



Sephora


and Sephora.com

EEP 142 Group Project

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 - New Generation of Shopping
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Sephora History

- A concept from France in 1993
- Acquired by Louis Vuitton Moet Hennessey (LVMH) in 1997
- Over 250 brands from skincare, color, fragrance, makeup, bath & body to haircare, in addition to Sephora's own private label
- 515 stores in 14 countries worldwide: 126 stores across North America. Sephora opened its first U.S. store in New York in 1998, and its first Canadian store in Toronto in 2004
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Target Customers

- Women ranging from their teens to their thirties

Brands include:

SHISEIDO

philosophy®

fresh

CLINIQUE

Allergy Tested. 100% Fragrance Free.

benefit
SAN FRANCISCO

FUSION BEAUTY™

LANCÔME
PARIS

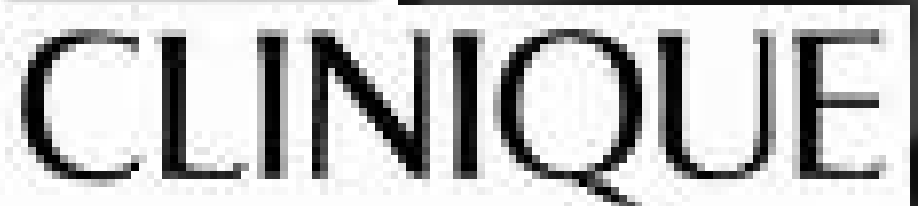
L'OCCITANE

SEPHORA

NARS

Overview of Cosmetics Industry

- Department Store: Macy's
Bloomingdale, Saks Fifth Avenue
- Drugstore: Longs, Walgreen
- Online Cosmetics Boutique



Industry Statistics Sampler

NAICS 446120

Cosmetics, beauty supplies, and perfume stores

Comparative Statistics: 2002 and 1997

Data are in current dollars and have not been adjusted for inflation. Table includes only establishments of firms with payroll. [Introductory text](#) includes scope, methodology, non-sampling error, and confidentiality protection. "% change" rows show percent change between 1997 and 2002.

1997 NAICS code	1997 NAICS Description	Year	Establishments	Sales (\$1,000)	Annual payroll (\$1,000)	Paid employees
446120	Cosmetics, beauty supplies, & perfume stores	2002	10,796	6,281,436	919,109	75,836
		1997	9,014	4,418,998	603,595	46,527
		% change	19.8	42.1	52.3	63.0

Geographic Distribution -- Cosmetics, beauty supplies, and perfume stores: 2002 Data

Geographic Distribution -- Cosmetics, beauty supplies, and perfume stores: 2002

Data for the Retail trade sector are published for the U.S., states, metropolitan areas, counties, places, and ZIP Codes.

See maps in
[Industry
Snapshot](#)

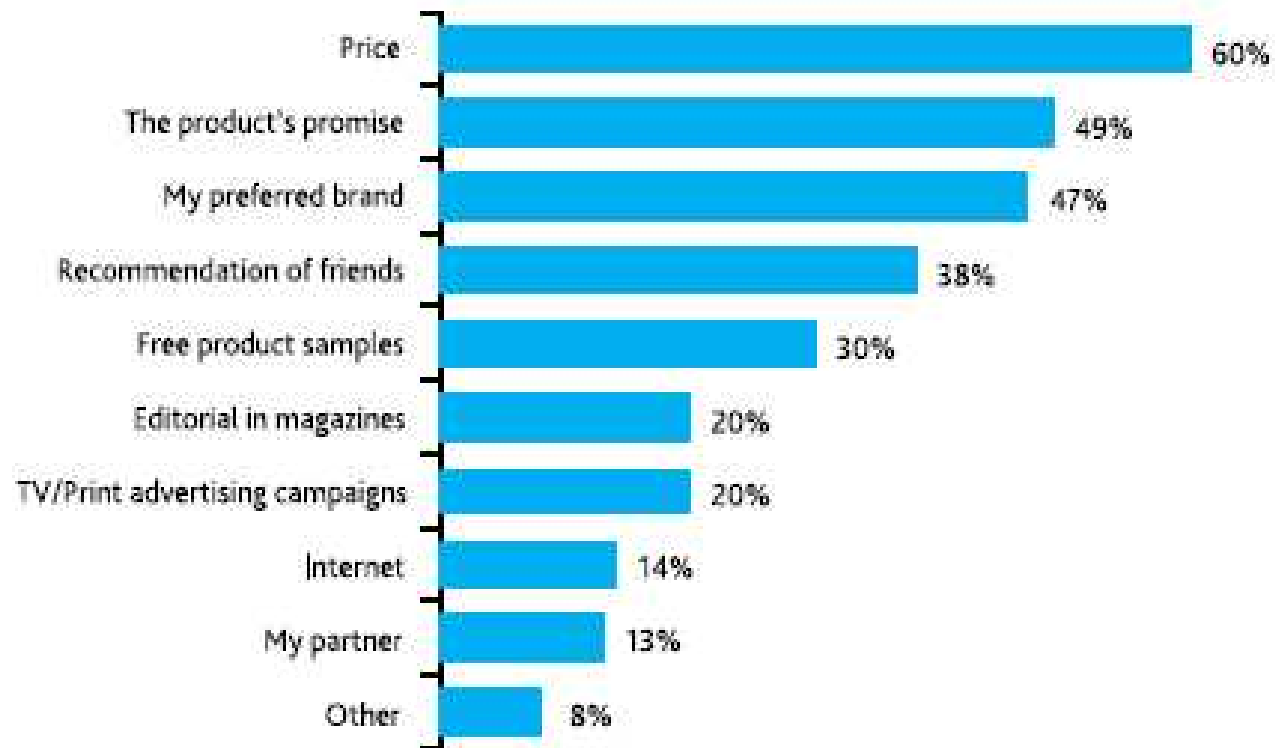


Table includes only establishments of firms with payroll. [Nonemployers](#) are shown above. [Introductory text](#) includes scope, methodology, non-sampling error, and confidentiality protection. For descriptions of column headings and rows (industries), click on the appropriate underlined element in the table.

<u>Other Industries</u>	<u>Description</u>	<u>Estab-lish-ments</u>	<u>Sales (\$1,000)</u>	<u>Sales % of U.S.</u>	<u>Sales per capita (\$)</u>	<u>Annual payroll (\$1,000)</u>	<u>Paid employees</u>
←	United States	10,796	6,281,436	100.00	22	919,109	75,836
←	California	1,392	876,708	13.96	25	130,283	8,876
←	Texas	890	562,134	8.95	26	77,560	6,371
←	New York	775	537,171	8.55	28	78,817	5,063
←	Florida	815	443,473	7.06	27	59,080	4,465
←	Illinois	472	356,122	5.67	28	51,429	4,234
←	Ohio	401	234,985	3.74	21	34,624	2,781

Main Factors on purchase of Cosmetics Products

Global Average: the main influences on purchase of health and beauty products



Base: Those who buy health and beauty products



New Generation of Shopping

- Transition from physical stores to online shopping


For the full year, 2006 online retail spending reached \$102.1 billion, according to comScore, a 24% increase on 2005.

US Retail E-Commerce (excluding travel), 2005 & 2006 (billions and % increase vs. prior year)

2005	\$82.3
2006	\$102.1 (24%)

Note: excludes travel, auctions and large corporate purchases

Source: comScore Networks Inc., January 2007

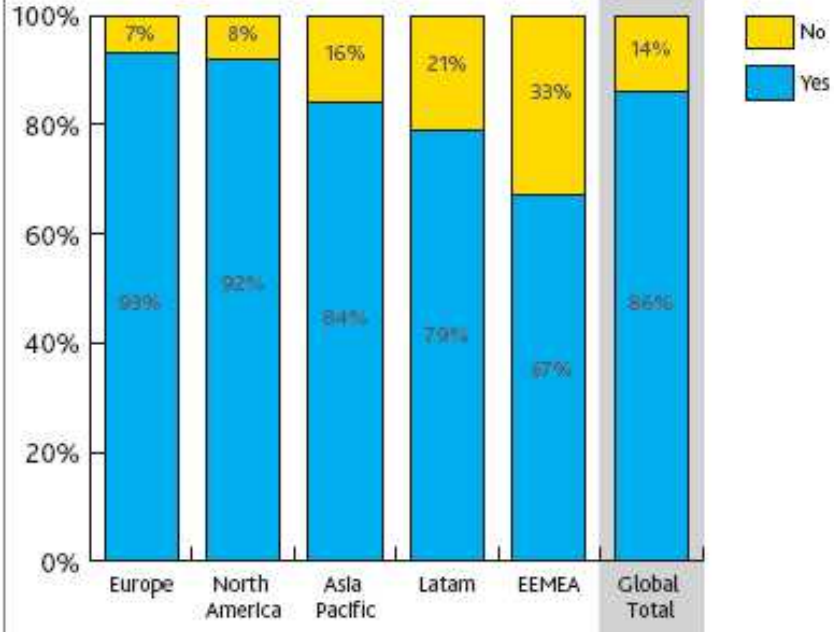


Have you even
made a
purchase online?

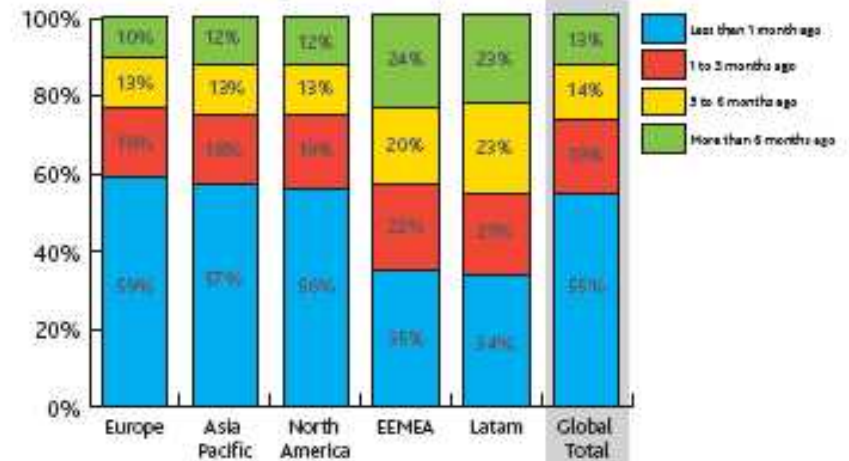
Trend in Online Shopping

Have you ever made a purchase over the Internet?

Global average



When was the last time you made a purchase over the Internet?



(Source: Nielsen Consumer Report Feb. 2008)

Trend in Online Shopping

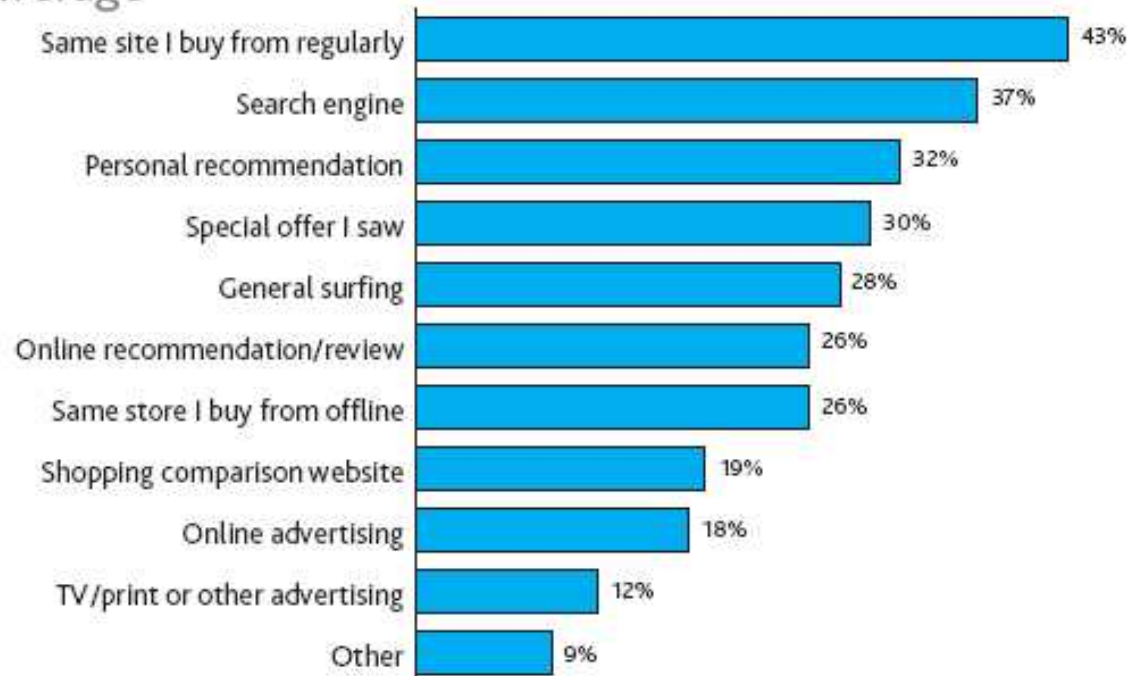
“ The Internet is no longer a niche technology – it is mass media and an utterly integral part of modern life. As our lives become more fractured and cluttered, it isn’t surprising that consumers turn to the unrivalled convenience of the Internet when it comes to researching and buying products. ”

Jonathan Carson, President, International, Nielsen Online

Trend in Online Shopping

What helps you decide which site to use for shopping online?

Global Average



(Source: Nielsen Consumer Report Feb. 2008)

Video



Sephora.com

The screenshot shows the Sephora.com homepage with a black header containing the 'SEPHORA' logo and a search bar. Below the header is a navigation menu with categories like MAKEUP, SKINCARE, FRAGRANCE, BATH & BODY, HAIR, TOOLS, MEN, GIFTS, and BRANDS. A central banner features a woman's face and the text 'pretty BOY' with the tagline 'Sift yourself with a handsome fall look'. To the left of the banner is a 'SHOP BY CATEGORY' list including Makeup, Skincare, Fragrance, Bath & Body, Hair, Tools, Men, Gifts, and a 'Shop by Type & Theme' section. To the right is a 'SHOP BY BRAND' dropdown menu. Below the banner is a grid of product tiles, each with an image and a title: 'New! Skin at Sephora', 'New! Dancer Beauty', 'New! Hair, Lashes, Eye', 'New! Skin Soothe', 'New! Sephora Matte', 'New! The Perfectionist', 'New! Skin Soothe', 'New! Skin Soothe', and 'New! Skin Soothe'. On the far right, there are several promotional boxes: 'Free Shipping on orders over \$75', 'Free gift packaging', 'Free samples', 'easy returns', 'SIGN UP for Sephora!', 'SEPHORA CATALOGS', 'SEPHORA TOP SELLERS', 'BECOME A SHOP BAG', and 'HOW A MEMBER SAVES'. At the bottom right, there is a 'SALE' box with a 'UP TO 75% OFF' button.

- Launched in October 1999
- 3 Free Samples with Every Order
- Free Shipping (over \$50)
- Free Return
- Free Gift Packaging

Interview

Date:

16th March, 2008

Time:

3-4 pm

Location:

Sephora Store in San Francisco

Interviewers: Madeline and Gloria

Interviewees: Amy and Lucy

Interview 1

Where do you usually buy your cosmetic product?

Sephora

What makes you shop in Sephora?

I can try different testers.

Assist from professional make-up stylist

Wide selection of brands

Have you ever heard of Sephora.com?

Yes

What makes you shop in Sephora.com?

I can shop in Sephora.com whenever, wherever I want.

Fast shipping

What do you think Sephora.com better than other online cosmetics sites, Why?

They carry wide selection of brands

How much is your monthly spend on cosmetic product?

~\$200

Interview 2

Where do you usually buy your cosmetic product?

Mostly Department stores

What makes you shop in Department store?

Department stores always have promotion and discount after purchase certain amount.

What makes you shop in Sephora today?

I can try different brands and testers.

Have you ever heard of Sephora.com?

No.

After you are noticed there is a Sephora.com, will you shop on sephora.com in the future?

Yes.

How much is your monthly spend on cosmetic product?

~\$100



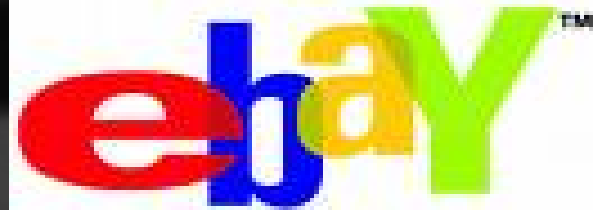
Competition from online Competitors

Variety of Sources:

1. All Internet Sites
2. Department Store sites with a cosmetics section
3. Manufacturers' Own Sites
4. Pure Internet Multi-Brand Cosmetics sites

All internet Sites

- Easy and Simple
- 24-7
- No Pressure
- Reach People Who Live in Remote Locations



Manufacturer Sites

- Builds a relationship through recalling previous buys
- offering suggestions appropriately
- Special store-style offers not available

CLINIQUE

Internet Multi-Brand

- Fun sites with lots of new idea
- Lots of different stores to find a product
- Can access anyway in U.S
- Special offers and promotion



Department Store Sites

- Can purchase cosmetics along with other products
- Major brand missing because they have their own sites



Sephora.com Differs from its Main Competitors: Having both a strong online and physical presence

The screenshot displays the Sephora.com website interface. At the top, there is a navigation bar with the text "FREE RETURNS WITH EVERY ORDER" on the left and "Sign In or Sign Up for Sephora" followed by links for "HOME", "MY ACCOUNT", "STORES", "GIFT REGISTRY", and "HELP" on the right. Below this is a dark header with the "SEPHORA" logo and a shopping basket icon showing "0 items" and a "CHECKOUT" button. A secondary navigation bar lists categories: "MAKEUP", "SKINCARE", "FRAGRANCE", "BATH & BODY", "HAIR", "TOOLS", "MEN", "NATURAL & ORGANIC", and "GIFTS". A search bar with the placeholder "SEARCH: ENTER KEYWORD OR ITEM #" and a "go" button is present, along with a "SHOP BY BRAND" dropdown menu. The main content area features a "WHAT'S HOT IN MAKEUP" section with a "cheat things up" promotion for a set of four false eyelashes, priced at \$99.00. A "FREE SHIPPING" badge is also visible. Below this, there are sections for "WEEKLY PICKS" and "BEST SELLERS". The bottom of the screenshot shows product images, including Dior mascara, Tricia Sawyer makeup, and a "Sexy Massage Balm".



The policy of allowing customers to return any product that they are unhappy with

Sephora.com Business Strategy

1. **Customer Service:**
 - customers look-in
2. **Creating Content:**
 - Providing customers' favorite hard-to-find products online
3. **Strong Staying Power**
 - Snatched up most of Eve.com's assets, including the web address and customer database
4. **Back Up by Physical Boutique Business – Sephora Shops**

Prospects for the Future

- Eventual success or failure of Sephora.com – the success or failure of e-commerce
- Young generation nowadays – either embrace or reject the Internet as a mode of retailing
- Consumers are more and more technology savvy → learning curve decreases → making purchasing online more natural

Q & A

1. Name Four Types of Sephora's Online Competitors.
 - i. All Internet Sites
 - ii. Department Store sites with a cosmetics section
 - iii. Manufacturers' Own Sites
 - iv. Pure Internet Multi-Brand Cosmetics sites

Q & A

2. What makes Sephora.com different from its main competitors?

- i. Having both a strong online and physical presence.
- ii. The policy of allowing customers to return any product that they are unhappy with.

Q & A

3. Name any Sephora.com Business Strategy.

- i. Customer Service:
- ii. Creating Content:
- iii. Strong Staying Power
- iv. Back Up by Physical Boutique Business



End