The Brand Builder’s Toolkit

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MKTG 7030 Branding Strategy
Spring 2014
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EXECUTIVE SUMMARY

In today’s product-saturated culture, brand building is becoming increasingly important in order to gain a competitive edge, maintain customer loyalty, and communicate a clear brand message. Concurrently, today’s consumer is becoming increasingly brand-conscious, especially in the aspect of brand authenticity. Brand expert Michael Beverland shares the following in his book *Brand Authenticity: 7 Habits of Iconic Brands*: “Authenticity involves the manifestation of the search for what is real. One critical manifestation of consumers’ search for authenticity is brands”\(^1\)

Applying Beverland’s sound insights, the collaborators of this project assess the brand authenticity of beauty-retailer, Sephora, and share several suggestions for brand improvement.

Leading up to the “authenticity audit” are four brand-building components:

1. Sephora’s Brand Equity Pyramid
2. Laddering Interviews from Sephora Brand Champions
3. Sephora’s Brand Equity Statement
4. The Synthesized Executional Converter

To gather insights and draw conclusions, the team of researchers explored Sephora’s brand by in-person experiences at the retail store, interviewing brand champions, and analyzing the company’s online presence through its website, external sites, and social media.

Key insights revealed that Sephora is perceived as a high-end beauty retailer that enables women to both test and purchase all their beauty products in one retail setting. It offers trendy goods that appeal to women who are fashion and beauty-conscious. Owned by fashion forerunners Louis Vuitton Moet Hennessy (LVMH), the world's leading luxury goods group, Sephora is still a young brand with ample room for growth, especially in regards to weaving their heritage into their brand identity.

Given these insights, the researchers recommend that Sephora should:

1. Rediscover its roots by returning to its founding ideals and impetus for existence... and share that story with current consumers.
2. Immerse itself in the beauty-retail market by seizing the countless opportunities to connect with the fashion industry, both on a universal (“high-fashion”) and local level. Sponsoring fashion shows, publicized makeovers, and local charities are a few ideas for the business.
3. Continue to capitalize on their strengths of “Loving the Doing” and “Indoctrinating the Staff into the Brand Cult.” Sephora has one of the best beauty-training programs for experts and has developed a reputation for their “Science of Sephora” program at Sephora University.

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Sephora is highly regarded as a beauty trailblazer, thanks to its unparalleled assortment of prestige products, unbiased service from experts, interactive shopping environment, and innovation.

Sephora Fast Facts:

- Sephora is a prestigious, unique and innovative beauty retail outlet founded in France by Dominique Mandonnaud in 1970; It is currently owned by one the most luxurious fashion groups, Louis Vuitton Moet Hennessey.
- Sephora has an ever-growing international presence with approximately 1,300 stores in 27 countries worldwide.
- Each store’s sleek, open-concept design provides the customer with the perfect “runway” experience and features expert employees who have been trained through “Science of Sephora” (a program specifically designed for Sephora employees to truly become beauty experts).
- Each store features an ever-increasing quantity of brands providing a breadth of high-end beauty products.
- Sephora.com was launched in 1999 and is the most popular beauty website in the United States.
- The Sephora Beauty Insider customer loyalty program was launched in 2007.
- Sephora’s competitors include Ulta, big box department stores such as Macy’s, and small town franchise stores such as Merle Norman.
BRAND EQUITY PYRAMID (BEP)

Sephora’s Brand Essence: Empowering Prestigious Beauty

**Emotional Benefits**
- Prestige, Security, Empowered Beauty, "I'm a runway model"

**Consumer Benefits**
- Status, Beauty, Femininity, Confidence, Expert advice, Convenience, Experience

**Functional Benefits**
- On-trend products, Specialists with consumer & product knowledge, Hands-on experience, Satisfies need for high-end cosmetics, "A flawless look"

**Product Attributes**
- Expert staff, Experiential stores, Innovative technology, Global retail presence, High-end products including: color, body, perfume, smile & hair care
Who We Interviewed
Laddering interviews were conducted with three brand champions to better understand the emotional ties and personal values associated with the Sephora brand. Each brand champion lives in the tri-state area and is a dedicated shopper of Sephora. The questions asked were used to probe the brand champions to gain insights on their personal dedication and emotional ties to Sephora.

Key observations gathered from our brand champions:
- Sephora’s expert employs help consumers reach a “flawless look” which is important because it builds confidence.
- The overall aesthetic design and brand organization bodes well for the store’s functional benefits and attributes.
- The necessity of beauty was downplayed; however it is something for which the women subtly expressed desire.
- Trust is a big issue with purchasing beauty products.
- Because Sephora is an all-in-one beauty retailer, it is perceived as being very convenient and has timesaving appeal.
- Sephora’s higher prices are telling of the distinctive, trendy, and high-end makeup brands the store sells.

Sample Questions
- What does the overall experience of Sephora do for you?
- What happens if Sephora does not have a brand of makeup you want?
- What would it take for you to switch brands (store)?
- Why do you like Sephora?
Memorable Quotes from Interviews

“They have a lot of different brands, options... It’s a one-stop-shop for me. I can buy everything there!”

“In the grand scheme of things, makeup doesn’t matter... but it makes me happy.”

“I’m becoming an expert in makeup at Sephora”

“Even buying something that is available elsewhere, I feel better knowing that I bought it at Sephora because I trust them.”

“I love the samples and ‘testers’... It’s a nice way to change your identity without changing your personality”

“With the help of a Sephora employee, I can always hope to have a flawless look.”

“Without a Sephora store, I don’t know what I would do... I love how I can go in and play with everything.”
**Core Brand Promise:** Sephora provides a retail-beauty atmosphere that empowers women through expert beauty advice and high-end makeup, making them look and feel like a runway models.

**Brand Character:** Prestigious, empowering, beautiful, trendy...
A runway makeup artist who is an expert in accentuating your best features, empowering you to look glamorous and feel confident

**Reoccurring Design Elements:** Black and white chic logo design conveys the modern, sleek, timelessness of “prestigious beauty.” The bright lighting in the store conveys a backstage-runway atmosphere and is good for makeup application. Testing stations located throughout the store invite “play” and experimentation... as if you were at a backstage vanity in a fashion show or photo-shoot.

**Brand Hierarchy:**
Sephora is a “Branded House.” Even though Sephora retails various brands, the retail store identifies itself as “Sephora” and consumers recognize this retailer as an all-encompassing beauty-experience. “Sephora” has the driver-role.
This Brand: Sephora

For its prime prospects: “Prestigious beauty-seekers”

Who have these characteristics:
- A desire to be beautiful
- A desire for status
- Seeking professional beauty advice and a runway look
- Enjoyers of the retail experience

The Brand provides these benefits:
1. A flawless, runway look
2. High-end, Trendy brands
3. Makeup artist expertise
4. Retail convenience

That Prime Prospects can believe in because... (Reasons to Believe—RTB’s):
1. Specialized beauty experts employed at the store
2. Sleek, runway-like store design featuring high-end, exclusive, trendy brands
3. In-store makeovers and trial products
4. Innovative beauty technology

The Benefits that give this Brand the “Right to Win” in the Marketplace are:
- All-encompassing beauty retailer featuring high-end, exclusive brands
- Experiential and innovative runway-retail atmosphere

PERSONALIZED SERVICES
AVAILABLE BY APPOINTMENT
Get a personalized full-face look, or learn how to refresh your entire beauty routine.

CUSTOMIZED MAKEUP APPLICATION
Customize your full-face look in this one-on-one 45-minute session with a Sephora Expert Artist. Learn new techniques and find your best look for day, evening, and special events. $30 minimum purchase.

PERSONAL BEAUTY ADVISOR CONSULTATION
Shop, talk, and learn all about makeup, skin, hair, and more in this dedicated 60-minute session with a Personal Beauty Advisor. It’s a 360° approach to beauty where you’ll discover the best products for you and get a new look with a Custom Makeup Application. $120 minimum purchase.
THE AUTHENTICITY AUDIT

Based on Michael Beverland’s book “Building Brand Authenticity,” Sephora was evaluated according to his proposed “7 Habits” of Iconic Brands. A score for how well Sephora lives out each habit as a brand is given below, ranging on a scale from 1 (poor) to 5 (strong). Their total “authenticity rating” (out of 35 possible points) is given consideration in the conclusion.

Storytelling
Rating: 1

When walking into a Sephora store, what story does the brand tell? Where did this makeup mecca come from? Where do its consumers fit in its narrative?

Sephora isn’t blatantly obvious in sharing the story of their founding roots nor do they necessarily employ the “triumph and tragedy” vignette. A brief statement on their website communicates their beginnings: “Sephora is a visionary beauty-retail concept founded in France by Dominique Mandonnaud in 1970...He opened Shop 8, his first perfumery-like-no-other, in Limoges, France. His philosophy? To finally allow customers to touch, smell and try on products. It was hailed as a beauty(ful) revolution.”

Outside of the brief explanation on their website about their heritage and ownership by Louis Vuitton Moet Hennessy (LVMH), the world’s leading luxury goods group, Sephora’s current story is perhaps an instance of “show don’t tell.” When entering the retail store, customers take on the role of “backstage supermodels” getting ready to hit the runway. Each makeover is a story in and of itself... but Sephora could do so much more to exploit the day-by-day, customer-by-customer stories that are being told in the confines of their retail shops. They could harness these beauty-makeover stories and weave them into the tapestry of their high-fasion Parisian beginnings. Storytelling isn’t Sephora’s leading strength as a brand and could do much to be improved.

Appearing as Artisanal Amateur
Rating: 2

In evaluating Sephora as “artisanal amateur,” it is evident that due to their nature as a high-end beauty retailer, being an “amateur” is not so apropos. In other words, if “the central defining characteristic of amateurs is that they are unpaid and not formally trained,” then this habit is not applicable to Sephora’s beauty experts. Another reason that Sephora doesn’t appear as an amateur is because they seem so “put together”; there is nothing left to chance or luck, and every beauty product is applied for a specific reason—to create perfection. By not creating the products sold in their stores, they become anti-artisanal. Despite having their own house brand of beauty products, most people associate Sephora with the other brands that they carry rather than their own. On a positive note, it does appear that Sephora’s Beauty Experts do “get paid to do what they love” which is a leading cause of appearing as an artisanal amateur.

If Sephora were to transfer their focus from their own employees to the customers as “artisanal amateurs,” then perhaps this habit could become a pillar of their brand image. For
example, if Sephora were to heighten the discussion around how they are paving the way for consumers to touch, smell and try on the products, then they would be inspiring every customer to become an artisanal amateur.

**Sticking to Your Roots**

**Rating: 3**

Sephora has roots in the high-end retail realm. Owned by one of the most luxurious groups in fashion and retail, Louis Vuitton Moet Hennessy (LVMH), Sephora’s “sticking to your roots” should involve maintaining high standards of prestige, status, and superior value to match LVMH’s core values of unique luxury and eminence. Sephora’s sleek store design and high-end goods have not changed and are consistent with LVMH. They have also maintained Dominique Mandonnaud’s entrepreneurial idea of being able to test and discover beauty products in-store. In 2006, however, Sephora expanded into JC Penney and the beauty retailer’s “roots” began to muddle.

JC Penney is known for being a discount department store serving a lower income customer base versus that of Sephora. JC Penney’s roots revolve around low prices, discounts and coupons, and sales of clothing and furniture—as opposed to sales of high-end makeup, hair care, skincare, and other quality beauty products at significantly higher prices. Sephora stated the expansion is an effort to extend and “utilize a smaller footprint.” But such a store expansion established a disconnect between Sephora’s roots and values and the messages conveyed by the expansion effort into a discount retail outlet. In order to truly uphold and represent their roots, Sephora should ally with retail outlets that fit their high-end profile or continue with their established stand-alone stores in higher-end shopping centers.

**Loving the Doing**

**Rating: 5**

Loving the doing is very important for Sephora and ranks high for their brand authenticity. They are advocates of being very involved with their customers and making sure their customers have the best experience. This goes hand in hand with indoctrinating staff into the brand cult with the “Science of Sephora.”

Sephora employs only trained professionals who have a passion for makeup and helping people feel beautiful. They also have the option for their customers to get a makeover whenever they step foot into the store. This creates a trusting relationship between customers and Sephora because the customer knows they can test the makeup before they finalize a purchase.

Since Sephora is such an involved retail store, it is important that everyone working there loves what they are doing because they are so transparent to customers. Sephora can be considered a “makeup mecca” for chic women wanting to feel their best whenever they walk out of their house for the day. If you love makeup, Sephora is the place to go.
Market Immersion
Rating: 2

Sephora currently does a mediocre job in terms of market immersion when they have so many opportunities at their fingertips. Before analyzing Sephora’s missed immersion opportunities however, let’s take a look at what they currently do to immerse themselves in the beauty-product market:

1. Sephora offers programs and online access to “becoming a beauty expert” or being “a beauty insider” for their customers; it has a beauty insider program that was started in 2007 to boost customer loyalty
2. Sephora has a YouTube channel full of video tips and demonstrations on how to apply makeup like an expert.
3. Sephora features glamorous advertisements in magazines and sleek visual display in upscale mall locations across the United States.

What are missed market immersion opportunities for Sephora?
Sephora does not currently immerse themselves in the community and culture of the neighboring locations of their stores. A key value of Louis Vuitton Moet Hennessy (owners of Sephora) is based on charity and giving back through “community action for human development” as well as protection of the environment. LVMH has diverse initiatives across the globe to ensure these values are carried out in some way through a few of their various brands. Fitting to these values, Sephora could further their market immersion by becoming more involved in the community and culture through various charity work. For example, getting involved through sponsoring fashion shows for a cause could boost their community and cultural involvement as well as boost the morale of their customers. Involvement in charity work, much like the example provided, will only help make the brand more authentic.

Being at One with the Community
Rating: 3

Sephora retails trend-setting makeup, and by offering trendy high-end products, brand links are built to the “high fashion” industry (also supported by their parent company LVMH). By creating these ties, Sephora is at one with the high-fashion community, but not necessarily the local communities surrounding their stores. As the company has grown globally, they have taken care to utilize geo-targeting in their social media, but they have not designed their stores or their brand to be reflective of the local cultures. Rather, they keep them universal.

If Sephora would begin to create local connections, they would have to weigh this carefully so as to not change their prestigious brand image as “high fashion” is a universal women’s ideal. By connecting locally, this could lead consumers to break the brand image tie-in of high fashion and Sephora, thus lowering the prestige factor.

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Indoctrinating Staff into the Brand Cult
Rating: 5

Indoctrinating staff into the brand cult is Sephora’s leading strength in bolstering their brand authenticity. They consider expertise in the art of makeup to be what truly sets them apart from other beauty retailers; their ambition is to “transform each employee into a genuine Brand Ambassador and guide them through their careers.”

To accomplish this goal, Sephora has developed “Science of Sephora” which “ensures that the team is skilled to identify skin types, have knowledge of skin physiology, the history of makeup, application techniques, the science of creating fragrances, and most importantly, how to interact with Sephora’s diverse clientele.” Science of Sephora and “Sephora Attitude” are taught along with other programs at Sephora University in three locations: Paris, Shanghai, and San Francisco. It is evident that with “Science of Sephora” and “Sephora Attitude,” this beauty retailer is dedicated to making brand champions out of their own staff, increasing the authenticity of the entire beauty-experience at Sephora.

Conclusion

Overall, Sephora scored 21 out of 35 points for the brand authenticity audit...a 60% score. As a brand, Sephora has incorporated only a few of the Seven Habits into their beauty-retail concept, leaving much room for improvement.

Sephora has mastered Loving the Doing and Indoctrinating Staff into the Brand Cult. Over the years, they have done moderately well at Sticking to their Roots; it was not until recently that they really started to stray from their heritage by aligning with JC Penny. This strategic misstep may tax their brand equity.

Sephora has room to grow in the habits of Appearing as an Artisanal Amateur, Market Immersion, and Being at one with the Community.

Finally, the habit of Storytelling is missing from Sephora’s brand identity. It appears that Sephora does not have a blatant story that they can share with consumers, but after looking into their history through the eyes of founder Dominque Mandonnad, there are many fable-like threads that can be woven together to communicate Sephora’s brand heritage effectively.

While Sephora continues to be a leader in retailing prestigious beauty products, the brand manager ought to reevaluate the Seven Habits of Iconic Brands to gain further share in the marketplace. This emerging brand has many opportunities at its fingertips for deepening its authenticity. Sephora’s success in the habits of Loving the Doing and Indoctrinating Staff into the Brand Cult deserve praise as these aspects of their brand authenticity are both highly innovative and strategically sound.