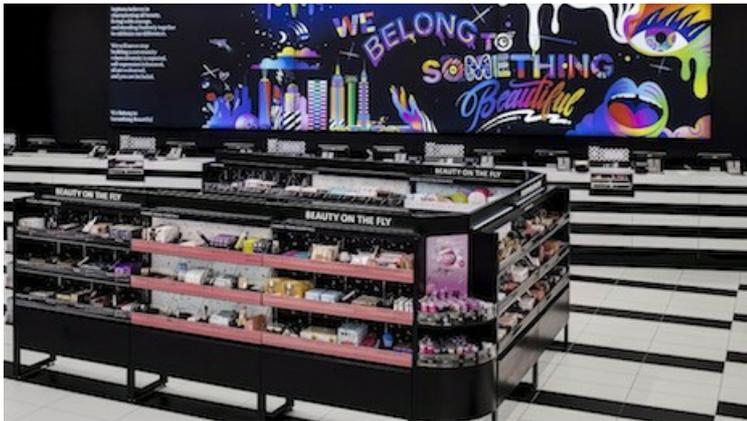


RETAIL

Sephora's already-great Beauty Insider loyalty program is getting even better

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Sephora's store in New York's Times Square. Image credit: Sephora

By [Pamela N. Danziger](#)

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Look at most any list of the top retail brand loyalty programs and [Sephora's Beauty Insider](#) typically is on it.

[Business Insider](#) calls it out for offering members access to beauty classes, special promotions, exclusive sets and extending extra perks through credit cards.

[Shopify](#) highlights the program's flexibility that gives members access to discounts to its luxury brand offerings without cheapening the perceived value of those brands.

And [SailThru](#) ranks Sephora No. 1 in beauty and health in its personalization index due to its three-tiered system of rewards that cater to customers' special interests, plus its "generous free gifts at every turn."

So when I heard that Sephora, one of LVMH's specialty retail houses, is taking its Beauty Insider to an even higher level this year, I wanted to learn how Sephora could make its already great program even greater. Allegra Stanley, Sephora's vice president and general manager of loyalty, had the answer.

It starts with a fierce loyalty to the customer and from that, customers' fierce loyalty to Sephora results.

"The way we think about loyalty is that our clients are the core of everything we do," Ms. Stanley said.

"We are driven by what our customers love and want more of," she said. "So it's not about what their loyalty demonstrates to us, but what we can deliver to our clients that creates the most meaningful and connected experience with our brands."

Looking across the retail loyalty landscape, Ms. Stanley sees most programs focused on transactional loyalty, doing whatever it takes to make the next sale, which usually hinges on a discount.

But for Sephora, the Beauty Insider program is designed to leverage emotional drivers of loyalty.

"Research has found that almost 75 percent of what drives customer engagement and loyalty are emotional perks," Ms. Stanley said. "Now more than ever customers, especially the younger generations, decide to engage with brands

based on emotional loyalty drivers."

These emotional drivers include happiness, trust, surprise and delight, anticipation and, especially in the luxury realm, pride.

"We believe these emotional rewards are the new currency of loyalty," Ms. Stanley said, adding that its program will always have a transactional component as well.

"The right balance of transactional and emotional is required," she said, but Sephora's Beauty Insider program is more heavily weighted to the emotional side.

Evolution of Beauty Insider

Initially launched in 2007, the free Beauty Insider program was designed to reward members for purchases with select product samples.

At the time, Ms. Stanley said, it was innovative and unique because it gave clients access to luxury beauty products and brands of which they normally would not have been aware.

Widely successful, the program was extended in 2009 to include a higher tier called VIB Very Important Beauty Insider for the most highly engaged members who spent more than \$350 per year. VIB offered extra rewards for their higher level of engagement.

In 2013 a third tier called Rouge was added for the highest of the high spenders at \$1,000 or more per year. It gave first access to new products, limited editions and invitations to special events.

An exclusive Rewards Bazaar was added in 2016 as an exchange platform where members could redeem points for a wide range of curated products and sets.

Leaning into emotions

Throughout its first nine years, Beauty Insider was more heavily weighted to transactional loyalty shored up with emotional rewards, such as the honor of becoming a VIB or Rouge member or engaging in special events.

Then in 2017 it made the shift to lean into the emotional drivers of loyalty with the launch of its online Beauty Insider Community.

"As we learned more about our clients, we saw the opportunity for beauty lovers to come together, ask questions, post inspirational beauty looks and get product recommendations, not just from us but for them to share with each other," Ms. Stanley said.

"It's a real-time, real-talk social forum that has become a great resource for them and for us, because we reach out to them quite often about what they think and what they love," she said.

Through 2018 and 2019 the Rewards Bazaar was expanded across more products and categories and a Sephora credit card was added as well.

Taking Beauty Insider to the next level

As Sephora kicks off 2020, it is continuing the evolution of the Beauty Insider program with more savings and more sampling, but more importantly, it is expanding the experiential component of the program.

"The wants and needs of our clients continue to change," Ms. Stanley said. "We are listening to our clients and hearing what is most meaningful to them."

And currently that is experiences that deliver greater emotional and memorable rewards.

Such experiences include a Brow House Call with Jared Bailey, LVMH's Benefit brand spokesperson and resident brow expert; a Francis Ford Coppola Winery tour and wine tasting for two that also comes with a special collection of Sephora items; and a signed copy of *The Rihanna Book*, along with a collection of Rihanna's favorite Fenty beauty products. Fenty Beauty has been an LVMH brand since 2017.

"We want to bring to life personalized experiences where our clients can choose what best suits them," Ms. Stanley said, stressing that the 2020 additions to the program are designed to elevate the emotional drivers of loyalty.

While the enhanced program will offer additional savings, special multiplier events where members can earn extra points for purchases, more sampling choices and special access to exclusive and cutting-edge products, the transactional drivers remain only 27 percent of the holistic measure of customer satisfaction.

Emotional drivers will continue to grow in importance, such as one of Beauty Insiders' "most loved perks," its annual birthday gift, which this year will include options from Briogeo, MILK makeup and Sol De Janeiro brands.

Measuring success

Currently, Beauty Insider boasts 25 million members, and though Ms. Stanley does not reveal the membership at different levels, she did share that a significant amount of sales and growth comes from its top tier \$1,000-plus Rouge members.

The goal of the new benefits to the program is, of course, to add new members, as well as to encourage them to move up in the program.

But, more importantly for Ms. Stanley and her team, is to see engagement and participation growing in all that the program offers.

"Are they redeeming rewards in the Rewards Bazaar? Are they engaging in our community? Are they taking advantage of the experiences?" Ms. Stanley said.

"We measure our success by the level of engagement across all the benefits that we serve up and showcase for our clients," she said.

Understanding that Sephora's clients are on a continuing beauty journey, the Beauty Insider loyalty program is joining them on their journey by staying current and guiding them to the future by identifying future trends.

"What I am most passionate about is our unique experiences," Ms. Stanley said. "They bring to life the emotional component of loyalty, which is so important and really drives the majority of engagement with our clients."



Pam Danziger is president of Unity Marketing

*Pamela N. Danziger is Stevens, PA-based president of **Unity Marketing** and Retail Rescue, cofounder of the American Marketing Group, and a luxury marketing expert. Reach her at pam@unitymarketingonline.com.*

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