

MARKETING

Sephora, Nordstrom lead in personalization rankings

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Sephora creates targeted experiences for each of its shoppers. Image credit: Sephora

By SARAH JONES

Beauty retailer Sephora's loyalty program, targeted emails and omnichannel experience have helped it earn top marks in a new personalization report.

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Sailthru's Retail Personalization Index, which lists the leading 100 brands at personalization, found that those who excel are finding ways to engage consumers both on individual channels and across digital, mobile and in-store. Besides driving engagement, personalization has an impact on a retailer's bottom line, with retailers who personalize typically seeing two to three times the sales growth compared to those who do not.

"Sephora earned the top spot in the index for the third year in a row with a perfect mobile score and a near perfect Web site score," said Jason Grunberg, vice president of marketing at **Sailthru**. "While so many other organizations are working to perfect in-channel personalization, Sephora is well beyond that stage of their personalization implementation the beauty giant is most heavily investing in personalization across channels to create a fully seamless, relevant experience for customers regardless of where and how they prefer to explore and transact.

"The organization continuously invests in personalization, approaching it as a business strategy rather than a set of tactics," he said. "And Sephora moves quickly, enabled by a modern organizational design that has both store and digital on the same team rather than as competing forces as with so many large enterprises."

The **Sailthru Retail Personalization Index** is based on an evaluation of 250 retailers, as well as a survey of 1,500 consumers.

Personalization performance

This marks Sephora's third year at the top of Sailthru's index. The retailer's omnichannel experience caters to its Beauty Insider community of loyal shoppers.

The customer profiles are used across both digital and bricks-and-mortar, creating a cohesive experience regardless of channel. In-store, Sephora leverages technology to match consumers' skin tones to makeup shades.

Through the Beauty Insider program, Sephora sends shoppers targeted emails and notifications when items come

back in stock or reminders to complete a purchase in an abandoned cart. In return for loyalty, shoppers are rewarded with gifts and other offers.

Following Sephora on the index is Nordstrom, which climbed six spots from the eight position last year. Nordstrom personalizes its email communications with the shoppers' name and information from their Nordy Club loyalty account, such as their points.

The Nordy Club launched last fall

When shopping online, consumers are shown additional product suggestions. In-stores, Nordstrom uses location-based technology to enhance the shopping experience.

Third on the list is Rent the Runway, which Sailthru says has the most thorough consumer profiles. Similarly to Nordstrom and Sephora, Rent the Runway succeeds at being able to offer a personalized experience regardless of channel.

The rental platform is growing its retail presence, with a store network that now numbers five physical boutiques.

Also ranking high on the list are The RealReal at 14, Matchesfashion at 24 and Saks Fifth Avenue at 25.

The RealReal scored well for its personalized homepages, while Matchesfashion enables consumers to pick and choose their favorite brands to get tailored communications. Saks uses trending searches to update its Web site experience, and it has digital personal shoppers.



Hey

If it's a back-to-work kinda day, a new bag might see you through.



Photograph Michal Thomas

Matchesfashion's Style Daily chat-style editorial services up product suggestions. Image credit: Matchesfashion

Among the top 25 brands, 88 percent have personalized product recommendations on their sites, and 96 percent suggest targeted merchandise via emails. Eighty-four percent of the top brands also use push notifications on mobile.

In comparison, less than a quarter of brands outside the top 100 use these tactics.

Despite the significant data at its disposal, Amazon ranked 56th on the list. While the retail giant's Web site earned strong scores, its other channels got lower evaluations.

Net-A-Porter, Este Lauder, Neiman Marcus and Barneys New York also made the top 100.

Rewards and retail

Loyalty program members are more drawn to program experience rather than end rewards, reflecting the overall shift of consumers favoring unique services instead of material objects.

According to Bond Brand Loyalty's 9th Annual Loyalty Report, rewards only account for a quarter of loyalty member satisfaction. Nordstrom's Nordy Club and Hilton Worldwide's Hilton Honors are among top loyalty programs based on overall member satisfaction.

As consumers share more personal data with brands and loyalty programs, their expectations for personalization increase. Only 20 percent of members are satisfied with the level of personalization from participating loyalty programs ([see story](#)).

Personalization in a bricks-and-mortar experience has become just as important as it is in digital, and with mass consumers expecting an elevated individualized experience, luxury brands need to work harder at delivering customized retail.

A survey from Boston Retail Partners shows that 79 percent of consumers believe that a personalized experience from a sales associate is an important driving factor in deciding where to shop. More than half of all retailers are focusing on personalization within stores for 2019, making it more important for luxury brands to heighten their customer service ([see story](#)).

"Brands and consumers have goals that are often opposing forces," Mr. Grunberg said. "For the brand, it's all about revenue.

"For the consumer, it's all about getting what she wants," he said. "What she wants is most likely not an email every day, on top of push notifications while taking 10 clicks to get to what she wants on the site, and then going into store to be treated like she's just like everyone else when she's a repeat buyer.

"While so many brands say that they are focused on customer experience, the need to meet quarterly targets often drives activity that is counter to offering a high quality, omnichannel experience," he said. "Personalization is important because it is one of the strategies that brings brand and consumer priorities into alignment, enabling brands to meet revenue goals while improving the customer's ability to get what she wants when she wants it."