

Development of Sephora's Marketing Strategies

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Abstract: Sephora is a global corporation that deals with the production and sale of beauty and personal care products. The company is headquartered in Paris, France, and is owned by Moët Hennessy Louis Vuitton (LVMH) luxury conglomerate. Since its inception, the company has experienced steady growth due to accessing more clients and increased sales. The use of digital marketing strategies such as search marketing, display advertising, social media marketing, and augmented reality plays a significant role in the success of the company. Each of these strategies has contributed to the growth of Sephora as a cosmetics corporation. The company records more online sales than offline sales due to the increase in internet usage and accessibility of online marketplaces. As a company that invests in modern digital marketing strategies, Sephora has effectively positioned itself in the target market and has gained a wide client base with millions of loyal clients who love luxury beauty. An analysis of Sephora's marketing strategy is important to outline how the company has been successful in recent years. We are going to analysis what are the current marketing strategies that Sephora implements in the marketing plans, how have Sephora's marketing strategies evolved over the years and how do the marketing strategies contribute to the general success of Sephora. This research mainly adopts the case study method to analyze the marketing strategy of Sephora. Through our research, we found that Sephora has a good marketing strategy that brings a lot of advantages to their company.

Keywords: Sephora, marketing strategies, digital marketing

1. Introduction

Sephora is a multinational company in the beauty and wellness products industry. The company has developed into a global cosmetic brand with more than 2700 stores in 35 countries globally that sell beauty and personal care products. The success of the company is attributed to the high-quality and unique products that it offers to the market. Additionally, the company has a strong brand presence in countries due to unbiased services, constant innovation, and a range of products in specific categories that meet the needs of the clients. Sephora primarily focuses on creating good relations with clients and ensuring that the clients catch up with the company. Sephora's primary marketing strategy focuses on integrating both online and in-store experiences and using web and app-based platforms to promote brand engagement.

Marketing strategies play influential roles in the planning and decision-making of corporations. A marketing strategy outlines the general plans of a business intended to reach potential clients and make them consumers of the company's commodities [1]. Sephora's marketing strategies have

continuously played an essential role in the success of the company globally. Research implies that an effective marketing strategy focuses on the value proposition of the company that shows clients what the corporation stands for, its operations and why they need to be part of the business [1]. Consequently, marketing teams of corporations such as Sephora develop unique marketing initiatives that match the objectives of the businesses. In most scenarios, the marketing strategies that are outlined in the marketing plan tend to be comprehensive and outline all the necessary details of targeting, accessing, and selling to clients. Continuous research of marketing strategies enables businesses to update their marketing initiatives and meet the current needs of clients. Essentially, developing effective marketing strategies requires constant planning, upgrading, and market research to ensure the success of Sephora.

An analysis of the marketing strategies of Sephora is significant in outlining how the company has become successful over recent years. Particularly, this research explains how the constant implementation of new marketing strategies such as digital marketing has enabled Sephora to increase online sales of merchandise as contrasted to offline sales. Additionally, the research provides an overview of some of the best ways of implementing new technologies in a company in a way that guarantees success. Sephora's success is primarily attributed to the innovative modern marketing strategies and technologies that increase the competitiveness of the brand globally. It is necessary to study Sephora's case since the company is often used as an example of how marketing strategies are significant to the success of a global corporation.

This research primarily used the case study research approach to analyze the marketing strategies of Sephora. The case study research method entails observation and analysis of the case to determine the outcomes and propose suggestions. Sephora's case informs the research approach as the study seeks to explain how the company's marketing strategies have developed and continue to influence the success of the brand. Essentially, this research obtains and analyzes all data regarding Sephora from the company's case and also applies the literature review method to obtain additional information.

2. Case Study

2.1. Sephora's Marketing Mix

Sephora is a global brand in the beauty and wellness industry that sells a wide range of products that meet the needs of clients. Currently, Sephora sells more than 45,000 beauty and wellness products across the world [2]. Some of the products entail skincare, makeup, and beauty products. Additionally, the primary market segment of the company comprises women in the young to middle-age years bracket who mostly belong to the upper-middle and rich classes. Over the years, Sephora has introduced new luxury products that meet the needs of clients who are into luxury beauty. Some of the recent brands that Sephora introduced to the market entail Rare Beauty by Selena Gomez and Fenty Beauty by Rihanna [2]. Such high-quality luxury brands meet the taste of clients who use luxury beauty products. To ensure a quality user experience, Sephora collects marketing data on the clients' habits, reviews, and needs from the mobile app and its website [3]. Consequently, Sephora designs a more personalized user experience from the products and also for the interaction of the clients in the app and web platforms. Such initiatives influence sales and client confidence in the company's products.

The pricing strategy of Sephora significantly influences the purchasing decisions of its global clients. Sephora primarily uses demand-oriented pricing which sets the product prices based on the client's demands [4]. Setting the product prices based on the client demand enables Sephora to sell quality products at high prices especially when demand increases. Thus, the prices increase and decrease based on demand. Additionally, the low overhead costs of the company enable it to provide

competitive pricing plans. Sephora ensures operational efficiency across all its sub-brands to reduce the costs of operating the business. By creating high-quality products at lower costs, Sephora attracts more retailers and clients due to the highly competitive prices. Sephora also offers coupons and official promo codes on the website that attract clients who take advantage of exclusive offers, free products, and incredible deals [2]. Such strategies enable Sephora to sell its products both online and in physical stores.

Sephora is a company that has steadily grown from exclusively selling its products in-store to online sales through digital transformation. Offline sales primarily entail clients visiting the physical stores and purchasing the desired products while online sales entail the networks that facilitate online purchases and distribution of the products [3]. Digital distribution has played an essential role in eliminating the intermediaries that increase the prices of Sephora's products. 52 years ago, Sephora could only sell products in physical stores located in different places and mostly used brokers to sell and distribute the products. However, the current online marketplaces enable Sephora to distribute the products through specialized distributors using a logistics management system [3]. The range of sales has drastically increased as more clients use online marketplaces to purchase the desired products. Clients only need to visit the company's website, select the desired products, make an online purchase and wait for the products to be delivered to their location. Essentially, the online marketplace significantly increases the sales that Sephora makes across the world.

Digital marketing enables Sephora to use effective promotional strategies that attract more clients and increase sales. Digital media is more effective than traditional media since it increases the accessibility to products and services. For example, Google Analytics provides information that enables marketers to configure the clients' profiles and create client-focused messages on online platforms [3]. Sephora extensively uses digital marketing approaches to identify the clients' preferences, demands, and specific needs. Consequently, Sephora has developed promotional strategies entailing public relations, advertising, personalized selling, and sales promotion [4]. The company also uses celebrity endorsements and offers free samples to clients to promote sales. Particularly, the company's website acts as an e-commerce platform with a complete product portfolio for online buyers and shipping services to clients. The primary aim of these promotional strategies is to increase awareness about Sephora and attract new customers. Such strategies also increase customer loyalty and confidence in using the products. Thus, the marketing mix of Sephora largely contributes to its success in the global market.

2.2. Search and Display Advertising

Sephora uses the search advertising approach to place digital ads in the search engine results and influence purchases by clients. The company uses the search engine optimization (SEO) strategy which is a way of improving a company's website to generate traffic and increase its visibility when users search for products or services [5]. Sephora uses SEO marketing to optimize user experience, target the market segments, reach the target audience and improve its credibility. Additionally, the SEO strategies enable the company to obtain information about the clients such as their product tastes, purchasing power, and preferences through Google Analytics to perfectly match the product that the client needs. For example, Sephora has 2,707,849 organic keywords and organic monthly traffic of 23,161,004 visitors which is astounding [6]. Such numbers show that Sephora puts effort into strengthening its position on the Google search engine results page (SERP). Sephora gradually achieves its long-term goals by raising its brand's profile using SEO. Therefore, the search advertising approach enables Sephora to access more clients and use targeted marketing approaches to increase sales and promote its brand.

Sephora uses display advertising on the company's website to direct clients to find the products that they seek. Display advertising entails the use of images, texts, and links to an online page where

users can buy or learn more about the products or services [7]. Sephora mainly uses high-quality images and ads on its website and app that clients can click on and are directed to a landing page that provides more details concerning the products. For example, Sephora's Pantone Universe uses display advertising to direct clients to a site that displays all the colors and tones of makeup products that they can use for beauty [2]. The clients can access products such as lipsticks and Pantone makeup on the site. The website's homepage features high-quality images of a range of products that clients can select and buy, review or obtain additional details. Therefore, the use of high-quality images, ads, and links increase the effectiveness of display advertising in influencing the purchasing decisions of clients.

2.3. Social Media Marketing

Sephora uses social media marketing to create content that resonates with the clients. Specifically, the company focuses on sharing information concerning the products and services on social media platforms entailing Instagram, Facebook, LinkedIn, Twitter, YouTube, Pinterest, and Snapchat. The primary social media marketing strategies focus on having a large audience, posting regular updates, advertising content, and providing links to the advertised products [3]. Sephora has tens of millions of followers across all social media platforms. The company's marketing staff creates and posts content on social media platforms to impress clients and promote an open conversation with the audience. For example, the company posts informative video content on YouTube such as makeup tutorials and also uses the advertising feature on the platform with links that direct clients to the website where they access the products [3]. Sephora also uses Instagram live, Instagram stories, Facebook posts, and Snapchat to post content and cover events. The engaging content attracts the target audience and offers additional details that influence the purchasing decisions of the followers. Using celebrity endorsements on social platforms also boosts product sales.

Sephora uses influencer marketing as a method of generating consumer leads on social media. Influencer marketing entails the partnerships between the company and celebrities or influencers who endorse some of the products and post them on their social media platforms to their unique followers [7]. Since the target market for beauty products entails women, Sephora mostly uses female celebrities in the influencer marketing strategy. Some of the celebrities that Sephora has partnered with include Rihanna, Selena Gomez, and Charlotte Tilbury. These celebrities have huge fan bases and influence their fans to use the luxury products by Sephora. They also enable Sephora to interact with different audiences and generate consumer leads. Obtaining reviews from different fan bases increases the visibility and brand image of Sephora. Such strategies have largely contributed to the growth and success of Sephora globally.

Sephora uses augmented reality (AR) shopping on its website and mobile app to enhance product evaluation and a personalized experience for clients. The company has developed a unique artificial intelligence feature called the Sephora Virtual Artist [2]. The Virtual Artist feature uses facial recognition technology that enables clients to try different makeup products virtually and select the one that best suits them. On the mobile app, the feature can direct clients to the landing page on the company's website where they purchase the selected product. Particularly, this feature helps clients to feel confident in purchasing the desired products after identifying the colors and tones that best suit their faces. The more the clients enjoy trying different products virtually, the more the chances of purchasing and reviewing the products. Most of the clients who have purchased beauty products on Sephora's website have used the virtual artist feature [2]. Since innovation is crucial for the success of the company, the developers constantly make improvements to provide the best experience to the users. Essentially, AR technology boosts sales, and reviews and contributes to the success of the company.

3. Discussion

Sephora's market dominance and operational efficiency has seen various case studies on published. Most of these studies focus on how the company uses different digital technologies and digital marketing strategies to gain a market share and maintain a competitive edge. The case studies also focus on the company's marketing mix and how the company positions its products to relevant market segments in order to maintain a competitive edge and stimulate demand from consumers. The company promotes its products and services aggressively across the globe, and the majority of this spending goes to digital marketing campaigns [8].

Although these case studies highlight the company's current market position and competitive edge, they do not highlight how it uses different digital marketing and communication strategies to improve its market position and also satisfy the needs of internal stakeholders [9]. Having such case studies can help gain a deeper understanding of how the company uses its social media channels to coordinate internal operations that contribute to an excellent consumer experience, especially within online sales channels. For example, there are no case studies of how employees of the company use social marketing platforms to manage social media risks.

There are a few case studies that have been researched intrinsically, focusing on factors that contribute to the unique customer experience that Sephora offers consistently to its customers. An intrinsic case study is one where a researcher observes a phenomenon in its natural environment [10]. One intrinsic case study by CBInsights focused on how Sephora has managed to create a beauty empire while at the same time avoiding the retail apocalypse that saw major retailers shut down operations due to the worsening global economic conditions. The case study focuses on how the company takes advantage of mobile technologies to sell to a younger audience in the beauty and cosmetics markets. The case study also focused on how the company motivates consumers to engage with its brands on social media platforms using user-generated content.

These case studies can be improved by focusing on how employees of the companies use digital technologies to ensure operational efficiency that translates to an improved customer experience. There is a need for qualitative case study methods that utilize different research tools to study the company's use of consumer data to improve the consumer experience. For example, qualitative case studies can implement qualitative inquiry approaches that use interpretive, exploratory, or descriptive questions, or combinations of two or more approaches. Another strategy is to implement comparative case studies where the researcher attempts to compare the user experience of Sephora's customers, for example, across different technological devices and social media platforms. Such studies can help one understand the user experience across different digital platforms based on age segments.

4. Financial Performance

Sephora has maintained a strong financial performance over the last few years, thanks to its consistent and well-funded digital marketing campaigns and launching of stores in more locations within the developed world. In the US, Sephora launched its first studio with more stores being opened in Spain. The company continued with its digital marketing campaigns and this contributed to improved revenue in 2018. However, this performance slowed down in 2020 due to the impact of COVID19 on the global economy (see Fig. 1). With this strategy, Sephora continues to expand its massive global presence and dominate the cosmetics market by depending on its parent company LVMH for financial support.

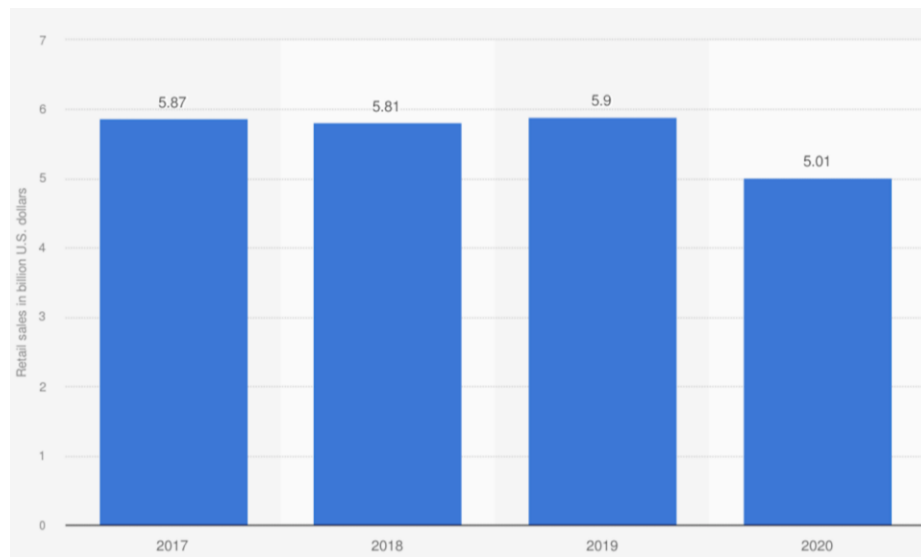


Figure 1: Retail sales of Sephora in the United States from 2017 to 2020 [11].

5. Conclusion

An analysis of Sephora's marketing strategy reveals that the company is well positioned in the beauty and personal care market and has a huge customer base that primarily influences its performance and brand image. Over the recent years, Sephora has experienced a digital transformation by gradually implementing digital marketing strategies such as SEO marketing, display advertising, social media marketing, and the use of AR technology resulting in increased sales and global clients. Additionally, this company has rightly positioned its products in the target market by offering high-quality commodities and selling them using the demand-oriented approach. Investing in online marketing strategies has created huge gains for the company. Online sales are often more than offline sales since more clients can easily access the online marketplace and make transactions through the company's website. The increase in internet usage and the ease of accessing online products attract more clients, resulting in the success of the company. Essentially, Sephora has significantly developed the marketing strategies, but a few suggestions would improve the general efficiency of the strategies.

As a successful company, Sephora needs to consider and implement other measures to improve its operations and ensure profitability. For instance, the company should increase its conversational marketing strategies. It is necessary to increase the number of staff and train them on how to effectively communicate and interact with clients online. Although the company invests in online messenger chat bots, it is crucial to have adequate staff that can directly interact with the clients to offer a more personalized experience. Additionally, Sephora can share its social responsibilities, especially with the online audience. Companies that highlight what they are doing for the community on social media platforms are likely to improve their brand image and gain a positive reputation. Sephora's public relations and marketing team should actively update what the company is doing for communities globally on the online platforms since this approach will attract more clients and ensure corporate social responsibility. Another suggestion is for Sephora to constantly implement new technologies and innovations and assess their value based on the benefits to the company. Technological innovations constantly progress and it is only necessary for Sephora to use the most recent technologies to ensure operational and marketing efficiencies. Therefore, these suggestions will play a significant role in ensuring Sephora's success by improving the marketing strategies, and general operations and maintaining a strong brand in the global beauty and personal care industry.

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