

Enlightening Interactions

Sephora uses technology to deepen customer relationships

by FIONA SOLTES

If anyone can paint a pretty picture of technology in retail, Sephora would be it. The specialty beauty retailer owned by luxury goods group LVMH is often recognized for its trail-blazing efforts to merge its in-store, online and mobile environments.

Technology and e-commerce were never the company's top goals, though, says Savio Thattil, Sephora USA's CIO and senior vice president of technology. Rather, "We really focus on the brand. Everything else comes with it."

According to Thattil, the mission is to ensure a deep relationship with each customer, so much so that "she finds every interaction with us enlightening and fun, and doesn't look anywhere else for her beauty." It just so happens that e-commerce has played a large part in making that happen — and Thattil says the company is "just getting started."

This is great news for Oracle, which offers retailers a complete, open and integrated suite of business applications. Sephora is an Oracle customer, including the use of ATG Web Commerce and Endeca.

"Sephora is widely recognized for using technology to elevate service," says Mike Webster, senior vice president and general manager of Oracle Retail. "Because Sephora has led the industry with an aggressive, forward-thinking approach to bridging mobile, online and store experiences, they really set the bar and demonstrate how it can be done."

INNOVATION FROM ALL

Sephora has long used technology and e-commerce to deepen



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customer relationships as it has grown to 1,300 locations in 27 countries. A "huge appetite for digital" has helped, Thattil says, adding that the number of digital devices within Sephora stores has increased by more than 600 percent over the last two years.

Sephora also employs a single platform for e-commerce and mobile. But Thattil offers a word of advice: Don't do it all in-house the first time. Otherwise, you'll have a "beast at home" you don't know how to handle.

"Definitely use partners to help you build out the experience and think out what you want to do," he says.

Keeping things simple — and therefore, faster — for mobile is key. On smartphones in particular, Thattil says, speed is paramount. It's important to test mobile outside of the office; Sephora assessed its mobile experience

while on public transportation.

The beauty retailer expects innovation from all, rather than just a small set. When innovation labs are established, Thattil says, "What is the message you are giving everyone else in the company? If you are not part of the innovation lab, what are you, chopped liver?"

Management also keeps teams small. The overall digital team is about 100 people, Thattil says, in addition to augmentation from third-party providers. But he does believe in establishing a "dirty dozen" for getting things done, and employs what he calls the "two-pizza rule" for any project. Basically, if a project team can't be fed by two pizzas, it's too large to manage effectively.

In addition, Sephora relies heavily on the development of creative tech-

nologies to personalize the customer experience, as well as making sure even the newest store associates can assist customers. Consider, for example, the Sephora + Pantone Color IQ system, which uses patented, hand-held technology to scan a customer's skin and determine the perfect foundation shade. That information can then be stored in the customer's beauty profile, available both online and in-store.

Sephora also uses technology that allows customers to find the right fragrances based on their personality. Then there's Sephora's Skincare IQ, another piece of technology that allows customers to enter their skin concerns and receive direct product recommendations — especially helpful if those customers are too embarrassed to ask associates about things like wrinkles, pigmentation or acne.

The company maintains its willing-

ness to keep on learning. Sephora recently added e-mailed receipts as “our idea of going green,” Thattil says. And mobile point of sale certainly has its benefits — especially in smaller stores — but there are other factors to be considered. For instance, mobile POS may well mean the loss of sales of last-minute items placed by the register; on the other hand, the longer customers wait in lines, the more time they have to reconsider what they're about to buy.

INFORMING STRATEGY

Sephora's work with Oracle is inspiring other retailers, Webster says. “The exchange that happens when our customers interact with each other is invaluable. Ultimately, hearing from other retailers may not change your immediate course of action, but it can better inform your strategy or inspire new questions and longer-term goals.”

Oracle will “continue to focus on providing retailers with a full range of software and services to deliver ‘Commerce Anywhere,’ on their terms,” he says. There's also hope for continued advances in technology when it comes to, for example, wireless printers and sleds for mobile POS. Then there's in-store digital.

“That's still an area that's evolving,” Webster says. With employee turnover, there's always a new associate in the stores. “And if they don't know what they're selling, how are they going to delight a customer?” he says. “If that doesn't happen, everything else falls apart.”

Customers use Sephora to learn and to be challenged, he says, and content must be a part of that. **STORES**

Fiona Soltes, a freelancer based near Nashville, Tenn., loves a good bargain almost as much as she loves a good story.