



# An Online Retailer that's Beautiful Inside and Out.

An Online Retailer That's Beautiful Inside and Out  
BeautyKind is an eCommerce startup that offers a selection of prestige beauty products including some of the best names in makeup, fragrances, and body, skin and nail care products. It launched in November 2014 and was founded by three eCommerce veterans — John Hilburn Davis, who founded the luxury apparel company J. Hilburn; Gina Kohler, an experienced executive who's driven success at retailers including BeachMint and Guthy-Renker; and Adil Wali, founder and former CTO of ModCloth. BeautyKind is a different kind of company because of its dedication to giving back. The company allows its customers to direct 5 percent of their purchase price to the cause of their choice, whether it's a national charity or one in their local community. Featured causes include major national charities, along with 10,000 other pre-loaded causes.

## The Challenges of Making an eCommerce Startup Blossom

Establishing and growing an online retail business requires complete devotion and attention to a myriad of daily tasks. Having built and worked for fast-growing eCommerce startups before, BeautyKind's founders took on the



BEAUTYKIND

## CHALLENGE

- » Quickly establish warehousing and logistics operations while balancing other priorities of an eCommerce startup
- » Compete with well-established brick-and-mortar brands, the loyalty they've built, and the convenience they provide
- » Create and maintain a brand experience at all consumer touchpoints that's representative of the prestige beauty products the company offers

## SOLUTION

- » Engage with Newgistics as a full third-party logistics partner
- » Offset the costs of providing free shipping and returns through operational efficiency
- » Develop packaging that represents the brand while controlling material and shipping costs

## RESULTS

- » Better shipping rates and efficient packaging strategy
- » Rapid month-to-month growth supported by customer expectations for shipping price and convenience
- » Ability to improve logistics, versus disrupt them, as the company scales and grows

challenge with eyes wide open. They knew that logistics — including warehousing, fulfillment, delivery and returns — is just one of many concerns in getting a company off the ground. But they realized the value to overall success.

While the beauty and cosmetics market represented an enormous opportunity for growth, competing with established brick-and-mortar stores presented hurdles. The loyalty they've built among longtime customers and the convenience of being able to experience products in person and purchase them immediately are difficult — but not impossible — attributes for an eCommerce company to replace.

BeautyKind realized that logistics is a key factor in competing with established brick-and-mortar and eCommerce players in the market. The company knew that it would face difficult tasks such as developing packaging for the first time, negotiating shipping rates, ensuring timely delivery and hassle-free returns, and scaling as the volume of shipments grew. However, the company also saw the opportunity that these things presented to mold and nurture a premier brand.

### The Logistics of Building a Brand

BeautyKind needed the right logistics strategy to cost-effectively compete with established players while giving it the capability to control the brand experience at some of the most important customer touchpoints. And because of the many other priorities consuming the time of co-founders Davis, Kohler and Wali, the company needed an experienced partner to help develop that strategy and ensure its proper execution.

When it was time to pick a third-party logistics (3PL) partner, Newgistics was at the top of BeautyKind's list based on the experience Co-Founder Gina Kohler had with the company. After a full competitive review of 3PL partners, her previous company began working with Newgistics, enabling her to see the technology and services implemented and their ultimate capabilities. Consequently, BeautyKind looked at a few other providers, but quickly settled on Newgistics as a full 3PL partner.

The partnership between Newgistics and BeautyKind encompasses the full range of logistics services, from warehousing goods in a Newgistics facility to pick, pack, ship and return services. BeautyKind chose to utilize a Newgistics distribution center in Hebron, Kentucky which allows for fairly even delivery times for customers on both the East and West coasts.

### Packaging a Brand

As a new brand that offers prestige beauty products to its customers, BeautyKind wanted to make sure the physical touchpoints with customers reflected that.

“Our original visions for packaging were second to none, including products wrapped in tissue paper with a sticker on top, then placed in a box with a post card and invoice. It was beautiful, but Newgistics helped us develop a strategy that's more realistic and efficient,” said Kohler.

Through a packaging exercise with Newgistics to explore things like typical order size and weight of products — which can range from a tube of lip gloss to heavy candles or a hairdryer — BeautyKind narrowed its criteria. It settled on two primary box sizes and one bubble mailer and worked with Newgistics to determine which packaging to use for different orders and how to best pack them.

“It was a very good exchange of ideas where Newgistics' expertise was a real asset. They ship so many products, they know what's best,” continued Kohler. “Ultimately, we were able to bring down our shipping costs while still maintaining the high standard we set for quality.”

By optimizing box sizes, BeautyKind was able to reduce the cost of materials and the overall cost of shipping packages based on the most efficient size and weight. In addition, Newgistics' relationship with the major parcel carriers enabled it to negotiate more favorable shipping rates on BeautyKind's behalf to further reduce costs.

“Decisions that impact shipping costs are very strategic because they help us compete against brick-and-mortar stores and the big eCommerce sites,” said Kohler. “Shoppers have come to expect free shipping for online purchases, but it's only free to them. The money to pay for it has to come from somewhere.”

With Newgistics, BeautyKind offers free shipping for all orders over \$50. For orders under that threshold, customers pay \$5.95. Regardless of whether their shipping is free or not, customers can also pay an additional \$5.00 for expedited shipping.

As another way to maintain its competitive edge, BeautyKind offers free returns as well. All returns are first handled by phone, giving a customer care representative the opportunity to determine the best course of action. For low-cost items like eye liner or lipstick, the cost to ship back is likely more than the value of the product, so BeautyKind will often tell customers to keep the item and

will send a new one or issue a credit. When items are being shipped back, Newgistics enables BeautyKind to send its customers an electronic shipping label to be printed and affixed to a package. The package can then be given to the postal carrier that visits their home or office every day, or dropped at any U.S. Post Office®. Thanks to Newgistics SmartLabels®, BeautyKind has visibility into what's coming back and when it will arrive.

### **A Bright and Beautiful Future**

Less than a year after launch, BeautyKind is growing quickly and shipping tens of thousands of orders per quarter. As the company scales, the partnership with Newgistics will enable it to continue improving logistics and the service it provides to customers. For example, when order volume increases even more, BeautyKind can begin using a second

Newgistics facility on the West Coast to get closer to customers and further reduce shipping time and costs. Newgistics' robust system and reporting functionality also give BeautyKind the insight they need to make important decisions during this early stage of the company. They can easily run inventory reports or look at what's out of stock, and as the company grows it will be able to integrate Newgistics technology with its enterprise resource planning (ERP) system from NetSuite to get even more powerful insight.

“Overall, Newgistics played a significant role in helping to get our startup off the ground,” said Kohler. “The decisions we made about fulfillment, shipping and returns were very strategic to help us compete, and the details that went into brand care were very thoughtful and intentional. We're in a great position now to execute and continue our rapid growth.”