to leave reviews for these products.



40%

of health and beauty shoppers will write a review despite 95% of respondents saying they heavily rely on reviews while buying a product online.



When looking across all industries, data shows roughly 50% of consumers are willing to write a review.⁷

So how do you get your shoppers to give more feedback on health and beauty purchases?

We asked shoppers what it would take to get them to write a review for a recent health and beauty purchase, and 85% said they'd do it—if the company gave incentives:



33%

of shoppers will write a review for **free shipping or discount on future purchases.**



29%

of shoppers will write a review for **free samples.**



22%

of shoppers will write a review for **loyalty points.**

⁶ Psychological Science, 2017

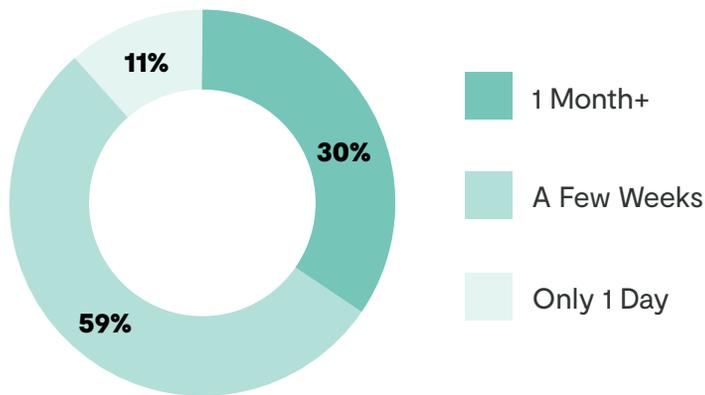
⁷ ReadyCloud, 2018

Timing Is Everything When Asking for a Review

Not only do brands and retailers have to consider what's in it for their shoppers when writing a review—they have to time it just right. Asking for a health and beauty product review just a few days after the shopper purchased an item is simply too quick of a turn around.

Health and beauty products are intimate purchases that often take several days to understand how well it works. To know when shoppers feel comfortable writing a review, we asked consumers how long they need to use a product before leaving a review:

Time Needed With Health & Beauty Products Before Writing a Review



Find a comfortable time with your shoppers by simply asking them in your own survey—how long do you need with our products before writing a review?

And if you want to start immediately, begin with a month and slowly work your way down in ask time to avoid being overly aggressive with communication to your shoppers.

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