

# Market Development and Global Expansion Strategies: An Analytical Study of Sephora

Qiuxu Ding\*

One Direction Academy, Toronto, Canada

\*Corresponding author: qiuxuding19905@126.com

**Abstract.** This article investigates Sephora's market development strategy as a leading worldwide retailer in the beauty business. A review of Sephora's target market, a comparison with IKEA's unplanned sourcing approach, and a detailed SWOT and PESTEL analysis yielded key results and recommendations for market development. Beauty aficionados who value high-quality goods and individualized shopping experiences are Sephora's target market. Sephora can improve shop layout and presentation, stimulate spontaneous purchases, and enhance sales by borrowing from Ikea's successful strategy. Sephora's excellent brand recognition, large product selection, and devoted client base are highlighted in the SWOT analysis, while opportunities for development in digital consumer interaction and promotional promotions are identified. Product diversification, collaborations, and growth into foreign regions are all possibilities for Sephora. Threats include competition from traditional and internet stores, as well as the problem of counterfeit items. The PESTEL research indicates the necessity of adhering to government rules, reacting to economic trends, responding to changes in beauty trends and sustainability, and utilizing technical improvements to enhance online business and sales channels. On this premise, it is suggested that online and physical sales channels should be used to complement each other.

**Keywords:** Marketing strategy; Sephora; SWOT; PESTEL.

## 1. Introduction

Over the years, the beauty industry has grown significantly, with Sephora emerging as one of the main global merchants in this field. This research will investigate Sephora's market development tactics, examining its background, significance, and study objective. Sephora is a well-known beauty and cosmetics boutique that carries a diverse selection of products from well-known brands. Sephora has established a strong global presence with its distinctive store concept and customer-centric strategy. However, in today's competitive marketplace, Sephora must always develop efficient market strategies in order to continue development and stay ahead of its competition. The aim of this paper is to analyze the market development strategies of Sephora and provide suggestions for its future growth. By analyzing the target market and drawing parallels with IKEA's unplanned purchase strategy, this paper intends to identify opportunities to boost sales and market expansion for Sephora.

Sephora's story began in France, where Dominique Mandonnaud established a perfumery [1]. Recognizing the changing demands of beauty fans, the business quickly extended its services, becoming a one-stop shop for cosmetics, skincare, haircare, and fragrances. Sephora's constant quest for quality spurred its expansion over the years, and it expanded its wings throughout the globe, building locations in a variety of nations. The company has expertly handpicked an unrivaled product range that includes both recognized and developing brands, ensuring that each consumer finds their ideal fit. Furthermore, Sephora's emphasis on an immersive shopping experience has transformed its stores into a paradise for beauty enthusiasts, where customers can indulge their senses and discover an unlimited selection of goods [2]. Sephora is distinguished by its unique and daring marketing methods, which have catapulted the company to new heights. Sephora has a strong digital presence and uses cutting-edge technologies, social media, and influencer collaborations to capture its audience. The seamless integration of the brand's online and offline channels has resulted in a unified and customized purchasing experience, enhancing its relationship with customers. Sephora should focus on improving shop layouts and product displays by borrowing from IKEA's successful technique of creating an environment that stimulates accidental purchases. Sephora may raise the possibility of

clients making accidental purchases by carefully displaying comparable goods and providing interactive experiences.

## **2. SWOT Analysis**

### **2.1. Strengths of Sephora**

For starters, Sephora maintains a consistent brand image throughout conventional, social, and internet channels. They guarantee that the brand image has a strong impact and are thus recognized for effective marketing methods. Second, Sephora locations offer a higher sensory experience to customers [3]. Everything about this store is a sensory experience: the design, the music, the skilled personnel, and the option to try on cosmetics with the assistance of licensed experts. Third, Sephora stores are structured to provide shoppers with easy access to cosmetics. Scent testers, color recognizers, portable gadgets to select preferred colors, and facilities to assist consumers in determining their look are all available at these establishments. All of this makes Sephora locations extremely appealing to customers. Fourth, Sephora sells a large selection of goods, including private label Mac, Estee Lauder, Calvin Klein, and other well-known brands. Finally, Sephora provides the greatest online shopping experience. The brand's interactive website is simple to use, provides a variety of goods, and features a beauty discussion where customers can network and ask cosmetic questions. From these aspects we can see that Sephora has a strong brand reputation, a broad product range and a loyal customer base. Its immersive in-store experience and knowledgeable staff contribute to its overall strength [4].

### **2.2. Weaknesses of Sephora**

Sephora operates in the extremely competitive beauty business. As a result, the number of participants and cost ranges vary greatly. Sephora is a premium brand, and as such, it is pricey. This signifies that the product is out of reach for the majority of people. For starters, the beauty firm is the sole reseller of numerous leading cosmetics products that compete directly with Sephora's own label. This dilutes its parent brand, harming sales and image while also sending buyers mixed messages. Second, Sephora has a lesser penetration in growing Asian nations such as India and China than its competitors since they exclusively trade through its own channels. They do, however, promote competitor products in China, which are also marketed by other distributors. Third, Sephora invests much in providing the best possible experience for its consumers. They attempt to provide comparable experiences by integrating across media, which proves difficult. Furthermore, it detracts from the main concept of what they're offering. Customers enter Sephora stores to test on makeup, apply makeup, and then depart without purchasing anything [5]. Though Sephora has a vast product selection, limited availability of discounts and promotions may deter price-conscious consumers. Additionally, there is scope for improvement in terms of customer engagement through digital platforms.

### **2.3. Opportunities for Sephora**

First, by embracing technology and digital innovation, Sephora's online shopping experience may be improved, including augmented reality with virtual try-ons and individualized beauty recommendations. Second, Sephora's private label offers might be expanded. By expanding its private label options, the brand's uniqueness and profitability may be increased while addressing the demands of individual clients. Third, by developing dynamic and engaging in-store experiences such as beauty classes and events, retailers can attract and keep customers looking for an immersive beauty experience [5]. Fourth, growing Sephora's presence in underserved overseas markets provides prospects for brand exposure and revenue growth. Finally, enhancing sustainability policies such as offering more ecologically friendly packaging and promoting eco-friendly beauty products aligns with rising customer desire for environmentally responsible alternatives [6]. Sephora has an

opportunity to expand its market through diversification of product offerings, collaborations with influencers and brands, and expanding into emerging markets.

## **2.4. Threats Faced by Sephora**

Traditional and internet shops compete for market share in the beauty retail sector. Competitors may mimic Sephora's strategy or provide comparable items and services. Sephora is up against e-commerce behemoths like Amazon, who may leverage their massive user base and transportation skills to eat into Sephora's market share. Furthermore, an economic slowdown or changes in consumer buying patterns may have an impact on Sephora's sales and profitability [7]. The availability of counterfeit cosmetic items on the market endangers Sephora's brand and client confidence. Finally, depending extensively on influencer marketing may lead to brand image issues if influencers engage in questionable activity or face public attention.

## **3. PESTEL Analysis**

### **3.1. Political Factors Influencing Sephora's Market Development Strategy**

Government regulations on product safety and animal testing impact the beauty industry. Sephora needs to align with these regulations while meeting customer expectations.

To begin, it is customary for a firm like Sephora to do animal research as a beauty and cosmetics brand, but European countries have prohibited such items. As a result, Sephora cannot sell any animal-tested items in these countries. Second, the FDA requires items connected to the human body, such as medications and beauty products, to be released in any new market, therefore Sephora cannot launch products anywhere without FDA permission [8]. Finally, because of its high level of political stability, Sephora has active marketplaces in 34 countries. Due to political unrest, Sephora is not present in the African market.

### **3.2. Economic Factors Affecting Sephora's Sales and Growth Opportunities**

Economic conditions can impact consumer spending on beauty products. Sephora must stay attuned to economic trends and adjust its offerings and pricing accordingly.

The market price of any product is determined primarily by two factors: the cost of manufacturing and the price point. For the pricing point, Sephora must understand that this is the point at which demand and supply become equal and profit is maximized. Second, as the recession continues and every nation has a slowing in economic development, Sephora should aim to enhance supply in regions with more unemployment. This will result in increased economic growth for both the country and the enterprise. Furthermore, low-income communities may have a significant impact on product sales. Sephora is a premium brand, and its items are only pricey. As a result, minimum-wage earners are less likely to invest a percentage of their earnings in luxury items such as cosmetics [9].

### **3.3. Social Factors Influencing Consumer Behavior and Sephora's Target Market**

Changing beauty trends and an increasing focus on inclusivity and sustainability directly influence Sephora's target market. Adapting to these social shifts will be crucial for market development.

First, depending on the brand value level, if consumers and future customers are pleased with their products, the company's brand value will rise. As a result, Sephora must ensure that their cosmetics are of the finest quality so that both consumers and non-customers believe they are the pinnacle of cosmetics. Second, Sephora need targeted advertising. Statistics frequently show that the cosmetics niche market is entirely comprised of women [9]. As a result, it's reasonable to argue that Sephora could do more to entice women and potential customers to utilize their cosmetics. Finally, high-income individuals like to purchase high-quality, luxury cosmetics. Sephora should thus target high-income consumers, as the lower middle class has little opportunity of purchasing pricey luxury cosmetics.

### **3.4. Technological Factors Affecting Sephora's Online Presence and Sales Channels**

Technological advancements, such as e-commerce platforms and social media, present opportunities for Sephora to expand its online presence and reach a wider audience [10].

First, in terms of social media, firms such as Sephora confront strong market rivalry. Some of the largest brands in the beauty business are ULTA, Lush, and Nordstrom. The businesses are also present on social media. To compete with them, Sephora must increase its visibility on social media. Second, Sephora's mobile app has to be improved. Nothing beats a tailored mobile app for drawing attention to a company. People nowadays are more prone to purchase products online. They would also rather learn about Sephora via the smartphone app. Another reason Sephora has grown to be a behemoth is because it is easily available to clients via its app. Finally, technology and business are merging. If you want to run a great firm, you must use cutting-edge technology. There is a significant chance to save expenses if Sephora employs innovative technology to administer the entire firm.

### **3.5. Environmental Factors Affecting Sephora Brand Awareness**

It is everyone's obligation to protect the environment. Customers like businesses that practice environmental stewardship. Sephora is a well-known name in the US market when it comes to the usage of renewable resources. It is also common knowledge that Sephora has been an EPA Green power partner for many years. Because our planet is battling to preserve a safe environment in this day and age, it is only natural that humans are attempting to be more conscious of their activities toward environmental preservation [6]. Eco-friendly brands typically receive greater attention. As a result, Sephora has implemented ecologically responsible policies, propelling it to the top of the cosmetics market.

### **3.6. Legal Factors Affecting Sephora's Income**

It is essential to follow rules and regulations. As a result, one of the most significant considerations Sephora should examine when determining where and in which nation to invest is intellectual property protection. Intellectual property rights ensure that the owner or creator of a product has the right to protect his or her work for a certain length of time. India ranks poorly on the measure of property rights protection. So doing business there is a bit riskier. Sephora maintains the safety of its goods, which is why it is present in the Indian market. Furthermore, appropriate enterprises and major organizations such as Sephora should ensure that they are aware of the country's business regulations, employment legislation, and consumer laws [11]. If they do not follow the laws enacted by the governments of these nations, the brands may be sued and lose market credibility. This will have a significant impact on their brand value, brand name, and reputation. As a result, this will have a direct impact on their business.

## **4. Suggestions**

Sephora has demonstrated successful market development strategies through its immersive in-store experience and strong brand reputation. However, there is room for improvement in areas such as digital engagement and product promotions. Implementing a multi-channel approach can help Sephora reach a larger customer base and cater to changing shopping preferences. By integrating its online and offline sales channels, Sephora can provide a seamless and convenient shopping experience for its customers. To further expand its market, Sephora can consider strategic collaborations and partnerships with popular influencers or other beauty brands. Additionally, enhancing its customer loyalty programs and exploring emerging markets with untapped potential can provide valuable growth opportunities.

## 5. Conclusion

Throughout the study, we looked at Sephora's market development plan as a major worldwide retailer in the beauty business. We uncovered numerous critical results and recommendations by evaluating Sephora's target market, IKEA's unplanned purchase strategy, and conducting SWOT and PESTEL assessments. Sephora's target demographic consists of beauty lovers looking for high-quality items and individualized shopping experiences. Using Ikea's success as a model, Sephora may optimize shop layouts and displays to stimulate accidental purchases, hence increasing sales. According to the SWOT analysis, Sephora has a good brand recognition, a diverse product offering, and a dedicated client base, yet consumer involvement may be increased through digital platforms and additional promotions. Sephora's opportunities include growing product offers, forming collaborations, and entering new markets. Competition and counterfeit items are examples of threats. According to the PESELT research, Sephora must follow regulatory standards on product safety and animal testing. Consumer spending is affected by economic situations, and Sephora must modify its offers appropriately. Furthermore, we must adhere to sustainable development and defend intellectual property rights. Changing beauty trends, sustainability, and inclusion must all be considered. Technological advancements provide opportunity to grow an internet business.

Two important recommendations emerge from these findings. First, Sephora should connect online and offline sales channels to give customers a smooth and pleasant buying experience. Sephora is likely to expand its reach and respond to changing buying habits by developing a multi-channel strategy. Given the current situation, Sephora should emphasize improving its online presence and digital marketing approach. This will allow the company to contact customers during lockdowns and social distancing strategies, potentially increasing online sales. B Second, the significance of implementing the proposed market development strategy Implementing these technologies is critical to Sephora's continued success and expansion. Sephora can adapt to different consumer groups through online and offline sales channels to improve customer happiness and loyalty. Sephora's integration of digital platforms also allows them to capitalize on the expanding trend of e-commerce, in which customers are increasingly flocking to shop online. Finally, by executing the proposed market development approach, Sephora will be able to continue to grow, expand its customer base, and secure its position as a leading beauty store. By maximizing the use of online and offline sales channels, Sephora can provide customers with a smooth and simple shopping experience that will help Sephora effectively adapt to the evolving retail landscape. With these strategies in place, Sephora is well positioned to maintain its success and stay at the forefront of the beauty market.

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