

SEPHORA

Sephora

Retail and eCommerce

Results

- Achieved productivity gains of 70%
- Doubled response rates without increasing spending
- Narrowed campaign analysis time from five days to one day

Challenge

- Efficiently measure and report results of cross-channel marketing
- Leverage predictive modeling to increase effectiveness of marketing campaigns
- Consolidate customer data across different touchpoints and countries
- Centralize campaign management with distributed implementation

"Adobe's solution matched our needs perfectly, providing us with the ability to coordinate campaigns centrally and locally."

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

Sephora

Marketing Makeover

Leading retail beauty chain uses Adobe Campaign and SPSS software to improve marketing productivity and drive timely, targeted customer loyalty campaigns, in-store and online

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 capable of measuring cross-channel responses accurately and quickly."

Putting control and personalization in the hands of direct marketers

Sephora began an extensive search, ultimately selecting the Adobe enterprise marketing software solution, Adobe Campaign (formerly Neolane), and SPSS Modeler data mining technology. Combined, the Adobe and SPSS 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. Adobe's open architecture platform allows Sephora to leverage SPSS predictive models and generates data to manage campaigns across all customer touchpoints (direct mail, email, SMS) from a single, unified application. Thanks to Adobe's collaborative workflow engine, Sephora can centrally orchestrate campaign planning, execution, and reporting for global and local campaigns.

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

Solution

Use Adobe Campaign and SPSS Modeler to deliver more focused, better personalized campaigns and increase efficiency.

Systems at a glance

- Adobe Campaign, part of Adobe Marketing Cloud
- SPSS Modeler

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 is able to measure the effectiveness of campaigns according to various criteria, like brand, geographical area, segment, and stated objectives, with its intuitive user interface. "Adobe's solution matched our needs perfectly, providing us with the ability to coordinate campaigns centrally and locally," says Marouani.

Predictive analysis + targeted campaigns = real revenue

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, 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.

For more information

www.adobe.com/solutions/digital-marketing.html

Improving productivity by 70%

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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 touchpoints (POS, web, call center) and assessed in real time, versus the previous method, which took 10 days of work out of every month.



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