

Sephora

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Sephora, a cosmetic and fragrance company, is generally one of the most influential and impactful brands. The brand strives to create a safe space where everyone can have a sense of belonging (Sephora, 2019). According to the company's manifesto, Sephora celebrates differences by fearlessly championing all types of beauty, by building an inclusive and warm environment, and by continuously creating a community that expects diversity and praises self-expression (Sephora, 2019). However, Sephora's current priority of inclusivity is not what made them initially influential or impactful, but it was how Sephora's broke away from the way cosmetics are traditionally sold.

### **The History**

Sephora has been breaking the beauty industry's retail trends since its birth when it was initially named Shop 8. In 1979 in France, Dominique Mandonnaud opened Shop 8, a perfume store with a big, open floor plan and with products placed easily within customers' reach (Sephora Holding S.A., 2019). Incidentally, 1993 was significant for Mandonnaud's company. He changed the name to Mille et Un Parfums [Thousand and One Perfumes], he upgraded the interior design by adding more graphics and by creating a luxurious atmosphere, and he added more retail space to the new stores (Sephora Holding S.A., 2019). Additionally, for about \$61 million, Mandonnaud bought the Sephora Chain from the British company, Boots PLC (Sephora Holding S.A., 2019). Even though Mandonnaud just renamed his shops, he rebranded his company and all the shops beneath the Sephora brand (Sephora Holding S.A., 2019).

A few years later, in 1997, the brand had another significant year. Mandonnaud's new brand opened a 1,300 square-meter store on the Champs-Élysées, which then became the standard for future stores (Sephora Holding S.A., 2019). However, Mandonnaud wanted to retire,

so the brand looked for a buyer (Sephora Holding S.A., 2019). Moët Hennessy Louis Vuitton, or LVMH, bought the Sephora brand in July 1997 for roughly €344 million (Sephora Holding S.A., 2019). Then, the following year, Sephora expanded to the United States with its first store in New York City (Sephora Holding S.A., 2019). This expansion greatly affected the American department store's beauty departments as the health and beauty sectors were the most important division for the Department stores (Loeb, 2013).

### **The Idea Brand**

Brands and their categories are intertwined and are both durable and fragile. In fact, consumers' behavior regarding brands is dependent on how they feel about the general category (Moon, 2010). Moreover, the way consumers use products indicates their feelings toward the category, regardless of the competing brands within (Moon, 2010). For instance, Youngme Moon (2010, p. 84) calls Sephora's consumers "self-professed makeup junkies," who are enamored with and embrace the beauty category as a whole.

Furthermore, Idea Brands are the definition of unique. They are drastically different from, but not better than, other brands (Moon, 2010). Namely, they did not emerge from the competition, but they are liberated from it (Moon 2010). As Moon stated: "Idea Brands don't try to compete... They are more interested in separation than comparison" (2010, p. 185). Thus, Idea Brands arise from the somewhat uncertain possibility of performing in exceptionally particular ways (Moon, 2010).

Idea Brands' particular performance is paradoxical. Within their corresponding categories, Idea Brands dismantle the traditional style while providing a different and valuable approach (Moon, 2010). These brands realize the objective is using their products, or services, to

trivialize consumers' expectations (Moon, 2010). Virtually, Idea Brands are simultaneously demolishing and creating; they are what Moon considers "rebels with a cause" (2010, p. 101). Hence, Sephora was able to direct the course of cosmetic retail shopping because its retail format was so unpredictable, it stimulated both the consumers and the department stores, their competition (Moon, 2010).

Furthermore, according to Moon (2010), differentiation is a delicate process of shifting understanding by efficiently introducing new concepts so consumers can recognize the difference while using the original meaning as a comparison. Therefore, Breakaway Brands are differentiation as they keep enough of their chosen category concepts to prevent rejection: they keep consumers comfortable by redirecting the original category ideas to different, yet familiar, concepts (Moon, 2010). Essentially, Breakaway Brands merge two familiar concepts to forge a one that feels so new, it becomes a revelation (Moon, 2010).

While Breakaway Brands do not combat our need to categorize, or the need to have the basic definitions established, they realize those definitions are quite flexible (Moon, 2010). Furthermore, our patterns of categorization are derivative of tradition, so we do not realize how versatile category definitions truly are (Moon, 2010). So, Breakaway Brands intentionally meddle with, and challenge, our default category classifications by dramatically veering away from them (Moon, 2010). Mostly, by offering consumers a new perspective, Breakaway Brands are tools for consumers to embrace engagement in different and unique ways (Moon, 2010). Thus, Sephora transformed the beauty retail model by stretching the boundaries and expanding the definitions, thus forcing department stores to compete (Moon, 2010).

For 50 years, beauty products, such as skincare, makeup, and perfumes, were sold in the traditional department store retail format (Sherman, 2013). Department stores assumed they had the only retail model suited to successfully sell perfumes and cosmetics and were utterly stunned by Sephora when the brand gain prominence in the beauty industry as the beauty retailer changed how consumers shopped for beauty products (Loeb, 2013; Sherman, 2013). Unsurprisingly, these stores tried to stop the rise of Sephora by using their size to prevent big brands, like Estee Lauder, from selling in the new cosmetic store (Loeb, 2013).

Sephora is unquestionably different from traditional department stores. First, the atmosphere is better. For example, in her article, Hopp (2019) describes Sephora as a cosmetic version of Disneyland. Second, Sephora sells a collection of unnoticed, niche brands that provides a sense of individuality (Halzack, 2015). Furthermore, they also use different terminology. For instance, the sales floor is the ‘stage’ while everywhere else is the ‘backstage,’ the sales employees are termed as ‘cast members,’ the managers are dubbed the ‘directors,’ and lastly, the uniform is called a ‘costume’ (Hopp, 2019).

Mainly, the retail format is different. Department stores were formatted as service-based retail designs, where sale employees usually get additional fees based on their sales records (Sephora Holding S.A., 2019). In these stores, women were only able to sample products with help from the brand’s ambassadors (Fast Company, 2000).

Meanwhile, Sephora organizes its products differently. For example, department stores arranged fragrances by brands while Sephora organized their fragrances alphabetically (Loeb, 2013). As mentioned earlier, the brand meddled with, and challenge, the default retail format classifications by dramatically, and successfully, veering away from those classifications (Moon,

2010). Currently, Sephora is organized by what they call ‘worlds:’ color cosmetics, fragrances, and skincare (Hopp, 2019). Sephora’s floor employees sold products based on skincare, color, and fragrance, not by brand (Loeb, 2013).

Now, Sephora is neither a drugstore nor a department store because, in trendy designed stores, they offer higher-end brands with products customers can easily play with (Halzack, 2015). Also, Sephora employs the self-service format. Self-service creates opportunities for innovation of products and the products themselves (Sorescu, Singh, & Rangaswamy, 2011). By offering consumers this new perspective of shopping, Sephora is a tool for consumers to embrace cosmetics in different and unique ways (Moon, 2010). For example, Sephora lets customers sample the products on their own (Fast Company, 2000). Plus, the shopping environment is compatible with consumers who do not need much help with their purchasing decisions (Halzack, 2015). Fundamentally, Sephora’s new direction of customer experience paved the way for a highly personalized experience.

### **The Customer Experience**

Shopping for makeup and skincare products is a highly personal experience (Lent & Tour, 2009). Unlike the product displays in boutique department stores, at Sephora, prestige products are no longer hidden behind an intimidating glass counter (Stewart, 2018). One of the customers’ favorite aspects of the brand is they provide customers with the freedom to touch and play with the products, something which originally differentiated Sephora from department stores. With a belief that “beauty is yours to define and ours to celebrate” (Sephora, 2017), Sephora provides customers with a host of personalized tools.

Since its launch, Sephora has strived to be everywhere its customers are, and it was an early adopter of e-commerce. What really sets the company apart from competitors, however, is the special way Sephora has brought digital channels into the stores to enhance customer experience (Koetz, 2019). The point is, customers today move fluidly between channels and demand a seamless transition between touchpoints. With this in mind, Sephora aims to teach, inspire, and play across every channel.

Furthermore, when developing new digital channels, Sephora thinks about how the digital and beauty spaces have evolved over the past few years. Digital no longer means web only, and the truth is, digital experiences are starting to take place across all channels. Digital has also shifted from a purely transactional interaction to an emotional experience, which Sephora is utilizing for their benefit (McLean & Wilson, 2019). Sephora created three ways to connected customer experience across digital channels.

### **The Sephora Virtual Artist**

In the past, Sephora has played with augmented reality quite a bit. The Sephora *Virtual Artist* is the company's product try-on app, and its latest update is an ideal method to drive sales by letting users see what products of interest will look like on their faces. With this app, Sephora found a way for its customers to digitally try on lipsticks, eyeshadows, and eyelashes. For example, underneath the *Inspire Me* umbrella within Sephora's app, users can click on the Virtual Artist tab. Upon opening, we found the mobile device's forward-facing camera will automatically configure a virtual lipstick shade on its user's face. So, lipstick fans can move

around and the digital lipstick will stay on their lips, plus shoppers can select a bevy of products from Sephora's industry to try on.

Also, when a specific item is selected, it appears on the user's lips and a bar across the top of the app will display the product information, such as the product name, brand, and price. We found purchasing products easy as users can click on the tab for the specific product's page. Furthermore, shoppers can save their preferred products by clicking the add button to favorites within the Virtual Artist tab.

Sephora not only re-created its in-store experience but made it possible for customers to quickly try on hundreds of products. Additionally, the Virtual Artist app meets each of Sephora's goals: it solved the client's needs, created a business opportunity, and brought an element of fun. With mobile users becoming more and more comfortable with facial recognition features and technology growing in quality, many retailers are adopting Sephora's digital strategy for themselves.

### **The Digital Makeover Guide**

Sephora's customers loved the opportunity to get makeovers from Sephora's in-store team members. However, based on personal experience, once they left the store, customers could easily lose a piece of paper that the makeup artist had listed the products used. So, Sephora found a way to solve this problem by introducing the *Digital Makeover Guide*, a tool that exists in the Sephora app.

Now, when a customer comes in for a makeover, the Sephora team member, instead of providing a loose piece of paper, scans all the products used and enters instructions about how she used them. The customer can then go back to the app at any time and find the products he or she tried. Furthermore, the app provides customers with a more visual impression, by including before and after photos of the customer, as well as product tutorials.

### **The Beauty Insider Community**

In August 2017, Sephora launched its *Beauty Insider Community* page on its main website. As we are part of this community, we found users can browse for inspiration, get advice from experts, check out local events, and share opinions and insights with others. The Beauty Insider Community is like a social network for people who are enthusiastic about beauty tips and anyone seeking advice on cosmetics and skincare products and regimens (Kidder, 2017). Plus, with the latest updates, the Beauty Insider Community now lives within the Sephora app, eliminating customers' need to sign in across multiple platforms.

Furthermore, we discovered the Beauty Insider Program currently serves as a peer-to-peer community. Now, we can connect with other customers to share information about our particular beauty needs and favorite product solutions. Also, customers can join different groups, like curly hair or lipstick lovers, to chat about their favorite beauty products. Moreover, with the live community chat, customers can ask a question and get nearly instant feedback from another community member.

Additionally, by building a community, Sephora has a direct channel to speak with its customers and collect feedback. Based on our observations, this direct channel allows the brand to be hyper-aware of what its customers want, which helps to direct the company's strategy. The Beauty Insider community helps Sephora foster personal connections between its members with its platform and tools.

Moreover, from our observations, we realize that what makes Sephora's interplay between technology and brand so powerful is it cannot be easily duplicated. Not because the technology itself is difficult to replicate, but because their success is built on a deep alignment between brand and customer experience. Essentially, Sephora consistently delivers a level of personalized customer-centricity that competitors would have immense trouble in copying.

Sephora has figured out that companies should not roll out customer-facing technology for technology's sake. Embracing the concept of "digital innovation" does not just mean embracing digital, it means embracing the customers based on a deep understanding of their unique wants and needs. Companies need to determine the role of the customer's digital experience and how it can actually make customers' lives easier.

### **The Strong Brand**

In recent years, Sephora has become a strong brand by getting a foothold in the beauty industry and shifting the marketing focus from product-led to customer-focused (Shapiro, n.d.). "Digital is a critical element in retail — however, it is not just for the sake of adding new, cool technology. Our intention is to help our clients," said Bridget Dolan, the SVP of Omni experience and Innovation at Sephora (Milnes, 2016).

As a pioneer in applying digital marketing strategy, Sephora has successfully integrated customers' online and offline purchasing journeys, which includes before, during, and after buying products and promoted brand engagement via social, mobile and web platforms (Honigman, n.d.). Trying to understand what customers want and need, Sephora, with the characteristics of likability and usefulness, connects consumers with the right products. Thus, when it comes to buying cosmetics, Sephora becomes the first company that comes to customers' minds, and it is now a strong brand in the beauty industry.

### **The Strong Brand Growth**

Sephora has adopted strategies online and offline to engage customers. In order to engage consumers, Sephora wants to create touchable impressions in consumers' minds (Milnes, 2018). According to an interview from Deborah Yeh, SVP of Marketing & Brand at Sephora, social strategies have made the brand stronger (Sonsev, 2018). Fundamentally, authentic two-way conversations with customers and being thoughtful about the type of content produced are both unique to Sephora's mission and purpose, which helps customers (Sonsev, 2018). Furthermore, Sephora promotes various types of direct, online conversation. For example, the retailer hosts live social media events with different brand founders when customers can ask questions and understand more information about the brand before buying products (Sonsev, 2018).

Furthermore, Yeh pointed out that teaching, humor, and community are three tactics she found most effective in engaging customers on social (Sonsev, 2018). First, Sephora considers beauty to be a never-ending journey. So, Sephora wants to guide customers through their questions and help them find appropriate products. Second, when responding on social media, Sephora tries to answer by using a witty and relatable voice. Third, wherever customers are in

the journey, Sephora concentrates on ways to engage them around beauty (Sonsev, 2018).

In addition, by using shopper data, Sephora has blended retail and mobile experiences to respond to the drastic change in people's purchasing habits from the advances in technology (Honigman, n.d.). Furthermore, through market research, Sephora found when customers are shopping in the stores, they still kept using smartphones to look up recommendations, product reviews, or to compare prices for products they are more willing to shop for (Worldwide Business Research, n.d.). As a result, Sephora has developed an interactive mobile app in 2012 to fulfill these consumers' needs. The app provides personal assistance, product recommendations, and pricing information, as well as a detailed introduction to products. So, the app made purchasing products much easier for customers (Honigman, n.d.).

To encourage customers to repurchase in Sephora and to build a long-term relationship with customers, Sephora has launched rewards programs in both the retail and e-commerce loyalty communities (McEachern, 2017). For members of rewards programs, customers can redeem free perks, collect points, and receive a free birthday gift (Krause, 2018). Sephora not only offers free products, but also considers all the customers' needs as the brand is trying to enhance customer loyalty (Loyaltylion, n.d.). Also, Sephora simplifies the registering process and synchronizes online and offline rewards programs; customers can easily have the membership with Sephora and use their points conveniently (Loyaltylion, n.d.). So, by providing rewards and incentives that consumers want, Sephora achieves in encouraging customers to keep shopping at Sephora (Uppaluri, 2019).

### **The Strong Brand Profitability**

Sephora's digital marketing strategy is more than just integrating online and offline

shopping experience. Because Sephora aims to anticipate the customers' needs and stay ahead of different trends, in 2015, Sephora created the *Innovation Lab* in San Francisco (Milnes, 2016). The lab has been built for brainstorming, developing, and testing new products to determine which are worthy to be launched online or offline.

Furthermore, the lab is also connected to a Sephora storefront (Myers, 2018). The Innovation Lab offers a highly interactive experience for customers where they can learn about products on mounted touchscreens, then touch and test products on their own (Milnes, 2016). Essentially, the stores are a tangible place where product testing meets the brick-and-mortar experience of the store. The Innovation Lab has not only helped increase shopping across mobile sites and in-store, but it also highlighted digital technology in the Sephora store.

Furthermore, according to the VP and the head of the lab, Sephora's Innovation Lab is always gaining new technologies for the market and tries to leverage new technologies to reach more customers (Milnes, 2016). The beauty retailer also aims to teach its customers about the products and techniques because the retailer focuses on what is helpful and useful to consumers (Milnes, 2016). Together with the opening of Innovation Lab, Sephora introduced four digital programs, including *Pocket Contour*, *In-store Beacons*, *Female Founders*, and *Flash* to provide novel digital experiences for customers, which help to create an online community (Myers, 2018). Fundamentally, Sephora conducts market research and has clear ideas of what its customers want, so the beauty retailer can always offer the right content.

### **The Strong Brand Talent**

Sephora has made good use of social media, such as Instagram, Facebook, and Twitter to engage and communicate with customers. The brand pays a lot of attention to instant interactions

with customers on social media (Parisi, n.d.). Because it responds to customers very quickly, Sephora was chosen as the top brand in average response time on Twitter, which is about one hour between interactions and responses (Parisi, n.d.). Sephora's quick responses provide solutions to unsatisfied customers in a prompt manner, which can make customers feel they are heard. So with social media, Sephora provides individual attention to each consumer to encourage them to purchase or address a concern or issue, which can increase customers' satisfaction and loyalty that, in turn, will also increase sales.

Furthermore, Sephora uses social media in another way. So, by taking advantage of influencer marketing, which places the idea of celebrity endorsements into content-driven marketing strategy, including YouTube beauty videos, Snapchat takeovers, and Instagram campaigns, Sephora successfully utilizes multiple channels to associate with customers (Robin, 2019). According to Deborah Yeh, Sephora's chief marketing officer, Sephora believes, to stay current with changing consumer behaviors, influencer relationships need to be improved by magnifying the beauty community and accepting different voices and insights (Segran, 2019). So, in 2019, the brand brought influencer relationships to a new level: They announced a long-term partnership program, *#SephoraSquad* (Rao, 2019). According to the Sephorasquad website, *#SephoraSquad* invites authentic and inspiring voices in the digital beauty space and cares about extraordinary storytellers no matter how many followers they own (Robin, 2019). By working with different influencers from different backgrounds and representing different ethnicities, nationalities, gender, and sexual orientations, Yeh believes customers will feel engaged in the Beauty Insider's community (Segran, 2019). Therefore, Sephora uses these

influencers, who create various content for the brand, to help their audience discover and purchase new beauty products.

### **The Strong Breakaway Brand**

In the beginning, Sephora was an under-the-radar brand, which was neither a department store nor a drug store no one could imagine would be as successful as it is. When regarding makeup products, Sephora has become a leading, reliable brand by conducting a digital marketing strategy to renew customers' instore and online purchasing experiences. The brand is the first retailer applying new technology to stores and has successfully become an e-commerce company in the beauty industry. Sephora believes if people know how to use the technology, they will use it, thus the improvements and the innovations made on their digital area helps them become a strong brand in the world.

Ultimately, Sephora is one of the most influential, inventive and impactful brands. The brand broke away from the traditional beauty retail format. The unique product organization and the new self-service format allows consumers to directly interact with the products, creating a new customer experience. Additionally, Sephora invented new platforms to not only create a more personalized customer experience but also to effectively engage consumers. This strong brand is talented at continuously finds new ways to grow profitability.

### **Sephora's Originality Threatened**

Sephora is the ruler of continuous originality and inventiveness. For instance, the beauty retailer was the first to focus on the customer and implement an open-spaced, self-service shopping experience with employees who are makeup professionals and not salespeople (Sephora Holdings S.A. 2019). However, currently, Sephora's originality is threatened. Namely,

the many similarities between Sephora and Ulta Beauty, and with Macy's adopting a lot of Sephora's engagement strategies, are causing the beauty retail category to become, what Moon (2010) calls, a mature category. Essentially, as Moon (2010) states in her book, the growing number of products, or in this case services, cause the differences to become insignificant.

### **The Danger of Ulta Beauty**

Ulta Beauty is very similar to Sephora. They both have a tiered loyalty program, self-service retail format, their own credit cards, professional stylists, their own beauty brand, and similar online presence (Sephora, 2019a; Ulta Beauty, 2019a). Both specialty beauty retailers boast having thousands of products from all types of brands ranging from luxury brands, like Burberry or Dior, to young brands, like Milk Makeup or Storybook Cosmetics (Sephora, 2019d, 2019b; Ulta Beauty, 2019a, 2019b; Fontana, 2019). However, Ulta also hosts drug store brands, like Maybelline and CoverGirl (Ulta Beauty, 2019b), while Sephora does not. Also, even though Sephora started Virtual Artist in 2016 (Jaekel, 2016), while Ulta started GLAMlab in early 2019 (Rowan, 2019), both Sephora and Ulta Beauty have a mobile app that has Augmented Reality for customers to try on makeup products (Sephora, 2019a; Ulta Beauty, 2019a). These days, Ulta differentiates itself via its on-site salon services and larger stores while Sephora is still the destination for high-end indie brands (Zumbach, 2018). Plus, with a quickly growing loyalty program and new brands that have a massive social media following, like Jeffree Star, Ulta is attracting more teenagers away from Sephora (Sun, 2019).

### **The Danger of Macy's**

When it first came to the United States, Sephora was a major threat to the department stores' beauty sector — Sephora shattered the rigidly regulated shopping venture with an

interactive shopping experience filled with engaging displays of products that customers can test themselves and beauty expert staff who are brand-agnostic (Howland, 2018). However, within the last few years, Macy's has been implementing Sephora's customer-focused shopping experience (Howland, 2018). Specifically, the department store adopted a more open environment with its employees, or beauty advisors, not limited to a particular brand and trained on the latest cosmetic brands, products, tips, and trends (Howland, 2018).

Furthermore, Macy's has been experimenting with creating unique experiences centered around younger audiences (Olapic, 2017). For example, in 2017, Macy's launched a pop-up shop, called the Beauty Suite, in their main New York location (Olapic, 2017). Macy's goal was to offer younger customers a new, fun experience that drove engagement by constructing an enthralling and interactive space for customers to happily post photos, and to enjoy personalized cosmetic tutorials based on the month's topic from beauty professionals (Olapic, 2017).

### **Sephora Escapes the Herd**

As mentioned, Sephora is the ruler of continuous originality and inventiveness as they are usually the first to implement new and unique strategies, which allow new consumers to embrace engagement in different and unique ways (Moon, 2010). The retailer's current strategy is focused on inclusion and empowerment (Sephora, 2019b). For example, Sephora is ensuring its stores emit a warm and inclusive environment by educating its employees on how to help everyone of all skin tones, thus minimizing bias (Sephora, 2019b). Moreover, Sephora is offering three types of classes — Workforce Re-Entry, Bold Beauty, and Brave Beauty in the Face of Cancer — for those who are “those facing major life transitions” (Sephora, 2019b). Neither Ulta Beauty nor

Macy's are offering similar empowerment classes. Notably, the empowering classes are only in selected locations, which limits the potential to reach new customers.

Sephora should maximize the empowering classes by taking them on the road. First, the Workforce Re-Entry class is for those who are returning to work (Sephora, 2019c). Sephora can send a few employees to schools to help students who are interviewing for jobs. Second, the Bold Beauty class is for transgender people who are currently transitioning (Simmons, 2018), so Sephora can send experts to homes, like Lost-n-Found in Atlanta, Georgia, to help trans-teens feel like themselves. Lastly, Brave Beauty in the Face of Cancer is for those who are current cancer patients (Tucker, 2017; Fields, 2017); therefore, Sephora can send makeup professionals to hospitals to help all the patients, not just the cancer patients.

### **The Customer Experience**

Sephora and Ulta are both one-stop beauty stores where customers can shop for cosmetics, styling tools, skincare products, hair-care products, and expert advice. Therefore, Ulta is one of Sephora's most compelling competitors. So, while Sephora has a reputation for offering high-end luxury brands, and Ulta has long been considered as a retailer of affordable drugstore brands (Fontana, 2019), the distinctness has become increasingly blurred (Low, 2015). Nevertheless, with a competitive reward program, a strong selection of products, and beauty services, both stores offer great customer experience.

Sephora stores offer a complete sensory experience to the customers. Backed by light music, the store is designed in Sephora's signature black, white, and gold colors with well dressed and cordial staff (Wilson, 2017). Moreover, customers are allowed to try on makeup with the assistance of Sephora artists, who are trained on various beauty tips. Alongside a vast array

of products, Sephora differentiates its customer experience from other retailers by offering in-store services such as hair, skin and brow treatments. Now, both Macy's and Ulta also offer great beauty products, but Sephora's salon services allow customers to enjoy the experience of discovering them. Furthermore, Sephora's in-store services, accompanied by the needed expertise, creates an almost spa-like environment. Thus, the store has become a destination for consumers – a place people want to hang out or specifically visit rather than a place to visit randomly (Gilliland, 2019).

Moreover, customers are highly enthralled in the store. For instance, the layout of Sephora stores is very customer friendly by offering easy access to a large selection of products (Sephora Holding S.A., 2019; Halzack, 2015). Also, Sephora offers a color identifier handheld device called Color IQ, which helps the customer identify their color preferences and assists them to define their looks (Strugatz, 2017). Finally, customers can enjoy an outstanding digital experience. For example, the *Beauty Insider Program*, built-in a highly interactive website with easy navigation, connects customers with fellow customers and makeup professionals (Collins, 2018). Additionally, Sephora's *Virtual Artist* allows customers to create their favorite look by trying various makeup options, and they can post pictures showing the cosmetics and current makeup trends in action.

However, Sephora can overly focus on improving the customer experience. For instance, Sephora spends a fortune on creating the best experience for their customers. The retailer even tries to integrate a similar experience across all its channels, which can be challenging to execute (Koetz, 2019). Moreover, this strategy distracts the brand from the core concept of selling its

products. For example, customers can end up walking into Sephora stores trying cosmetics, getting makeovers and finally exit the store without buying anything (Kim & Sullivan, 2019).

### **The New Customer Experience Strategy**

Sephora has done well in utilizing digital platforms to enhance its customer experience. However, shoppers may still be unaware of how new, ongoing trends suit them (Weil, 2017). They may also be unaware of different types of makeup looks and what suits their skin tone, face shape, and features (Weil, 2017). As we personally discovered, the Virtual Artist app assists in many ways, yet it is still incomparable to trying the actual products in-person. Moreover, online shopping simply lacks the touch, feel and play aspect of buying beauty products (Tietjen, 2018). So, consumers will feel more at ease shopping beauty products online if they can build up trust around the accuracy of the products' display.

### **The Personalized Subscription Service**

New makeup products, brands, and trends are constantly being introduced, which puts the average shopper in a state of confusion when choosing the right products. Thus, subscription boxes are a great way to introduce and try on new products at home. So, Sephora can improve their subscription boxes in a couple of ways.

One way the retailer can improve is by distributing the subscription boxes is with the existing Beauty Insider Program. It can launch the service in a certain region where shoppers can receive a box of 5–10 sample-sized goodies every month for a significantly small amount. Most importantly, however, the goodie bags can be personalized by arranging the products based on the style profile the user completed before joining the program. Also, fun cards with tips and tricks can be included based on the shopper's face shape, skin tone, features, and more. For

instance, if the shopper is more interested in skincare products, that could be the main focus of the monthly theme. This will allow users to try new brands and products as well as learn more about what suits their features.

### **The User-generated Content**

There's often criticism around using influencers in the online ads. Namely, influencers and celebrities are not an accurate way to represent what makeup looks like on everyday women (Stubb, Nyström, & Colliander, 2019). Furthermore, beauty brands often come under scrutiny for relying heavily on influencers for advertising their products. Customers sometimes prefer to see natural, ordinary people in the ads over influencers. Therefore, using everyday consumers to showcase the products would add more credibility and trust (Syawaluddin & Erwin, 2019).

Therefore, Sephora can create a new consumer experience that facilitates more trust and credibility in a few different ways. First, Sephora can launch a user-generated content section in the Beauty Insider Program where it showcases photos and videos about everyday women using Sephora's products. Also, user-generated content can be linked to the product pages where the user would be allowed to see the actual shade of the product on an ordinary customer. For instance, if the shopper is on a product page for a foundation, and if someone has uploaded a picture using it, the shopper would be able to click the image and see what the product actually looks like. This new customer experience will build trust and credibility around online shopping, while also driving useful content for Sephora.

Furthermore, there can be a customer experience campaign encouraging this kind of sharing. The core messaging for the campaign could be focusing on the theme of "There's a better way to beauty," by being positioned around empowering women who are able to find

makeup products that truly suit their tone, style, and characteristics. It will also encourage people to share real-life images of the products in use to help support other women. So, with more customers willing to share their experience, the Beauty Insider Program would become a popular online community for them to interact with Sephora.

### **Engaging the Beauty Customer**

Creating positive customer experience plays an important role in their success, but innovatively engaging customers is also significant, which is why Sephora has strong customer engagement by building an emotional interaction between itself and consumers (Weinand, 2017; Swinscoe, 2016). Also, in addition to the open space, helpful interactive mobile apps, and in-store samples, the retailer engages its customers by helping them find appropriate products and by providing the right content (Milnes, 2016).

Furthermore, Sephora knows customer loyalty rises with individualized attention, so it takes advantage of social media, a platform customers can ask questions or provide feedback. The retailer focuses on instant responses on social media, which satisfies the customers by making them feel heard (Parisi, n.d.). By providing individual attention, customers are encouraged to purchase products, and brand loyalty is built (Steward, 2018). Essentially, Sephora can engage more customers due to the intense interactions between the brand and its consumers.

Furthermore, Sephora became famous and popular by applying influencer marketing. So the retailer uses both celebrity endorsements and content-driven strategies, such as *#SephoraSquad* (Robin, 2019). With influencer marketing and *#SephoraSquad*, Sephora reaches diverse audiences as the influencers are from all over the world, and their followers are from different places as well (Izea, 2019).

Nevertheless, Sephora has been struggling slightly with its engagement strategy. For example, the quality of rewards coupled with poorly handled announcement hurts Sephora's engagement (Danicki, 2017). Meanwhile, to attract more customers, Ulta Beauty, which offers a mix of prestige and less expensive brands, has its own attractive and less complicated rewards programs, which customers believe Ulta is better than Sephora (Danicki, 2017).

### **The Encroachment of Ulta Beauty**

Ulta is approaching more customers by applying innovative ideas and focusing on digital technology. The retailer built a "digital innovation ecosystem" to leverage its ability to know the consumer better and to actively connect with them (Grill-Goodman, 2018). What's more, Ulta emphasizes personalization, and, in 2019, it partnered with Google Clouds to power personalization and to engage consumers by organizing, analyzing, and transforming consumers' data into valuable insights (Loeb, 2019; Retail Touchpoints, 2019). Also, Ulta created an atmosphere where consumers feel comfortable and welcomed by providing personal recommendations and advice for encouraging more shopping (Danziger, 2019). Nevertheless, the way Ulta Beauty truly differentiated itself was by introducing more independent brands, such as Morphe, Kylie, and Revolution Beauty, to attract a younger customer base (Loeb, 2019).

### **The Encroachment of Macy's**

Macy's has been struggling with its engagement strategy. Before the renovation, Macy's traditional retail format, the counter design, and the high price of products caused consumers to feel less engaged and distant (Salpini, 2018). Thus, Macy's tends to attract customers who can afford luxury cosmetic brands.

However, Macy's is now trying to improve its beauty marketing strategy. The department

store is not only creating a more open environment, but it is also attempting to provide the best brands, services, and experiences for customers (Howland, 2018). What's more, Macy's has added digital technology, such as mirror kiosks, and online campaign, like Deeper Beauty, to attract a larger audience (Howland, 2018).

### **New Customer Engagement Strategy**

First, compared to Ulta, Sephora has fewer in-store brands (Tyler, 2018). Ulta carries more than 500 brands because it carries both luxury and drugstore brands plus a full line of hair-care products and tools (Tyler, 2018). Meanwhile, Sephora provides products that are usually at higher prices (Tyler, 2018). So, to meet more customers' needs, Sephora can introduce a wider range products and brands at more attainable prices. Introducing these new products and brands will cause the retailer to be the primary location for buying cosmetics, skincare, and fragrances, and for reaching younger consumers, who do not have a lot of money.

Second, Sephora can try to focus on helping customers by providing more specific help to beginners. For those consumers who have little to no experience with makeup, Sephora can launch an education section, in their app, that teaching customers how to apply makeup according to different occasions, places, and outfits. For example, the section can show consumers a few appropriate makeup options with detailed steps. In addition, within this educational section on the app, customers can upload pictures of their makeup and outfit, or videos about the application process plus other consumers can use these posts to learn from. Moreover, by tagging products they use, people can know which products to use.

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