

Marketing Strategy Analysis Based on the 4P Theory: A Case Study of Sephora

Yingran Zhou

Cushing Academy, Ashburnham, United States, 01430

yizhou25@cushing.org

Abstract. Sephora is an old brand, it has been known to the public since its opening, its products sell well, and decades later it is still popular around the world, and its sales have been rising, thanks to its unique 4P marketing strategy. Sephora's marketing strategy has achieved great success, and this paper will analyze their strategy by the way of literature analysis. Sephora, as a giant in the beauty industry, owns many brands and has many customers, which can be attributed to their marketing strategy. Sephora's marketing strategy mainly focuses on a wide audience, high tolerance, both online and offline stores, product diversification, self-service shopping to provide customers with a comfortable shopping environment, cultivate customer loyalty, and a wide price range. Sephora has a clear positioning and operates numerous chain stores globally. It also provides customers with specialized services to make customers clearer about their needs and strengthen customer loyalty with unique services. Sephora has gained a large number of followers with its wide range of prices, product diversification, geographical location and proper promotion.

Keywords: Beauty; Personalized shopping experience; High tolerance; diverse products.

1. Introduction

Marketing strategy is the most essential for each brand, but each brand strategy is also different, it is set according to the unique style of the company and the brand. If it is a mass service industry, it must be able to track crowd preferences and be able to maintain customers. Sephora, as the world's leading cosmetics retailer, has carved out a unique niche in the highly competitive beauty industry through its innovative business strategy and customer centric approach. The brand's success can be attributed to its diverse product range, which includes cosmetics, skincare, perfumes and hair care products, as well as its commitment to providing a personalized shopping experience. Sephora has a clear market positioning, it is characterized by high tolerance, it can be provided to high income users and students who want to buy affordable products. Its selection is also very wide, it offers liquid foundation that suits different races and provides models of different ages and body types. This commitment to inclusivity resonates with consumers and strengthens Sephora's brand identity. As the beauty industry continues to expand its reach, Sephora has adeptly capitalized on two major trends: the rise of ecommerce and the power of social media. The brand's strong online presence and social media engagement have allowed it to connect with a broader audience, while its personalized services, including virtual consultations, have enhanced the shopping experience for diverse customer groups. Sephora also launched a membership system, based on members' past shopping history to recommend new products, and also their repeated purchases of products appear on the homepage, creating a personalized shopping experience that fosters customer loyalty. Furthermore, Sephora's understanding of consumer behavior is instrumental in its success. The brand employs data analytics to gather insights into customer preferences, enabling it to tailor marketing campaigns and product offerings effectively. By continuously analyzing and adapting to consumer trends, Sephora ensures that its marketing strategies remain relevant and impactful. Sephora can become a giant in the beauty industry because they know enough about and master the information of customers, and they know how to make customers repeatedly buy products in their online or offline stores. This article will analyze Sephora's marketing strategy using the 4P theory—Product, Price, Place, and Promotion—through a literature review, and provide recommendations based on this in-depth analysis.

2. Background of Sephora

Sephora has a decade's long history, having originally opened in 1969 as a small perfumery called Shop 8 in Limoges, France. Dominique Mandonnaud, as its founder, has a unique Shop style. At that time, people could not try out the products when they bought them, they had to buy them before they could try them. However, Dominique Mandonnaud developed Shop 8 into displaying the products on the counter by themselves [1]. By allowing guests to try products before buying, Shop 8 created a shopping experience that was both enjoyable and confidence boosting for customers, which undoubtedly increased the guest's purchase rate. This service carried out by Shop 8 has won it a lot of favorability of customers. Many customers will come here because it can be tried for free. When customers feel satisfied after trying it in the store, Shop 8 has earned a special place in their hearts [2]. It was this bold idea that made a great contribution to the success of the later Sephora, which has continued to allow guests to try on this service for free. Shop 8 expanded to 12 stores in 1979, while Sephora was born in Paris in 1970, and Dominique Mandonnaud merged 38 Sephora stores with 12 Shop 8 stores in 1993, officially launching the business under the name Sephora in 1995. By 1997, Sephora had established a presence in thirty countries worldwide. The following year, the brand expanded into Italy, Portugal, Spain, and Poland, further solidifying its position as a global beauty retailer. In 1999, Sephora opened its first store in New York, marking its entry into the North American market. Sephora now has more than 3,000 stores worldwide [3]. This expansion was complemented by the launch of its online store the same year, providing customers with greater access to Sephora's products. In the same year, it launched an online website to give more customers the opportunity to know about its products [4]. Moreover, one advantage of online shopping is that some products that are not available offline may be sold online and there is a comprehensive return policy which can give online shoppers peace of mind.

3. Sephora's Marketing Strategy

3.1. Product

Sephora's marketing strategy is very successful, as can be seen from its best-selling since the beginning of the last century, its marketing strategy can be dismantled with the 4P. The first is product, which mainly targets young women, especially extroverted and upper middle class women. Sephora is mainly responsible for makeup and skin care, with a total of more than 1,500 products. Its product types and color numbers are very diverse. It includes not only luxury brands such as Dior, Armani and Tom Ford, but also their own beauty products and other affordable brands such as Rare Beauty and The Ordinary. Beauty brands such as Nars and Make Up Forever have a huge selection of liquid foundation. There are more than a dozen options at most, which perfectly match different skin tones and makes it easy for customers to find the right product in their store. Moreover, it will collect many brands of a type of product, such as makeup spray, which provides Urban Decay, Make Up Forever, One Size and even more, among which there are water mist and gas, and customers can choose from different forms. In addition, Sephora also has a membership system, which is used to record the number of customers' purchases, so as to effectively recommend and accumulate the corresponding number of credits to the account. It gives members the name "Beauty Insider" and ranks customers according to their loyalty. According to the statistical table, Sephora's customer loyalty rate is 80% [5]. The first tier will have free birthday gifts and free classes, and the highest tier will have free two-day shipping and personal hotline rights. And when costumers check out at the Sephora offline shopping store, the collector will ask their mobile phone number, so that they can create an account or log credits into their account, so that costumers will not miss any credits. Sephora's large customer base through membership organizations allows Sephora to better understand and investigate customer information and preferences.

3.2. Price

The second part of Sephora's marketing strategy is price. Sephora uses a price strategy driven by consumer demand, and the prices of some popular best-selling styles and luxury brands will be set relatively high. According to statistics, Sephora customers spend an average of \$33.17 per month on beauty products. Sephora's sub brands have more than 300, it perfectly grasps the goods of various price platforms, not only beauty, skin care and perfume also have this price grade classification, so that different groups and classes of customers have the ability to consume in Sephora [6]. And Sephora is also very smart to produce their own products into the store, and its advantage is affordable, for example, its makeup remover price is not obviously cheap, but it is a large bottle, calculated down is very cost effective, and other brands of makeup remover price comparison is slightly higher. This marketing strategy is very effective to stabilize customers, and the wide range of prices can be well adapted to different groups of people.

3.3. Place

The third part of Sephora's marketing strategy is place. Sephora has both online and offline channels to buy, if costumers want to distinguish in detail, they will find that it not only has its own official website, but also sells on other websites, such as Amazon. Sephora usually sets its offline stores in the streets or shopping malls in the center of major cities. It will not only be built along the streets so that people can find it when walking casually and enter it quickly, but also set up in the shopping malls with air conditioning and heating, which is conducive to letting people enter the shopping malls and find it in the extremely cold and hot season. One of the characteristics of the stores that Sephora chooses to place in the mall is that it will be close to the passageway and the escalator or gate entrance, so that people will find it anyway. In addition, the Sephora store is also very interesting. It is arranged in the form of a supermarket [6]. Customers want to see what kind of products can be found in the store display shelf and the brand name above. This kind of self makes customers more comfortable, certainly, the store will also be equipped with a certain number of shopping guides, they will guide customers to help them find their needs and, if necessary, will also help customers to recommend and introduce.

3.4. Promotion

The fourth part of Sephora's marketing strategy is promotion. One of the features of Sephora's online sales is "pinterest" [6]. When new products are sent by email, Pinterest will be attached at the bottom. Customers can pin their favorite products and colors on it, which creates a visually appealing wish list that can be shared with others and these sharing will attract more customers. The viral nature of Pinterest helps Sephora reach a broader audience, driving traffic and increasing sales. Sephora's motto, "Try Before You Buy", is a cornerstone of its promotional strategy. In store, Sephora offers customers the opportunity to try on makeup, allowing them to experience the product firsthand [7]. Events such as the VIB sale offer significant discounts to members of Sephora's loyalty program, encouraging repeat purchases and fostering customer loyalty [8]. In the case of discounts, Sephora has calculated carefully to maximize their profits without losing money. Sephora has also chosen to give free samples to attract visitors, such as Farmacy's makeup remover, which will give three free samples on Black Friday. Sephora will also shoot advertisements in some fashion magazines or post on social media, which can achieve publicity.

4. Suggestions

4.1. Digitalization of In-store Operations System

The first thing Sephora needs to improve is to save customers' time. Sephora is a giant in the beauty industry, its customer flow is very large, but when customers need to find a product, the shopping guide is often busy. Sephora should set up a few machines at the entrance of the store, so that customers can search for the location of the product when there is no shopping guide, which will save

customers time and make the shopping guide less rushed and make Sephora truly self-service. Due to the large number of people, the checkout line is also very large, and the cashier has to ask customers whether they have a membership, and other questions will take a lot of time, but this cannot be changed, because membership is a big factor in keeping Sephora customer loyalty. Therefore, if stores want to change this situation, they can also add several autonomous cashier machines, log in to the member account by filling in the mobile phone number and email, and then jump out of the points page to let customers choose whether to exchange goods, and finally self-service checkout. In this way, the rush and confusion at the checkout counter will be reduced, and the comfortable shopping experience of customers will be increased, saving time on both sides.

4.2. Social Media

The second thing Sephora could try is to work with beauty content bloggers or video creators to post real reviews of products on social media. Sephora has many products, in addition to hot products, there are also many treasure of niche products, but these are not well known by people, at this time, Sephora can cooperate with beauty bloggers to produce a good thing recommendation video, the product mixed with other recommendations of bloggers, to achieve the effect of soft advertising [9]. And let beauty bloggers in the video to test the effect of makeup on the product and the durability of the test. When a beauty blogger posts a video, his followers will also pay attention to the product, which plays a strong publicity role.

4.3. Co-branded Product

Sephora's third option is to co-branded products with celebrities or Internet influencers. This approach leverages the significant influence that popular stars and social media personalities have on consumer behavior. Celebrities and influencers often share their lifestyles, including their food and clothing choices, on social media platforms where their posts generate widespread interest and discussion among their followers. If Sephora and their joint name a product, then those fans will certainly buy immediately. To maximize the impact of these co-branded products, Sephora employs a scarcity marketing strategy, selling products for a limited time, and the restock time is random, and the quantity of inventory released is not large. This also improves the chances of online marketing, getting customers to say they want more stock, and eventually more stock will come out, sales will increase, and more people will be familiar with the brand. If there is an opportunity to let celebrities or Internet influencers visit Sephora stores, and explain and publicize their co-branded products, the publicity degree through the special explanation of celebrities is certainly more powerful than the online poster, celebrity fans will not be surprised to surround the store, which will make passing people curious about what happens inside and learn about Sephora.

4.4. Personalized Packaging Services

Fourth, Sephora can provide personalized packaging services to enhance the customer experience. For example, when customers want to send birthday gifts to friends, Sephora offers the option to print the recipient's name and a personalized greeting on the wrapping paper. In addition, members can receive free birthday cards. Many people choose to send birthday gifts to Sephora, and providing this card will make customers feel that the brand is very thoughtful and will strengthen customer loyalty.

5. Conclusion

Assessing what makes Sephora a giant in the beauty industry, it is clear that its marketing strategy is absolutely indispensable. Sephora's marketing owners have strong imagination and creativity. They used the "try before buy" term to gain public attention in the early stage, and consolidated customer loyalty through service and membership privileges in the later stage, which successfully made them have many loyal followers. Nowadays, when most young people want to buy cosmetics, the first reaction is Sephora rather than some brand counters, because they have a large number of brands of products, a wide variety of choices, and more opportunities to discover new and useful products. In

addition, Sephora's discount strategy will also attract the attention of some students and middle-aged people. So Sephora can have today's achievements, and their marketing strategy is inseparable. This study is to deeply analyze how Sephora maintains its customers and how to attract more customers by means of publicity, which will be a reference for other brands when making marketing strategies and provide a suggestion for Sephora. Of course, this study only precedes the analysis made by the current 4P theory, and more experimental data can be used for more in-depth analysis in the future.

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