Understanding and improving the customer’s online shopping process - cosmetics

Bachelor’s Thesis
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Abstract
The focus of this bachelor's thesis is the customer's experience when shopping cosmetics online. The thesis aims to understand the different stages and factors that the shopping process has and based on them, come up with solutions to improve the process and customer experience. The research questions of this bachelor's thesis are "Which factors have an influence on the customer's online shopping process?" and "How to improve the experience in cosmetics online shopping?". The study aims to answer these questions in this order – first the previous one, then the latter.

The methodology used in this bachelor's thesis are literature review and a survey. The literature review focuses on the different stages in first the customer's decision making process and then on customer's online shopping experience. When examining the customer's decision making process, the focus is on the factors that influence the decision between the shopping mode choice – whether the customer decides to shop online or in a traditional store. The scrutinizing of customer's online shopping experience has a strong focus on customer satisfaction. The survey is conducted to support the finding of the literature review and also, on the other hand, to challenge them. The survey's focus is on cosmetics online shopping, so the finding can not be generalized into online shopping in general.

The results of this study include the factors that have the most influence on the customer’s online shopping process and experience when purchasing cosmetics. The most visible factors, that came up both in the literature and survey results, are according to my research (1) attracting the customers, (2) providing specific information on the products and (3) easiness of the process. Based on these three categories, I will make concrete suggestions on how the online retailer can improve the customer’s online shopping experience and thus increase customer satisfaction.

The suggestions in the first category, attracting the customer’s, include marketing and visibility and low prices. Cosmetics online shopping is not yet very common and in order to achieve a wide client base, great visibility is needed. The customers who shop online expect the prices to be lower online and the online retailer should definitely meet these expectations. The second category’s suggestions are on the different ways to provide as descriptive information as possible. My suggestions include videos, the possibility to order samples to the customer's home and the possibility to 3D print samples in the future. The third category, easiness of the process, is a wide subject. My suggestions to make the purchasing process easier includes clearness of the web page, adding a customer service chat on the page and also an app that the customer could scan the products’ barcodes with anywhere and receive information on the availability and price at the online store.

Keywords online shopping, internet retailing, customer experience, cosmetics
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1 INTRODUCTION

Online shopping has rapidly become more common. The amount of online stores has increased through time and in some industries, such as cosmetics and clothes, it might be difficult to find a company that would not have an online store. In my bachelor’s thesis I will focus on the customer experience in online shopping.

In order for a company to be able to improve their functions and increase profits, it is important to understand the mind of a consumer. Customer satisfaction plays a big role - companies want to retain their existing customers and also gain new ones. To do that, you have to be able to affect the consumer’s actions and behaviour. Customer satisfaction influences the company’s value indirectly (Mosteller, Donthu and Eroglu, 2014; Luo, Homburg and Wieske, 2010) – it has an influence on whether the customer will return to the online store and what he or she will tell to other about the experience, so called “word-of-mouth”. This is why I find improving the customer’s experience an important topic and an issue every company with an online store should stress when making decisions concerning their operations.

The research questions of my bachelor’s thesis are

“Which factors have an influence on the customer’s online shopping process?”

and

“How to improve the experience in cosmetics online shopping?”

There have been various previous studies on customer experience in online shopping and on the benefits and challenges of online shopping. I will however limit my suggestions to one industry – cosmetics. This way it is possible to make specific suggestions on how to make the online shopping process easier and more satisfying for the customer.

1.1 Methodology

In my bachelor’s thesis I have a literature review on the customer’s decision making process as well as on the online shopping experience. I have also conducted a survey on cosmetics online shopping habits. I will explain more about how I conducted the survey in the fifth chapter.
1.2 Main results

In my research, the main factors to influence the customer’s cosmetics online shopping process that stood out are:

- Attracting the customers (marketing, visibility and low prices)
- Providing specific and accurate information on the products
- Easiness of the process

In the sixth chapter I will present multiple different suggestions on how to improve these factors and the customer’s cosmetics online shopping process.

1.3 Structure

My bachelor’s thesis is divided into seven sections. After the introduction chapter, I will first scrutinize online shopping in a wider level, as a phenomenon and as a force of change. I will also look into the relationship between online shopping and traditional shopping. Since the customer’s shopping process starts already before entering a store, whether it was a traditional one or an online store, I will then analyse the customer’s decision making process and the factors that have an affect on the decision between the two shopping modes, online and in-store shopping. In the fourth chapter I will deepen the analysis and only focus on the online shopping experience and different influencers that have an affect on customer satisfaction. I will then limit the research to only apply to shopping cosmetics online and in the fifth chapter I will report the results of my survey on online cosmetics shopping habits and experiences. After this, based on the findings in the literature and the survey results, in the sixth chapter I will make suggestions on how cosmetics selling companies could enhance their functions and what changes should they consider in order to improve the online customer experience and thus satisfaction. The seventh chapter, conclusions, gathers the main points and findings of my bachelor’s thesis.
2 ONLINE SHOPPING AS A FORCE OF CHANGE

Jones and Vijaysarathy (1998) mention that the potential of electronic shopping has been discussed already since the 1960s (Doody and Davidson, 1967; Peterson et al., 1997). In an article by Andrew Wyckoff (1997) the birth of e-commerce is however indicated to be in 1995 - Wyckoff mentions that the US trade association for e-commerce businesses claimed that no internet based business could be based earlier than 1995. The first companies to embark on this challenge were innovative and technically progressive (Doherty and Ellis-Chadwick, 2010; Rayport and Sviokla, 1994), as one might guess. Wyckoff mentions in his article in 1997 that predicting the impacts of electronic commerce is very difficult, if not impossible.

In a release by Statistics Finland (2014) it is mentioned that the percentage of people, aged 16–74, who have purchased something online in the last three months has increased 50% when comparing to the year 2009. The online retailing has thus undeniably changed consumer behaviour. But does this mean that online retailing is replacing traditional retailing? How do these two forms of retailing influence each other and customer behaviour and customs? These are questions I will address in the upcoming chapters.

2.1 The relationship between online and traditional stores

There is plenty of literature that battles with the same question - whether online and traditional retailing substitute or complement each other. A research by Zhou and Wang (2009) indicates that the relationship between these two forms of retailing is not trivial but has both of these qualities. Online retailing is said to both substitute for shopping trips to online stores but also generate them (Farag et al., 2007). There are also other forms of shopping that are not purely either of these two. I will call these “hybrid shopping”. One form of hybrid shopping can be for example searching information online, going to a store to examine the product and then buying it online (Farag et al., 2007; Couclelis, 2004). A simpler version of this is to first search for information on the products online and then buy it from a store (Farag et al., 2007; Ward and Morganosky, 2002). These mixtures can combine the benefits of both forms of shopping and increase customer satisfaction.

The relationship of an online store and a traditional one, from an online retailer’s perspective, is very different depending on if the retailer has both an online and a traditional store or only an online store. The problem in this “hybrid shopping”, for the
retailer with only an online store, is that the online store and traditional store that the
customer utilises in his or her shopping process are most likely different retailers – thus it
might be difficult to benefit and increase sales by exploiting this relationship. The way
online retailers may compete with traditional retailers is, for example, with lower prices
and convenient and easy shopping experience. I will suggest concrete ways of executing
this later on in this bachelor’s thesis.

Having both an online and traditional store enables the retailer to use this relationship
multiple ways. In an article by Pophal (2015), digital marketing expert Stacy Schwartz
describes omnichannel as a customer centric approach that takes into consideration the
usage of multiple channels and switching rapidly between them during the shopping
process. Especially a retailer with both online and traditional stores is able to, and
definitely should, utilize the benefits of omnichannel in order to improve the customer
experience. I will talk more about utilizing the relationship in both of these cases, having
both an online store and a traditional one and only having an online store, at the end of
this thesis when making suggestions to retailers on how to improve the customer’s
cosmetic online shopping process. Before going further into that, let’s first try and
understand the decision making process and customer’s online shopping experience more
in depth.

3 CONSUMER’S DECISION MAKING PROCESS

Gupta, Su and Walter mention in their empirical study (2004) that the customer’s decision
making process usually, depending on the complexity of the product, has five commonly
known stages: (1) Problem recognition, (2) Information search, (3) Evaluation of product
options, (4) Purchase decision and (5) Post-purchase support (Engel and Kollat, 1978;
Kotler, 2002). If a product is very trivial, such as toilet paper, the customer may not go
through all of these stages - for example the Information search –stage will most likely be
passed or at least it will remain minimal.

In this chapter I will go through the customer’s decision making process and analyse
factors in each stage that can have an effect on the shopping mode choice a customer
makes – to shop online or in-store. When these factors are acknowledged and stressed,
online companies have a better chance in tempting customers. The decision between
online and traditional store is a part of the shopping process and thus it is important to
understand the fundamentals behind it. Cosmetics are, in a common level, products that
often need more specific scrutinizing and looking into before making a purchase decision. Thus it can be said that each of the decision making stages have their own characteristics and factors that contribute to which shopping mode a consumer chooses.

Gupta et al. (2004) agreed with the previous findings in consumer behaviour and write that demographics and lifestyle variables explain only a small amount of the consumer’s behaviour when making a purchasing decision. Bourlakis et al. on the other hand mention in their article (2008, p. 65), using multiple previous articles (Mayer, 2002; Phau and Poon, 2000; Poon, 2000; Seybold, 2002; Shim et al., 2001; Teo, 2002; Thomas, 2003) as sources, that gender, education and household income are believed to influence strongly on online shopping preferences. Next I will analyse the decision making process and try and find factors that contribute to the consumer choosing online shopping as a desired shopping mode.

3.1 Problem recognition

The first stage, consumer recognizing a need or a want, does not according to Gupta et al. (2004) really have an impact on the decision a consumer makes between an online store and a traditional store. I dare to disagree with this statement – for example the time and place that the customer recognizes his or her need have great impact on this decision. If a consumer realizes at home, late in the evening, that his or her child has ruined the eye shadow palette to a such shape it can no longer be used, one might be more tempted to shop online than when noticing from the mirrors at a shopping mall that the foundation he or she is wearing is too dark. Also the type of need or want has a great impact on the final choice of shopping mode: if the consumer instantly needs tooth paste in the morning, most likely he or she will not even consider ordering it online but instead walks straight to the closest kiosk to buy it.

3.2 Information search

After taking notice a specific need, the consumer starts to look for information on the product. If the customer is strongly willing to compare the prices between different products, he or she is more likely to shop online: “Consumers expect finding low prices to be easier in the on-line environment than in the off-line environment” (Gupta et al., 2004).
This stage differs notably depending on the shopping mode a consumer chooses: if the consumer decides to shop in an actual store, he or she must physically go to the store, whereas information search online can be done for example at home or at work. Despite the fact that time is an essential resource for customers and the fact that internet shopping minimizes the time and traveling requires, this may not always increase the probability of choosing to shop online (Hsiao, 2009). Hsiao, 2009 also mentions that nowadays, when people spend an increasing amount of time at home, for example watching TV, a shopping trip may be wanted in order to get a reason to go outside the house. The shopping mode choice thus depends strongly on, for example, current life situation – a person with a hectic life style may appreciate the time savings online shopping enables, while a retired person may not want to give up on the only activity of his or her day, going to the shopping mall.

### 3.3 Evaluation of product options

Before deciding on the product the consumer wishes to purchase, he or she will first compare the potential options that the information search stage has brought into his or her knowledge. In a store customer may seek for help for example when choosing suitable make up products – it is much more difficult, if not impossible, to receive assistance in choosing for example the right shade of foundation through internet store. On the other hand, it is much easier for the customer to browse the products through internet stores – the customer can search for a specific product or a specific colour or brand easily.

The choice between an online and a traditional store thus depends strongly on the type of product and the customer’s needs – does the customer have or is she or he able to find the needed information independently online or is further expertise needed. This goes in line with findings of Gupta et al. (2004): despite the fact that the information search and comparing the prices is more efficient online, comparing the quality of a product may actually be more difficult. If the customer is familiar with the product and does not feel the need to make sure the quality, then online shopping might be a good choice. On the opposite, if the product is new and the customer unsure about his or her choice, more likely the customer will choose to go to a traditional store.

Gupta et al., 2004 also mention that at the evaluation stage, the customer will also weigh the risks of the purchase. Bourlakis et al. (2008), mention, using Forsythe and Shi (2003) as their source, that there are six types of risks that the customer faces. These risk types
are financial risk, product performance risk, social risk, psychological risk, physical risk and time/convenience risk. A customer reviews all of these risks and considers a more potential mode of shopping to fit his or her needs. According to Hsiao (2009), the risk that worries the consumer’s the most is the financial risk. Hsiao (2009) mentions that according to Koyuncu and Bhattachraya (2004), the risk consumer’s experience towards online payments causes them to purchase less from online stores. Also the time/convenience risk may be extremely crucial – according to Gupta et al. (2004) the delivery time may be a breaking point for the time-sensitive consumers when choosing between online and in-store shopping. At this point, before making a final decision, the consumer thus evaluates his or her willingness to take risks and needs in terms of, for example, delivery time.

3.4 Purchase decision

When the customer has evaluated the potential options, he or she will make a purchase decision. Even at this stage it is possible that the consumer changes his or her mind about the shopping mode choice – if the line to the cashier is too long or the online payment options are limited and the customer does not have the proper payment card in order to pay for the product online, the shopping mode choice may change. This stage is the last chance for the consumer to evaluate the optimal shopping mode choice.

3.5 Post-purchase Support

The post-purchase support does not obviously have impact on the shopping mode choice of the purchased product, but it does have an impact on the future shopping mode choices. The experience and satisfaction the customer receives from the shopping process determines his or her attitude towards the mode of shopping at the specific store. Emotion and trust are both important determinants when it comes to consumer shopping attitudes and behaviour (Bourlakis e al., 2008). It is thus important to accomplish both trust and a shopping experience that will appeal to the customer’s emotions and is memorable. In order to gain the customer’s trust, the product has to correspond to the customer’s expectations and delivers the promised value – this accentuates especially in online shopping where the customer doesn’t have the opportunity to physically see the products with his or her own eyes. Next I will go through more things that are characteristic to the experience a customer receives when ordering from an online store.
4 CUSTOMER’S ONLINE SHOPPING EXPERIENCE

The experience a customer gets in an online store is very different from the one that he or she receives in an actual store. This experience contributes to the future choices between online and in-store shopping modes. In this chapter I will analyse the customer experience in online shopping and go through the benefits and challenges internet retailing has when focusing on the customer experience and satisfaction.

Bourlakis, Papagiannidis and Fox mention in their article (2008) that according to Rowley (1998) there are four stages in the Internet shopping experience: (1) Browsing and Product Identification, (2) Selection and Ordering, (3) Security and Payment and (4) Delivery. A retailer must succeed in all of these stages (Rowley, 1998). Next I will go through the stages and analyse the customer experience in each one.

4.1 Browsing and Product Identification

According to Gupta et al. (2004) online shopping makes the information search stage notably easier enabling the search for price and product information to be done with only a few clicks. Jones and Vijayasarathy (1998) using Aldridge et al. (1997) as their source, mention that e-commerce benefits for the consumer are for example reducing transaction costs by eliminating time and spatial barriers (Jones and Vijayasarathy, 1998; Aldridge et al., 1997a). E-commerce is said to combine the easiness of comparing the products and finding different options to the satisfying experience one gets from shopping (Wills M. and Wills G., 1996; Batty and Lee, 1995). However, Gupta et al. (2004) also mention that a consumer might get frustrated if there is a very wide range of different products: the consumer finds comparing these products to be too time consuming and might even give up on the purchasing intention. The challenge regarding this is thus finding the right balance: having enough product options so that different needs are fulfilled, but yet keeping the shopping experience simple and rapid enough.

Since the customer is not able to touch and feel the product through the online store, retailers need to make the product evaluation easier by providing detailed and specific product information (Gupta et al., 2004). The retailer must consider the key elements a consumer pays attention to and form the product information to serve the customer the best it can – online shopping is a greater experience for a customer when the required information is easily presented (Mosteller et al., 2014). These elements vary amongst
different product categories – for electronic devices the most important features are facts like size, performance, data storage and other hard facts. Selling and describing for example perfumes is however very different from this: you must be able to describe scent, which is intangible and can be interpreted differently.

4.2 Selection and Ordering

When having browsed and compared the desired products, the customer will select the preferred one or ones. In an online store, the shopping process can be made easier to the customer – for example, it is possible to “record” customer’s shopping habits and this way make the process of selecting and ordering simple and fast (Bourlakis et al., 2008). This can of course improve the customer experience notably. If a customer has a certain product he or she purchases regularly, the shopping process can be shortened significantly by for example suggesting the familiar products to the customer right on the front page – this way there is no need to browse the page and look for the product. The easier and less effortful the product selection stage is, the more satisfied the customer is to his or her choice (Mosteller et al. 2014).

4.3 Security and Payment

In a research by Jones and Vijayasarathy (1998) it is pointed out that consumers might be unwilling to give out their credit card numbers and are also suspicious of the legitimacy of the Internet sites and businesses. However, online payment systems and thus also security have developed quickly in 18 years. As we can later on see from my survey results, this doesn’t seem to be an issue nowadays, at least not for the younger generations.

The importance of trust was pointed out in many other literature as well. For example, Bourlakis et al. (2008) mentions that trust is, as has always been, a crucial factor and a prerequisite when it comes to online transactions. Especially when ordering from a new, unfamiliar online store, the customer might have doubts about the security and trustworthy of the retailer and the payment process. These doubts can in some cases be reduced by including multiple payment methods for the customer to choose from – for example choosing to pay by bill enables the customer to receive the order successfully before having to give up on his or her money.
4.4 Delivery

The delivery and especially delivery time might have a different influence on the customer satisfaction depending on the type of the product and also the customer’s needs – if the customer is ordering Christmas presents in October, he or she will probably not mind a longer delivery time. If on the other hand the customer is ordering a new lipstick that he or she is planning on wearing at a party that she is attending next weekend, the delivery time has a huge impact on the satisfactory level and on whether the customer will order from the same retailer again. That being said, it is very important that the promised delivery time is kept – also Gupta et al. (2004) stress this especially among time-sensitive goods and suggest that an Internet retailer should even offer free express delivery on these kinds of products. Delayed delivery causes late satisfaction and uncertainty about the purchase (Hsiao, 2009; Liu and Wei, 2003) and might even at some cases, such as ordering a lipstick to a party as I earlier mentioned, cause the product to be “unnecessary” and lead to returning the product.

In order for this stage of the shopping experience to be fluent, the retailer should provide customer multiple options regarding the delivery method – Hsiao (2009) mentions that consumers have to go through the trouble of arranging their timetable so that they are home when the package arrives. This is of course the case if home delivery is the only option, but nowadays most internet retailers offer other options as well, such as picking up the package from a close-by kiosk, for example. The challenge here is to provide multiple different options and pick-up options in a way that still is efficient to the retailer.

4.5 Customer satisfaction and repurchase

Despite the fact that all of these stages would be successful and the customer was satisfied, studies have shown that higher customer satisfaction does not guarantee that the customer will order from the retailer again (Lin and Lekhawipat, 2014; Pavlou, 2003). However, Lin and Lekhawipat (2014) also mention using Grewal et al. (2009) as their source, that multiple empirical studies have come to the conclusion that a satisfactory online experience can increase repeat purchase intention. This concerns especially those customers who have developed the “habit” of online shopping, meaning that their behaviour is repeated and becomes habitual (Lin and Lekhawipat, 2014; Khare and Inman, 2005).
5 SURVEY – SHOPPING COSMETICS ONLINE

In this section I will explain how I executed my survey, as well as go through the results of it. I will use the results of my survey to compare with the previously written assumptions and theories in my thesis.

5.1 Conducting the survey

I executed my survey with Google Forms – tool, which is free for everyone to use. I made the survey simple and fast to answer, so that I would have as many respondents as possible. I asked my friends and relatives to answer it. The questions of the survey as well as the survey results to other questions but the open essay ones can be found at the end of the survey (Appendices 1, 2, 3).

First (see Appendix 1), the respondent had to define his or her sex and age at the beginning of the survey. Since I was afraid that people would associate cosmetics only refer to make-up products, I then asked the respondent, in the beginning of the survey, to specify the cosmetics products they use. The options included “hygienic products”, “hair products”, “face products”, “body products”, “make-up products” and “fragrances”. With this question I tried to make sure that the respondent understood that also for example a deodorant is considered to be a cosmetics product. The results of this question are thus not used in my analysis.

The survey divided the respondents roughly into two categories: those who had purchased cosmetics online (“the first group”, see Appendix 2) and those who hadn’t (“the second group”, see Appendix 3). These two groups answered to different questions – the first group on the experiences of cosmetics online shopping and the second group on reasons behind why the respondent had never bought cosmetics online.

5.1.1 The first group

The respondents who had ordered cosmetics online, the first group, were asked to specify how often do they buy cosmetics (online and from a store) and how much of this do they buy online. They were then presented statements on shopping cosmetics online and asked to rate how strongly do they agree with them on a scale of one to five. The scale was defined as “1=Strongly disagree”, “2=Disagree”, “3=No opinion”, “4=Agree” and “5=Strongly agree”. The questions were about the security of ordering and paying online,
the easiness to compare and evaluate the cosmetics products online, the price difference between buying cosmetics online or from a store and about the delivery times of online cosmetics orders. The respondent was also asked to choose if she or he prefers to pay the online purchase when ordering or afterwards. At the end of the survey, the first group was asked to state things that would improve the cosmetics online shopping experience in their opinion. This question had no options, but the respondent had to type in his or her answer with own words.

5.1.2 The second group
The second group, those who hadn’t ordered online, were first asked the main reason for this. The survey ended for those who chose as their answer “I don’t use cosmetics products” after this question. The others, who chose a different option, such as “I feel like it’s too complicated”, were then asked to specify how often they buy cosmetics from a regular store and if they were willing to consider some day ordering cosmetics online. At the end of the survey, the second group was also asked an open essay question on how online cosmetics stores could modify their operations to appear more attractive.

5.2 Results and analysis
The survey had 127 respondents. 60% out of the respondents were women – the imbalance might be because I named the survey “Cosmetics buying habits” and I believe that the word “cosmetics” scared away potential male answerers. Now, after knowing better, I would have probably named it simply “Online buying habits”. 80% of the respondents were aged 16-25, 9% were aged 26-35, 3% aged 36-45, 5% aged 46-55 years and the rest 3% were older than 55. Since the respondents were people I know and thus most of them were my age, the results may be distorted when trying to compare the differences between age groups. For this purpose, I will use the information from Statistics Finland (2013), which compares the commonness of buying healthcare or beauty related products from online amongst different age groups [Table 1]. According to the information by Statistics Finland, the group that has the largest share of people who have bought healthcare or beauty related products online (26% of the people) is the group aged 25-34. When comparing to purchasing clothes or shoes online (56% of people aged 25-34 have purchased in 2015, Statistics Finland) it can be said that cosmetics online shopping is not yet very common.
29% of the respondents had ordered cosmetics online. 92% of these were women. According to my results, the people who had ordered cosmetics online also bought cosmetics more frequently – 8% out of those, who had ordered cosmetics online, reported to buy cosmetics (online or from a store) weekly, 70% monthly and the rest 22% a few times a year, whereas only 3% of the respondents who hadn’t ordered cosmetics online said to buy cosmetics weekly, 58% monthly, 34% a few times a year and the rest 5% less often than once a year. The share of cosmetics bought online does not seem to be very large: 95% of the respondents who had purchased cosmetics online said to buy “less than half” of their cosmetic products from online and the rest 5% said to buy approximately half of the cosmetics online.

Next I will go through the results of my survey keeping in mind the different stages of customer’s online shopping experience (Rowley, 1998) that I addressed in the previous chapter.

5.2.1 Browsing, Selection and Ordering

The overall easiness and effortlessness of the process was stressed amongst the survey answers. The second group, who had never ordered cosmetics online, were asked to state the biggest reason for never having ordered cosmetics online. The option “I feel like it is too complicated” got 14% of the answers. 12% of the open essay question answers of the second group mentioned making the process easier and 19% of the answers of the first group mentioned making comparing the products easier.

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The biggest matter regarding the open essay question on things cosmetics online companies could improve was providing more specific information on the products. This appeared in 46% of the answers of the first group. In addition, 43% of these respondents agreed or strongly agreed that comparing the cosmetics and estimating their quality is difficult online. Suggestions to do this were mostly through videos and pictures – the pictures should be in several different lightings and especially for make-up products there should be pictures and videos where the product is applied to skin, not just pictures of the product itself.
"How could the cosmetics online retailers modify their operations in order to make online shopping more attractive?" (Open question)

For the respondents who hadn’t ordered online, providing more specific information was mentioned in only 8% - however, since 17% of the answerers in the second group answered “I don’t know” or “I’ve never thought of shopping cosmetics online”, this indicates that these people have maybe never even visited an online cosmetics retailer’s web page. 53% of these respondents said that the biggest reason for never ordering cosmetics online is the fact that they want to test the products before buying. I strongly believe that this obstacle could be decreased by providing better and more descriptive information on the products.

The fact that almost 25% of the answers of this second group mentioned visibility and better marketing supports my claim. The respondents who had purchased cosmetics online mentioned better visibility and marketing in only 3% of their answers. Visibility of an online store thus plays a large role those respondents who had not purchased cosmetics online – if a customer has the habit of buying all of his or her cosmetics from a store, he or she might not even consider changing this and ordering online. In order to attract the customers and make them choose to shop online, it is important to get inside their mind and remind them of the opportunity to shop online.
When comparing the products, the price often plays a large role. For the first group, 54% of the respondents agreed or strongly agreed ordering cosmetics online to be more inexpensive than buying them from a store. 8% of the answers for the open essay question on things cosmetic online retailers could improve included the reduction of prices. For the second group the corresponding share was 20%. These findings are compatible with the theories in literature – people who shop online are price-sensitive and want to compare the prices. In order for the consumer to choose online shopping over traditional retailing, he or she will expect savings. In addition to the price reductions, the respondents mentioned samples and free gifts (8% of the answers for the first group and 6% for the second group) – this way the online store could really exceed the customer’s expectations and make the experience unforgettable.

Other factors to be mentioned in the open essay question were the appearance of the web page (3% of the answers of the first group and 2% for the second group) – I however believe that nowadays this is considered self-evident for the company to attract customers and this is the reason the matter didn’t get much attention. If the page is not clear and appealing, it most likely will not create a secure image and the customer won’t even look into the products or delivery options more closely. 8% of the answers of the first group and 1% of the second group’s answers said to wish for assistance and better customer service online.

5.2.2 Online security and payment
Surprisingly, the security of buying and paying online did not seem to be an issue to the respondents: only 3% of the respondents, who had ordered cosmetics online, disagreed or strongly disagreed with the statement “Buying cosmetics paying my order online is safe.” Only 2% of the respondents on the second group mentioned improving the security of the process when asked ways that cosmetics online stores could improve their functions. The respondents who had ordered cosmetics online didn’t even mention this in their open essay question answers. Even more surprising for me was that 57% of these respondents prefer to pay their order with a payment card or with an e-payment. This was mostly explained by “easiness and convenience” and “not having to worry about the invoice afterwards”. When asked the second group the primary reason for never having ordered cosmetics online, only 3% of the respondents chose the option “I don’t trust the safety of paying online”.

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5.2.3 Delivery

Overall the respondents seemed to be satisfied with the delivery time they had experienced: only 3% of the respondents of the first group disagreed or strongly disagreed with the statement “The cosmetic products I have ordered have been delivered fast enough.” Despite this, when asked about factors that could improve the cosmetics shopping experience, 14% of the answers of the first group mentioned faster and/or cheaper delivery. The reasonable delivery time for cosmetics, according to the respondents, varies from a day to two weeks. 57% of the answers stated the reasonable delivery time to be from one to five days.

6 HOW TO IMPROVE ONLINE SHOPPING PROCESS – COSMETICS

Based on the literature and survey results I will try and come up with solutions and suggestions to improve customer experience and satisfaction in cosmetics online shopping. I would say that the most important factors that have the biggest effect on customer’s online shopping experience that have come up in the literature and my survey can be divided into three categories: (1) attracting the customers, (2) providing specific information on the products and (3) easiness of the process. Next I will go through these categories and suggest possible improvements companies should consider.

6.1 Attracting the customers

The visibility of an online store was emphasised especially amongst the survey results and many of the respondents considered online stores to have too little invisibility. This of course has a negative impact on the attraction of customers – if a customer is not aware of the online store’s existence, he or she is unlike to shop there. Since online stores are not visible at shopping malls like traditional stores, they have to find other ways to gain the customers attention. One way that online stores can boost their customer flow is for example with text messages. A text message at the right time might trigger the customer to notice a need he or she hasn’t even realised or acknowledged before. To be able to affect the consumer’s mind, the company has to be careful with timing – if the company is trying to promote their online offers, a text message should be sent in the evening time or for example on holiday, when the shops are closed, so that the customer is less likely to go to a store. If the text message is sent during day time and the receiver is for example at work, where the online
shopping is not possible, the urge to go shopping may later be forgotten despite the desire the text message may evoke.

In addition to text messages, online retailers could consider sending out samples of for example new products to their existing or potential customers and this way remind or tell them of their existence. Especially new customers that have not yet created the habit of shopping cosmetics online might not repurchase products from the online retailer even though they would have been satisfied with the previous purchase. The retailer has to thus encourage the customer to make online shopping a habit. In order to gain new clients, the text messages and samples should somehow be sent to people whose information the retailer does not yet have – this could be possible through a cosmetics organization, such as Association of Finnish Beauty Therapists in Finland, that would be willing to hand out the information of their members who have allowed marketing.

Price-sensitivity amongst online shoppers was also stressed both in the literature and survey results. Offers and low prices in general are thus important when attracting customers to shop online. Increasing visibility by advertising low prices is an excellent combination and especially amongst more expensive cosmetics the difference between online prices and prices in traditional stores can be substantial. By promoting low prices, the online retailer also has the opportunity to “steal” hybrid shopping customers from traditional retailers – however, if the price is the same online and in-store, the consumer really has no reason not to buy it from a store is he or she is already there to test the product out. Online retailers should consider also traditional ways, such as advertisements in shopping malls, to promote their web pages, not just promoting them online. This enables them to affect the consumer’s mind while he or she is making the purchasing decision at a traditional store and get him or her to consider whether the price actually is lower online.

6.2 Providing specific information

The fact that was stressed both in literature and amongst the survey results, in the open essay question, was providing specific and accurate information on the products. This was expected when talking about cosmetics which have multiple dimensions to them – not just the appearance but other, intangible features as well. The challenge with describing scent or colour is evident – but could this be executed in a more throughout manner? Many online companies already provide the customers with specific and high quality pictures but in
addition to this, I would suggest videos of the product on – this would mostly apply to products with a certain colour or shade. A video can be filmed with different lightings and angles – close-ups and filmed from more far away. Some online retailers, such as nelly.com, who sell clothes, have already adopted video into their habits – cosmetic online retailers should definitely consider this as well.

In the future, the possibility to print “samples” of the product with a 3D printer may also be a solution to the problem of describing the cosmetics products – a technology for this already exists, a 3D printer called “Mink”, which can print creamy lipsticks or powdery eye shadows. Meanwhile, I would suggest that the retailer should consider the possibility to order samples to home free of charge. Sending samples would minimize the challenges to the customer, regarding shopping cosmetics online, and at the same time it would maximize the benefits of it: convenience and the customer saving time when he or she doesn’t have to even leave the house. Small samples could be sent with a letter post, so the costs of it wouldn’t necessarily be very high. However, the fast delivery time plays an important role here – if the customer has enough time to forget his or her need, the urge to buy the product may soon be vanished. Sending samples would also probably decrease the amount of returned products, since after receiving the sample and trying out the product the consumer has certainty on the fit of the product.

6.3 Easiness of the process

To make the purchasing process as easy as possible, the online retailer should definitely pay attention to the appearance and functions of the web page. There should be as few stages as possible when purchasing a product, the critical buttons, such as “add to shopping basket” should be accentuated clearly and the payment should be made fast and secure. Instead of paying with a payment card and having to insert the card information, the customer should be able to pay with e-payment, for example. For the process to be easy also for unexperienced customers, online retailers should consider having a customer servant on their web page to answer questions through a chat service. This way the customer could receive answers to specific questions such as “I have used the shade 01 of this foundation, but I would like to try another brand. What would you recommend?

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My skin is dry and sensitive.” This way the customer would get close to similar help and guidance as in a traditional store.

If the company has both online and a traditional store, the omnichannel relationship, which I addressed earlier, can be utilised in many ways to make customer’s shopping process easier. The customer should be able to both search a product, that he or she has found from online store, from a traditional store and on the other hand, if the traditional store doesn’t have his or her shade or specific product it should be easy to check the availability online. This could be executed with bar codes – the customer could scan the bar code of the product with a smart phone and the online page or an application shows the availability information both online and in other stores. This would also decrease the demand for customer service.

Even if the retailer only had an online store and no traditional one, I would still strongly suggest similar application that utilises bar codes; the customer could scan the bar code at any store, or even at home when he or she is running out of a cosmetic product, and instantly see if the product is available and how much does it cost. Because of the price-sensitivity of an online shopper, making comparing the prices as easy as possible is very important. Since the prices of an online store should, as discussed earlier, be lower than traditional stores, this would be a great competitive advantage that online stores could both increase their visibility and attract customers but also improve the customer satisfaction by “saving money for them”.

7 CONCLUSIONS

The findings of this bachelor’s thesis are based on literature as well as my survey results. At the end of the thesis, I limited my research to only apply to shopping cosmetics online. Cosmetics are a difficult product to sell online mainly because of their intangible features. The main goal of this research has been to first understand and then find ways to improve the customer’s online shopping process and experience when purchasing cosmetics. The most important things that came up when going through the literature on customer’s decision making process, online shopping experience and the survey results were visibility and attracting the customers, providing specific information on the products and easiness of the process. This research has come up with concrete suggestions that online retailers should consider in order to improve their functions and online store web pages. I have answered to the research questions “Which factors have an influence on the customer’s...
“online shopping process?” and “How to improve the experience in cosmetics online shopping?” with my best effort. Despite this, there are still many unsolved questions to be answered – next I will go through the research limitations of my thesis and also the guidelines and my recommendations for future research.

7.1 Research limitations and further research

Research limitations for this study were both the lack of time and literature on buying specifically cosmetics online. With more time, I would have conducted a broader survey and would have targeted it to people who are especially interested in cosmetics – this way the chances of them having purchased cosmetics online would have increased. Since purchasing cosmetics online is still fairly unpopular, it was difficult to find people who would have lots of experience on it and thus points of improvements on their mind. Had I had the chance, I would have also wished to interview a specialist on this field – someone with experience and knowledge on the online customer experience and how to develop it.

There is plenty of literature and empirical researches on internet shopping experience but not many with the focus on buying cosmetics. Thus the conclusions on shopping cosmetics are mainly made based on the survey results – conclusions based on the literature are more on a common level. Further research on the topic of shopping cosmetics online would require for example deeper investigation on the technology to make describing the products easier. Also, as mentioned, it would require conducting a broader survey with a better target group. All in all, cosmetics online shopping process has many points of improvement but I believe that in the future, for example the development of technology will minimize many of these issues and make the process easier.
REFERENCES


Official Statistics of Finland (OSF): *Use of information and communications technology by individuals* [e-publication].


APPENDICES

Sex

Woman 40.2%
Man 59.8%

Age

15 years or younger 0.4%
Aged 16-25 8.9%
Aged 26-35 9.4%
Aged 36-45 9.4%
Aged 46-55 8.0%
Aged 56-65 0.4%
Over 65 years old 80.3%

Which of the following cosmetic products do you use? (you may choose multiple)

- Hygienic products
- Fragrances
- Hair products
- Face products
- Body products
- Make-up products
- Others

Have you ever bought cosmetics online?

No 70.9%
Yes 29.1%

Appendix 1. The beginning of my survey – common questions for each of the respondents, the results
Appendix 2. The survey questions and results, the first group (have purchased cosmetics online)
Appendix 3. The survey questions and results, the second group (have never purchased cosmetics online)