

**Those Who Subscribe:
A Customer Profile Assessment of Apparel and Beauty Subscription Service Shoppers**

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Keywords: Subscription services, Apparel, Beauty, Shopping motivations,
Need for uniqueness, Quality

Introduction Recently, there has been a growing popularity of a retail business model called “subscription boxes.” Appeal for apparel and beauty subscription services have been especially prevalent, as 15 percent of consumers have ordered subscription boxes through apparel subscription websites (Young, 2017), and 14 percent of consumers have ordered boxes from beauty subscription leader Birchbox (Panko, 2019). Consequently, this occurrence is changing the landscape of retailing space (Bala, 2012), and warrants further examination to understand the appeal of this subscription business model. Moreover, the profiles of apparel and beauty subscription shoppers should be assessed in order to examine the similarities these consumer groups may have. The purpose of this study was to create consumer profiles of apparel and beauty subscription shoppers. This data will assist retailers as they seek to build and maintain long term relationships with customers through this unique subscription business model.

Literature Review Shopping motivations have been assessed across numerous consumer groups. Specifically, hedonic shopping motivations involve intrinsic, stimulus-oriented motives, while utilitarian shopping motivations include functional, task-oriented motives (Babin et. al, 1994). Given these shopping motivations, it is essential to understand what shopping motivations may drive apparel and beauty subscription service customers to shop through this unique retail business model.

The term ‘need for uniqueness’ is described as a consumer’s trait of pursuing differentness relative to others through acquisition of consumer goods (Tian et. al, 2001). Apparel and beauty subscription service customers may be motivated by this notion, and, thus, choose to subscribe to gain access to more distinctive products.

Quality is a concept that involves a distinctive characteristic that embodies a high degree of excellence. That is, a product with quality often is deemed as the best product in that particular product category (Yang & Wu, 2007). This concept may be applicable to the unique products apparel and beauty

subscription services companies feature in their portfolios. Thus, those who subscribe may be motivated by this concept of acquiring high quality products.

Methods Data for this study were collected using an online consumer panel within the USA. The surveys were distributed through an online Qualtrics survey. A total of 222 surveys were completed. Respondents were in the past or during the study a member of an apparel or beauty retail subscription service. Forty-three percent of the respondents were female (n=96) and fifty-seven percent (n=126) were male. The majority of the respondents at 66% (n=146) were White, 18% (n=39) African-American, 9% (n=19) Hispanic/Nonwhite, 4% Asian (n=9), 0.005% (n=1) Native Hawaiian and Other Pacific Islander, and 0.04% (n=8) were Other. Existing scales from previous studies were adapted to measure Hedonic/Utilitarian Shopping Motivations (Babin, Darder & Griffen, 1994) Need for Uniqueness (Tian, Bearden, & Hunter, 2001) and the Perfectionism subscale of the Consumer Style Inventory (Yang & Wu, 2007) as an indication of importance of quality. All items used a 5-point Likert Scale.

Results One way to classify consumers is using exploratory factor analysis followed by clustering (e.g. Hampson & McGoldrick, 2013; Jamal, Davies, Chudry & Al-Marri, 2006). In the current study, data were analyzed first using an exploratory factor analysis with varimax rotation. Seven factors were identified, all with Cronbach's reliability above 0.70: (1) Need for Uniqueness (Unpopular choice/Avoidance of similarity) [$\alpha=0.91$], (2) Affective Hedonic Shopping [$\alpha=0.89$], (3) Quality [$\alpha=0.85$], (4) Hedonic Value Shopping Motivation [$\alpha=0.75$], (5), Need for Uniqueness (Creative choice) [$\alpha=0.85$], (6) Hedonic Role Shopping Motivation [$\alpha=0.81$], and (7) Hedonic Idea Shopping Motivation [$\alpha=0.86$]. Normal mixtures clustering on the factor scores was used to classify the respondents. Normal mixtures clustering was used because "When clusters are well separated, hierarchical and k-means clustering work well. But when clusters overlap, normal mixtures provides a better alternative, because it is based on cluster membership probabilities, rather than arbitrary cluster assignments based on borders." (JMP, 2018, p. 265). Given that all the respondents were using subscription services, we felt overlap would be likely. To validate the resulting clusters, a simulation with 10,000 observations based on the original distributions was run. Three, four and five clusters were tested. The BICc and AICc indicated the model with three clusters fit the data best.

The first cluster was the largest consisting of 39% (n=86) of the sample. These subscribers were highest on Affective Hedonic Shopping and second highest on Hedonic Role Shopping, while lowest on Quality. The second cluster consisted of 31% (n=70) of the sample. These subscribers were highest on Need for Uniqueness (Unpopular choice/Avoidance of similarity) and second highest on Hedonic Idea Shopping Motivation. The third cluster consisted of 30% (n=66) of the sample. These subscribers were highest in Quality, but low in Need for Uniqueness, Affective Hedonic Shopping, Hedonic Role Shopping Motivation, and Hedonic Idea Shopping. Based on these results, the three clusters were categorized and

named the following: Cluster 1: *Passionate Gifters*, Cluster 2: *Trendy Differentiators*, and Cluster 3: *Quality Seekers*.

Discussion and Implications This study sought to examine the similarities that exist among apparel and beauty subscription service shoppers. Given the statistical analysis using the constructs of shopping motivations, need for uniqueness, and quality, profiles were identified that include distinct characteristics that marketers of apparel and beauty subscription services may want to employ in their advertising efforts. For instance, *Passionate Gifters* enjoy gifting family and friends with items and find this aspect of shopping stimulating. For this segment of customers, apparel and beauty subscription companies may want to communicate how their offerings are not only appealing for their subscribers, but also make great gifts for loved ones. *Trendy Differentiators* have a strong interest in trend-oriented products. They also seek to express their uniqueness through the products they purchase. Given this, highlighting the trendy and innovative apparel and beauty products customer will gain access to through subscription services should be communicated through advertising. Lastly, *Quality Seekers* are concerned primarily with quality and have little interest in any other factor. Apparel and beauty subscription companies should then maintain key brands that are known for their high level of quality within their portfolio of offerings and feature these quality brands in their advertising campaigns. Overall, marketing to these three identified clusters will allow apparel and beauty subscription service companies to build and maintain long term relationships with customers, and market to them in a strategic and relevant way that is relevant to their characteristics.

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