

LOYALTY UNPACKED

by the NORTH AMERICAN LOYALTY ASSOCIATION



SEPHORA

SEPHORA THE BRAND

Sephora is a global prestige beauty retailer founded in France in 1969 and owned by LVMH since 1997. It built its name on discovery: open-sell stores, expert advisors, and a curated wall of brands, many of them exclusive to Sephora. The promise is experience and access, not the lowest price.



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SEPHORA THE PROGRAM

Beauty Insider is a free, tier-based program, launched in the U.S. in 2007:

- Three tiers by annual spend: Insider \$0, VIB \$350, Rouge \$1,000
- 1 point per \$1, redeemed in the Rewards Bazaar for samples, products, and experiences
- Beauty Insider Cash is deliberately understated: 500 points for \$10 off
- Rouge Reward: 2,500 points for a \$100 credit
- Tiered savings events a few times a year: 10%, 15%, 20% by tier
- Birthday gift, point-multiplier events, and gamified Beauty Insider Challenges
- Members-only access: Rouge celebrations, SEPHORiA, and brand experiences



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SEPHORA THE NUMBER

45
million

Active Beauty Insider
members in
North America



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SEPHORA THE IMPACT



Around 80% of transactions come from Beauty Insider members.

Rouge, the top tier, retains roughly 90% year over year.

SEPHORA THE BIG IDEA



Experiences as the reward, content as the dividend.

Beauty Insider rewards mostly with product, access, and experience rather than the cash back or discounts like in most retail loyalty programs. Memorable experiences also have a nice side benefit of providing engaging content for social media reinforcing sense of community.



THE NALA™ INSIGHT

One spend, two jobs: **loyalty and marketing.**

The easy read is that Sephora rewards with experiences, not discounts, to stay premium. The sharper read is that a Rouge event or a trackside F1 Glam Bar is a reward and a content brief at once, leverage few discount-led programs can claim.

The bigger picture is a margin story. Redemption runs through the Bazaar's deluxe samples and limited-stock rewards, an extension of Sephora's product-discovery DNA and cheaper to fund than cash back, which comes straight out of margin. The partner experiences do separate work, buying brand and content. Both give Sephora more control over the P&L than a discount ever would.

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OUR CHALLENGE

Does **experience** beat cash-back for most shoppers?

Do **exclusive experiences** that only a few members can access create traction or just FOMO?

If your best loyalty perk is one your members film and post, are you measuring it as **retention** or as **media**, and which budget should pay for it?

How do you **scale** experiences?

SEPHORA

THE BIG QUESTION

“Are your loyalty experiences reinforcing your brand, or just chasing a trend?”

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JOIN US

NALA™ is a community for people doing the real work of loyalty, CRM and customer engagement inside brands and retailers.

We create space for real brand stories like this, open debate, practical exchange and celebrate success.



Meet us at **The BIG Handshake Loyalty™**
event in Chicago on November 10
[Get your tickets here](#)

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