

Sephora gets a marketing makeover.

Leading retail beauty chain drives customer loyalty with timely, targeted campaigns both in-store and online.

SEPHORA

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Rachel Marouani, director of customer marketing and e-commerce, Sephora



SOLUTION

Adobe Campaign solution within Adobe Marketing Cloud

RESULTS

70%
PRODUCTIVITY JUMP

MORE EFFICIENT
Realized significant time savings with simplified direct mail campaign creation and execution capabilities

5 TIMES
FASTER

RAPID RESULTS
Reduced time required for campaign analysis from five days to one day

200%
INCREASE

TREMENDOUS RESPONSE
Doubled response rates without increasing campaign spending



MEASURING ROI
Achieved ability to measure campaign effectiveness according to brand, geography, and interaction channel

Sephora

Established in 1969

Stores: 2,130 worldwide

Boulogne-Billancourt, France

www.sephora.com

CHALLENGES

- Consolidating global customer data from multiple touch points
- Centralizing campaign management while enabling distributed implementation
- Measuring and reporting cross-channel results
- Improving campaign effectiveness with predictive modeling

A need for unified view

Sephora sells more than 8,000 unique products and 250 brands of perfume and premium cosmetics. A fully owned subsidiary of the world's leading luxury products company, Louis Vuitton Moët Hennessy (LVMH), Sephora operates more than 500 stores in 14 countries worldwide, with an expanding base of more than 125 stores across North America, where it is the largest retailer of perfume and cosmetics. Its website, Sephora.com, is the largest and most diverse online beauty site on the Internet.

Sephora began experimenting with a customer loyalty program in 2003, working with an outsourced service provider. At the time, Sephora's primary enterprise marketing tool—a loyalty card program—was valuable in helping to identify a select group of repeat in-store customers and their preferences. However, Sephora was rapidly approaching the functional and scalability limits of using a marketing database managed by a third party.

Without timely access to its customers' specific buying habits and behavior, or the ability to effectively identify links between online and in-store shoppers, in 2004 Sephora decided to take its database in house and develop its own marketing program that would assist in driving sales across channels and building stronger, more personalized customer relationships.

Sephora's technology requirements for its new enterprise marketing solution were stringent: It needed a marketing data mart that could be updated daily by direct marketers, regardless of their location. Plus, the overall system needed to be able to predict purchase behavior across multiple channels and allow for the development of customer profiles to increase loyalty and revenue per customer. Due to its worldwide expansion, it was also imperative that Sephora's marketing solution be able to effectively scale across its global footprint and be flexible enough to mesh with existing information systems.

"We set about creating a unified marketing data mart to consolidate all customer data from various channels, like point of sale, web, and call center, and thus reduce lead time in targeting and segmentation," explains Rachel Marouani, director of customer marketing and e-commerce at Sephora. "We were looking for a solution that could be rapidly deployed across several countries and was capable of measuring cross-channel responses accurately and quickly."

Helping marketers control personalization

Sephora began an extensive search, ultimately selecting an Adobe enterprise-class marketing solution, Adobe Campaign, and SPSS Modeler data mining technology from IBM. Combined, the solutions met Sephora's need for a multinational deployment featuring wide-ranging configuration capabilities and flexible architectures. SPSS's Modeler, an end-to-end data mining solution, allows Sephora to gain deep insight into every aspect of its business, helping to improve performance and productivity.

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The Adobe open architecture platform allows Sephora to leverage SPSS predictive models and generates data to manage campaigns across all customer touch points (direct mail, email, and SMS) from a single, unified application. Thanks to an Adobe collaborative workflow engine, Sephora can centrally orchestrate campaign planning, execution, and reporting for global and local campaigns.

The combined solution enables Sephora to measure the ROI of both online and offline customer campaigns thanks to integrated functionality that captures customer and prospect responses. Users can easily define response hypotheses graphically and use them to track revenue and ROI for each interaction channel (online purchases, in-store transactions, related purchases, calls to the call center, and so on).

Plus, Sephora can measure the effectiveness of campaigns according to various criteria, such as brand, geographical area, segment, and stated objectives, with its intuitive user interface. "The Adobe solution matched our needs perfectly, providing us with the ability to coordinate campaigns centrally and locally," says Marouani.

Targeting improves value-add sales opportunities

With its new enterprise marketing system firmly in place, Sephora marketers were curious to find out if customers using loyalty cards were using both online and in-store locations to purchase products. More specifically, they wanted to determine: is the loyalty card really working? How valuable are individual customers and how much are they spending in-store and online? Are multichannel customers spending more overall?

With the Adobe and SPSS solutions, Sephora was able to drill down into its marketing data mart to compile sophisticated segmentations using each customer's unique transactional history gathered from various interaction points, including point of sale (POS), web, and call center activity. After defining the new segments, Sephora developed key performance indicators (KPIs) for each segment based upon previous purchase behavior to adapt and personalize communication in the hopes of increasing marketing ROI.

SPSS analysis and Adobe campaign management and response tracking functionality provided Sephora with the ability to calculate buying behavior indicators by these segments according to the number of products bought during the last 12 months, the number of different brands, and the number of different stores where purchases were made. The ability to define customer loyalty by brand, market, and channel preference made personalized marketing a real possibility and gave Sephora the opportunity to cross-sell and upsell products accordingly.

SOLUTION AT A GLANCE

• Adobe Marketing Cloud, including the Adobe Campaign solution. Capabilities used include:

- Campaign management
- Personalized targeting
- Centralized offer management
- Cross-channel execution
- Operational reporting
- IBM SPSS Modeler

Increased productivity without extra costs

"Since deploying Adobe Campaign with SPSS, Sephora has recognized productivity gains of 70% for the creation and execution of direct-mail campaigns, doubled response rates without increasing spend, and reduced campaign analysis time from five days to one," reports Marouani. "We're very pleased with the results."

Sephora marketers are able to handle local requests at the store level, and they can deliver more focused, better personalized, and more effective campaigns through engagement rules and detailed response measurement. Customer response rates can also be consolidated from all touch points (POS, web, and call center) and assessed in real time, versus the previous method, which took 10 days of work out of every month.

For more information

www.adobe.com/solutions/campaign-management.html



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