

# SEPHORA

## How Sephora Integrates Physical Retail With Its Digital Marketing Strategy

**Sephora**, the cosmetics retailer, has long been a pioneer in creating and cultivating a strong community of customers both online and offline, often coordinating its approach on one channel to drive results in another.

Today, consumers have the option to purchase items online with the same or even greater convenience than if they were to visit a bricks and mortar store. In the omni-channel retail space, they can also readily use a combination of physical and virtual moves to get the things they want: investigating prices and products online before going to a retail outlet, or visiting a local store to browse before purchasing from a web app or site.

Due to behavior like this, **Sephora's current marketing strategy** is focused on blending online and in-store experiences, and promoting brand engagement via social, mobile and web platforms.

Many organizations are adopting an omni-channel approach, but what makes Sephora's strategy different from others in the retail cosmetics sector is the unique way that the retailer incorporates data into its omni-channel marketing components.

## Sephora Uses Shopper Data to Integrate the Retail and Mobile Experiences

Founded in France by Dominique Mandonnaud in 1970, Sephora is owned by LVMH Moët Hennessy Louis Vuitton, the world's leading luxury goods group, and has earned the reputation as a trailblazer in the beauty industry through its expertise, innovation, and entrepreneurial spirit. From market research, Sephora discovered

that customers routinely use their personal smartphones when shopping at the retailer's brick-and-mortar locations. It was found that these shoppers were often searching for outside recommendations, product reviews or better prices on the products they were considering purchasing in-store.

This behavior is typical of the Digital Age consumer, who now expects the power to choose for him or herself the ideal balance between physical and virtual components of the buying process. Many consumers appreciate organizations that take the time to create channels where physical retail can merge with the online experience.

The ability to buy products online and pick them up in-store is one example, together with similar scenarios such as buy in-store ship to home.

Options like this produce customer satisfaction, which translates into increased sales, and customer loyalty.

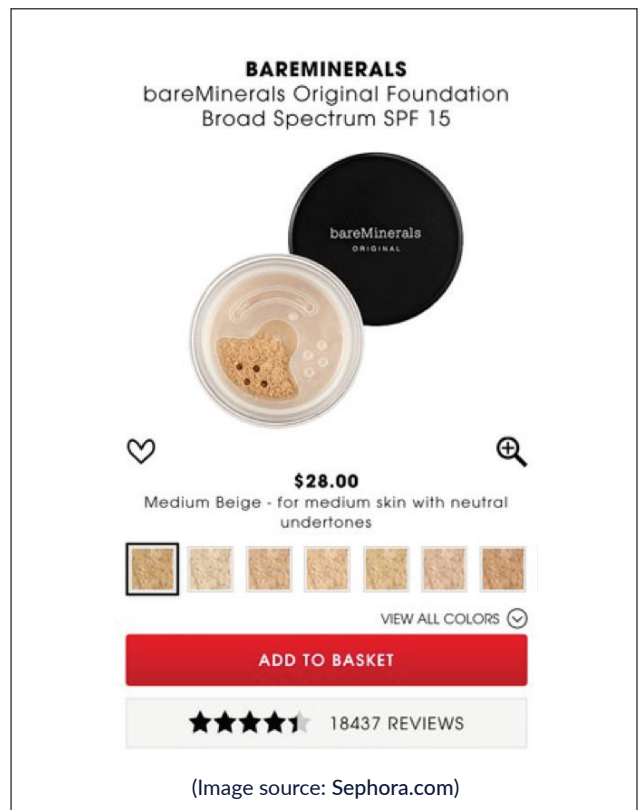
By noting the habits of in-store shoppers and addressing their needs, Sephora is able to enhance the shopping experience for customers both in-store and online. One of their principal vehicles for doing so is a dedicated mobile app.

## The Sephora Mobile Ecosystem

Sephora has pioneered the use of mobile in beauty, and more than five years ago was one of the first retailers to launch a mobile site offering product ratings and reviews. This has since evolved into a fully featured mobile commerce site, accessible to smartphone users on all platforms. Customers on the mobile site can shop, see product ratings, reviews, or information, and access their past purchases - a real plus, if they're just looking to quickly reorder something.

For shoppers on the street, Sephora's research discovered that consumers with smartphones were often searching for outside recommendations, product reviews, or better prices on the products they were considering purchasing in-store. Armed with this data, Sephora developed **the Sephora mobile app**, which focuses on providing shoppers with a mobile experience that caters to their needs.

The app is designed to emulate the knowledge of a personal shopping assistant or a Sephora sales associate, so it provides product recommendations, reviews, and pricing information in a simple format which makes it easy for a customer to purchase products. Scanning capability is built-in, providing users with instant access to information or prices, and easing transactions.



Sephora mobile app users can shop anytime, anywhere, and easily navigate the entire Sephora collection from a single screen. The software offers an exclusive selection of App-Only Specials, featuring access to previews and promotions that you won't find anywhere else but the Sephora app.

There's a Daily Content section, in which Sephora contributors provide inspiring new looks, product stories, tips, and other offerings. Customers who aren't in-store can receive push notifications detailing the latest news and opportunities.

The software also acts as a booking service, for reservations at the Sephora Beauty Studio, and serves as a digital purse for holding a shopper's past purchases and Beauty insider card (denoting membership of the Sephora customer loyalty program), as they browse through the aisles.

## Building on the Mobile Foundation

The Sephora to Go app was initially restricted to users of Apple's iOS mobile operating system - the rationale being that most customers at the time were accessing Sephora's mobile offerings from an iPhone or iPad. But with advances in technology and the evolution of the global ecosystem, the app is now available for both of the major mobile platforms, iOS and Android.

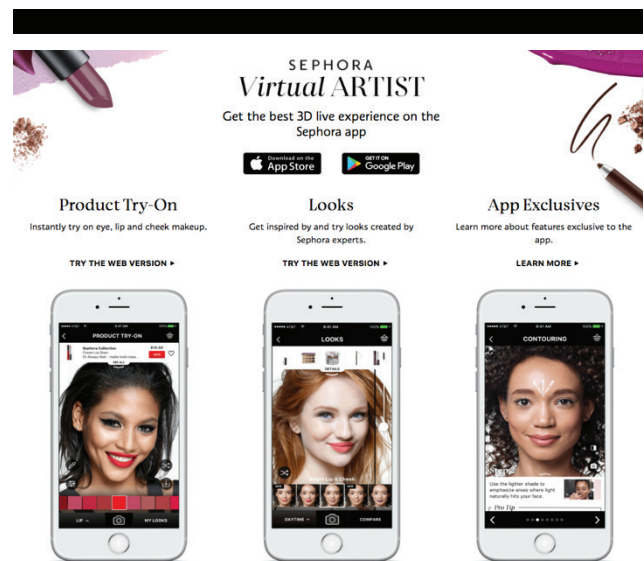
Keeping pace with the times is critical to the evolution of Sephora as an organization. Innovation has always been a core component of the Sephora DNA, and in 2015 the company opened its Sephora Innovation Lab in San Francisco's Dogpatch district.

The Innovation Lab focuses on fun ways to play with beauty like Sephojis emoticons, opening new lines of client communication with chatbots, and fostering creative talent across the entire organization through Sephora's unique Think Tank program and Hackathons.

"Try Before You Buy" is a longstanding tradition in retail circles, with giveaways, samples, and makeovers a particular variant familiar to beauty shoppers worldwide. The Sephora Innovation Lab has developed a fun twist on these principles, in the form of Sephora Virtual Artist, one of the tools available in the organization's mobile app.

**Sephora Virtual Artist** is an artificial intelligence (AI) feature, which uses facial recognition technology to allow customers to virtually try on

makeup products. The app can then either send customers to purchase the products online, or tell them where they can be found in a store.



(image source: SephoraVirtualArtist.com)

The virtual makeover tool is just one of the ways that Sephora's Innovation Lab is achieving its aim to aid clients in easily navigating the beauty world to find the right products. Sephora has also been reaching out on social media to bring Sephora's unique expertise to its consumers, whenever and wherever they want. A two-way dialogue is encouraged, to assist Sephora in continuing to innovate in the mobile space, based on feedback from its customer base.

# Integrating Digital and Physical Retail Teams

Sephora's capacity to enhance the shopping experience for customers at its physical and virtual outlets received a boost in October 2017, when the company merged its digital and physical retail teams. This decision was both a strategic one, and a sign of the times, as Sephora had to realign itself in accordance with today's multi-channel shoppers.

Sephora brought in-store and digital under one roof, along with customer service, changing the organization's approach and attitude to sales metrics, engagements, and experiences across channels.

By combining the teams, Sephora has been able to rebuild customer profiles to include 360-degree data tracking the entire customer journey from online browsing and purchasing, to in-store interactions with sales representatives, and over-the-counter sales. The result is that Sephora can now trace customers' precise offline and online behaviors in the lead-up to a sale.

The move is a win for both channels, enabling Sephora to become more aligned, and able to move faster across in-store, online and mobile strategies.

## Sephora Gathers Marketing Data to Emphasize Customer Experience

Most companies are still struggling to improve customer experience (CX), and measure it in a meaningful way. But by making a quantitative link between customer behavior and business outcomes, organizations can avoid the pitfalls of using gut instinct or subjective judgment to prioritize their decisions.

An added benefit of their mobile app is that Sephora can collect more information about audience habits through the data that shoppers provide while using it, which helps the brand influence future purchasing decisions.

One of Sephora's key goals is to focus on creating a quality experience for each individual shopper, regardless of where they shop. In order to accomplish this, Sephora uses data gathered from their customers' shopping habits to design informative marketing content that is both helpful to a wide segment of their audience, and personalized to an individual shopper's needs.

One way that Sephora gathers this information is by analyzing the actions that a shopper takes after being presented with a product page. The choices a shopper makes help Sephora identify the customer's intentions and design a more **personalized user experience**, which accounts for whether the shopper is researching and comparing products, planning a purchase for later, or ready to purchase a product immediately.

For example, a shopper who adds a product to their basket could intend to make an online purchase, whereas a shopper who searches for a local store may intend to make a purchase in a physical location. In either instance, these two shoppers are on different paths to making a purchase from Sephora, and each will likely have a unique experience.

# Harnessing The Power of Analytics

Analyzing the customer journey allows businesses to tie customer experiences to revenue, profitability, and other hard metrics that can form the basis of actionable strategy and decision-making. But in order to quantify customer experience, you first need to create a single, 360-degree view of the consumer, as she interacts with your brand across channels and over time.

In November 2017, Sephora began harnessing the power of **Google Analytics 360 Suite** to better understand the purchase journey when customers view a Sephora ad online or on mobile, but make a purchase in a store.

The free standard version of Google Analytics Standard is subject to sampling when your Google Analytics property exceeds 500,000 sessions, within the date range you are using. Sampled data in Google Analytics can be very unreliable, but Google Analytics 360 offers enterprises greater accuracy by allowing reports to contain as many as 100 million sessions before sampling is conducted. And for companies with data split across multiple Google Analytics properties, the 360 Suite enables subscribers to create a roll up reporting property where they can send data from multiple Google Analytics properties, to get a more holistic view of performance.

Sephora operates over 2,500 stores in 32 countries worldwide, with an expanding base of over 460 stores across the Americas. So a wider-ranging analytics solution was definitely their preferred choice. The brand worked with Google to integrate data across online transactions and in-store purchases.

“We decided to start sending our offline purchases to our Analytics 360 account to connect these purchases to existing journeys,” **said** former Head of Data at Sephora SEA **Adrien Eudes**. “This illuminated which online research pathways finally led to a sale, whether online or offline.”



Video source: [YouTube.com](https://www.youtube.com)

From the data they gathered, Sephora saw that 70% of customers who visited the retailer's website before heading to a store to make a purchase did so within 24 hours - and that more than half of those website visitors were on mobile.

This allowed Sephora to gain a better view of the customer journey, and also to assess the impact of its digital marketing efforts - namely, that online advertising was driving in-store purchases. In fact, when in-store sales were included in the path to purchase, Sephora saw a 3.9x higher return on ad spend (ROAS), and a 3x increase in conversion rates from its digital ads. What's more, the retailer found that if customers visited the Sephora website less than one day prior to purchase, there was a 13% uplift in their in-store order values on average.

# Sephora Uses Data to Build Customer Confidence and Influence Sales

Customer journeys are at the heart of customer experience, as consumers interact with brands across various touch points, channels, and over time. Only by looking at a customer journey in its entirety across all channels and over time can real pain points be brought to light - and with them, the opportunities for positive change.

Through product reviews and customer feedback, Sephora realized that a common pain point for consumers was purchasing a cosmetic product that wasn't the right fit, which caused unwanted frustration for shoppers.

To help solve this problem, Sephora creates **online content** to educate shoppers on their way to making a better purchase decision - and to help them feel confident with their selections. Further educational content is available on Sephora's website and mobile app, as well as the company's catalog.

In every store, clients can unlock their beauty potential at Sephora's Beauty, Skincare and Fragrance Studios through intuitive technology and guidance from the most knowledgeable and professional team of product consultants in the beauty industry.

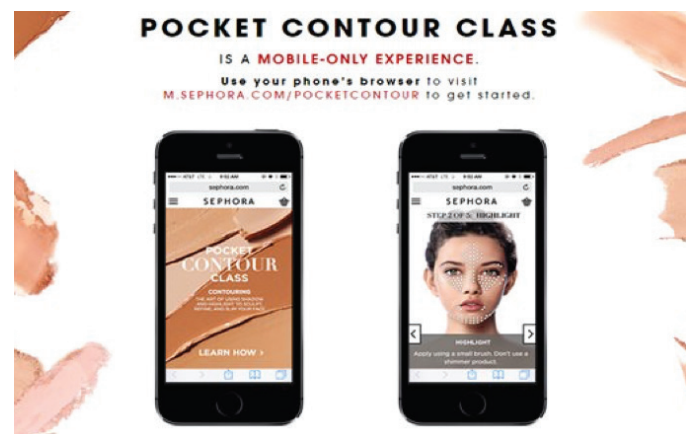
In 2007, Sephora launched a client loyalty program - Beauty Insider - to offer clients exclusive benefits and rewards. The Beauty Insider program is available in Sephora stores nationwide and at [www.sephora.com](http://www.sephora.com). In 2009, Sephora launched VIB. (Very Important Beauty Insider), and added Rouge, in 2013. These two premium levels for Beauty Insider give clients access to even more exclusive gifts, event invitations, and early access to select products.

## Sephora's Pocket Contour Class

For many buyers, contouring is the one beauty technique that requires a full-on instruction manual - and even then, it's hard to get right.

As part of its efforts to boost customer confidence and steer buyers towards better purchasing decisions, Sephora's **Pocket Contour Class** offers tips on how to properly apply Sephora products, and can recommend which products are right for a variety of skin tones.

For the Pocket Contour Class, Sephora created a digital guide based on face shape. To use it, you just upload a photograph of yourself to the mobile website, where the free Pocket Contour app determines your face shape. It then walks you through how and where you should place bronzer and highlighter for that perfectly chiseled look.



(Image source: [SephoraContour.com](http://SephoraContour.com))



# Using Video Content to Educate Consumers

Besides increasing conversion rates and leading directly to sales, video content has the potential to engage, educate, and entertain. Effective marketing videos which present your products or services in an accessible form have the power to foster trust and customer loyalty, as well.

Sephora is big on video content, knowing that the vast majority of beauty shoppers turn to the likes of YouTube for reviews and tutorials, before committing to a purchase. The retailer has been increasing its video output significantly over the past couple of years - from 250 videos in 2016, to **over 600 in 2017**.

## Harnessing The Power of Influencers

**Influencer marketing** - which includes brand ambassadors and micro-influencers such as **Snapchat takeovers, YouTube beauty videos, and Instagram campaigns** - can reap significant rewards for organizations that use it effectively. Utilizing its power, Sephora embraces a multi-channel video and visual marketing strategy that connects with audiences on the platforms they use most.



(Image source: growthrocks.com)

**“We’ve always been a playful environment, it’s one of the disruptive initiatives that Sephora brought to the market, broke the glass camera and really created an unbiased beauty experience,” said President and CEO of Americas at Sephora, Calvin McDonald. “As more and more clients were shopping online, we really challenged ourselves in how do we bring that differentiation of play out of the store and onto the phone.”**

## Some Lessons to Take Away

Sephora's revolutionary beauty-retail concept is defined by its unique, open-sell environment with an ever-increasing assortment of products from carefully curated brands, featuring indie darlings, emerging favorites, trusted classics, and Sephora's own, SEPHORA COLLECTION.

Today, Sephora is not only the leading retailer of perfume and cosmetics stores in France, but also a powerful beauty presence in countries around the world thanks to its unparalleled assortment of prestige products in every category, unbiased service from experts, interactive shopping environment, and innovation.

Launched in the US in 1999 and Canada in 2003, Sephora.com - the foremost prestige beauty site on the internet - is also Sephora's largest North American store, and a venue where clients can engage with an inclusive beauty community on Sephora's award-winning Beauty Board, and interactive Beauty Talk.

The success of the company's approach to integrating its retail and digital marketing strategies contains valuable lessons for others in the retail sphere.

When integrating your retail offerings with your online marketing efforts, embrace personalization and empower your customers with the tools and information they require to feel confident in their decision to make a purchase. Look to solve any customer pain points, and help ease any friction they may have with buying your products.

Keep your audience's needs top-of-mind, and gather relevant consumer information to stay ahead of trends. This can help you make better data-driven marketing decisions moving forward.

## Final Thoughts

By building customer confidence through product education and addressing the needs of shoppers, Sephora influences more qualified sales while providing a better online and in-store experience. It's through these data-driven decisions that Sephora has continued to stay a dominant leader in the retail marketing space for the past decade



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