

MOBILE

How Sephora pairs individual, loyalty data to optimize segmentation

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Sephora perfects the art of digital disruption

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PALM DESERT, CA – A Sephora executive at eTail West 2016 discussed the beauty brand’s focus on collecting individual customer data in addition to data gleaned from its loyalty program as it ramps up to drive sales among frequent and first-time customers.

During the Feb. 23 kick-off session, “Retail’s Future Vision: Using Data To Innovate The Customer Experience (It’s All About Mobile, Social And In-Store),” the executive revealed Sephora’s use of data collected from its several loyalty levels, and also highlighted the beauty giant’s dedication to connected innovation. All of its digital offerings, including the new Virtual Artist mobile application, contain a heavy commerce angle, enabling long-time fans and first-time customers to buy featured products with just a few taps.

“[Data] is kind of a currency to us,” said Angel Singh, director of product analytics and optimization at [Sephora](#). “We have a lot of data on our clients and we’re trying to figure out how to leverage it.”

Sephora is owned by French luxury conglomerate LVMH.

Building an optimization culture

Sephora is currently dipping its toes into big data visualization, with the help of new technologies that simplify processes for the brand's business units. Data is imperative when it comes to pinpointing how best to target consumers, since many of them complete shopping journeys across multiple devices.

"When we think about our clients, we know that they don't just go into the store and buy something," Ms. Singh said. "There is a journey."

Twenty-three percent of shoppers compare prices on mobile while standing in-store and before going to a bricks-and-mortar location. Additionally, 24 percent engage with a retail app each week, leaving a prime opportunity for marketers to connect with loyal customers.

Sephora has extended its omnichannel reach to include optimized emails, a new subscription box, a mobile app and mobile Web site.

The brand also offers a popular loyalty program, Beauty Insider, which rewards users with points for each dollar spent. Points can then be redeemed for sample-size products.

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Sephora app users can access their available Beauty Insider points

Sephora has started to segment customers belonging to the Beauty Insider program, which has proven to be effective. Loyal clients generally make up 20 percent of its core customer base, and spend the most. They are also the most active on social media.

Social media properties are another avenue from which the beauty retailer garners valuable consumer information.

Sephora is focusing on digging up real-time data, which has previously proven to be a trickier process due to silos. Having access to individual data would help the brand – as well as in-store associates – give shoppers a personalized experience based on their skin types, beauty regimes and past purchases.

“We want to recognize everybody,” Ms. Singh said.

This one-to-one client analysis is part of the retailer’s commitment to building a data culture and undergoing data democratization. While targeting loyal customers is an effective strategy, Sephora also hopes to market to consumers who may not have previously made a purchase, but have tried on beauty products.

Meshing physical with digital

Sephora’s digital offerings also help optimize the in-store experience for cosmetics fans. Consumers appreciate walking into a bricks-and-mortar location and having the sales associate offer products they have been searching for on their personal devices.

“When you go into a store, there are a lot of products and you don’t necessarily know which product is right for you,” Ms. Singh said. “[Shoppers] want it to be less confusing and they want some help in that regard.”

These issues prompted the retailer to delve further into connected innovation. In San Francisco, Sephora introduced its Store of the Future, which features a learning table with makeup tutorial videos playing on tablets. All of the showcased products are available on the table as well.

Sephora's Virtual Artist feature

Meanwhile, various mobile offerings help consumers locate the right products for their skin shade.

In a reflection of augmented reality's growing role in beauty, Sephora brought the technology to a wide audience via a new app feature, titled Virtual Artist, that allows users to virtually try on different lip shades ([see story](#)).

"We don't build for innovation, we build because our clients want it and want to use it," Ms. Singh said. "Sephora is known for digital disruption. We're meshing really great innovative ideas with all the great data we have on our clients."

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