

## Chapter 49

# Adoption of Online Subscription Beauty Boxes: A Behavioural Reasoning Theory (BRT) Perspective

**Brijesh Sivathanu**

*Symbiosis Centre for Information Technology, Symbiosis International University, Pune, India*

### **ABSTRACT**

*This article examines the contextual ‘reasons for’ and ‘reasons against’ the adoption of beauty box subscription-based online services (BxSOS) in a developing country like India using the behavioral reasoning theory (BRT). This study surveys the female consumers in India to understand the adoption of BxSOS using the unique model of behavioral reasoning theory (BRT). After data collection, the analysis was done using the PLS-SEM technique. The ‘reasons for’ BxSOS adoption are convenience, ubiquitous, hedonic shopping motivation, social influence and price consciousness and the ‘reasons against’ are traditional barrier, relative advantage, choice/variety and perceived risk. It is also found that value of “openness to change” significantly influences the ‘reasons for’ adoption and attitude towards BxSOS whereas it has no impact on the ‘reasons against’ adoption of BxSOS. This cross-sectional study was conducted with target respondents as female consumers in the Indian context and future research can be conducted in other countries with different cultures and both the genders to generalize the results.*

### **INTRODUCTION**

In India, consumers are accustomed to a newspaper or milk subscription on a monthly or yearly basis. These services are savored by the Indian consumers. The similar subscription concept is deployed in the e-commerce sector which is becoming popular in India. There are many online subscription boxes available nowadays, which include beauty products, snacks, jewelry, kid’s toys and the monthly sanitary requirements for females. These subscription-based online services (SOS) leverage the e-commerce business model to deliver a customized box of merchandise to the consumer’s home on a weekly/

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monthly/quarterly/bi-annual basis by charging a subscription fee (Woo, & Ramkumar, 2018). This idea was originally conceptualized in the USA by Birchbox owners - Hayley Barna and Katia Beauchamp, who graduated from Harvard (Griffith, 2015). This subscription-based business model is conducive for the manufacturers to promote their products to the end consumers by providing lower price samples to them. This is a unique and innovative concept emerging in India. BxSOS include the beauty products which are subscribed on a monthly basis and mostly packaged in a colorful bag wrapped with decorative stickers, ribbons and provide the subscriber a sense of luxury and surprise (Chao, 2016; Vanhamme & Dick, 2003).

The research conducted by the Associated Chambers of Commerce & Industry of India (ASSO-CHAM) and Majestic Market Research Support Services India Ltd. (MRSS) mention that the market size of the Indian beauty cosmetic and grooming industry is expected to be USD 35 billion by 2035 and current market size is USD 6.5 billion (PTI, 2017). BxSOS business is a subset of cosmetics and grooming industry and BxSoS companies are experiencing a growth of 10-15 percent new subscribers every month in India (Shirodkar, 2017).

There are many subscription-based online beauty and lifestyle boxes in India like Fab-bag, My Envy Box, MSM box, The Nature's Co Beauty Wish Box, Gia Bath & Body Box and Sugar Box. These boxes range from Rs. 300 to Rs. 1000 monthly subscription fees. These online beauty and lifestyle boxes are popular among the young generation in India (Shirodkar, 2017). It is observed that female consumers in the age group of 25-45, having average education and residing in the urban areas are subscribers of these beauty and lifestyle boxes (Shirodkar, 2017). Consumer market research found that females are the major consumers and more involved in buying beauty products online as well as in stores (O'Cass, 2000). There are many challenges faced by BxSOS companies in Asia like the market is niche and customers have an expectation of free samples (Tay, 2016). In Asian countries like Singapore, China, Korea, Taiwan and now in India, BxSOS business is flooded with competitors as there exists a huge market potential for beauty box companies in Asia (Tay, 2016).

In this paper, the behavioural reasoning theory, which is a novel consumer behaviour model, was used to study the antecedents of consumer's adoption of BxSOS in the context of a developing country like India. There exists only one prior study in the context of a developed economy, discussing the fashion and beauty SOS adoption by American consumers (Woo, & Ramkumar, 2018). The extant literature mainly focuses on factors for adoption of online shopping (Ho & Chen, 2014; Cheema et al., 2013; Kim et al., 2014; Chen & Teng, 2013; Celik, 2016; Pascual-Miguel, Agudo-Peregrina and Chaparro-Peláez, 2015). However, there are few studies which explain the resistance to adoption of online shopping (Lian & Yen, 2014; Rahman, Khan, & Iqbal, 2018). The unique feature of this study is that it highlights both the context-specific factors 'for' adoption and resistance factors of BxSOS in a single framework.

BxSOS is a nascent concept in the context of a developing country like India. There is no study in India and other developing countries to examine the adoption of BxSOS. The success of such a novel concept ultimately lies in its acceptance among the consumers. Hence it is important to study the adoption of these BxSOS among the female consumers in a country like India. This exploratory study was conducted to understand the adoption factors and bottlenecks of online subscription beauty boxes. Hence the following research question is formed.

**RQ:** What are the adoption factors and barriers to the BxSOS using the BRT model.

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